The:Advantages and Disadvantages of the Humber Project.

Sir Patrick McGrath's Speech on the Committee Stage of the Bill in the Legislative Council on Saturday, July 7, 1923.

This is one of the most imperiant Hon. introducer in what he said yestills that have ever come before our terday that it will not be a panacea Legislature. It is fraught with more for all our evils, but I think it will do serious consequences than most a good deal to ensure a return to and those who dwell in it to an ex- been made in regard to it, and if but which sum is proposed to raise by action on this measure two years ago, using of the same properties in the prise a success. I say this without any two issues of debentures which the or even a year ago, as we were urgod making of carbide and fertilizer as a reflection of condemnation on them hon, introducer (Hon. Sir M. G. Win- by cestain elements in the country. Drimary factor, with a paper mill as a whatever. I know it is popular in ter) described as construction bonds, The wisdom of the policy of hastening second mortgages on the property, bill in 1921, as invited by two men of some 18 months ago from a conversa- the misfortunes of later years I do while other funds necessary for sub- no particularly strong finencial tion with a prominent Reid official, not know but that we are as much to sidiary features of the project are standing, so fas as the country knew, that there is no market for the parbeing provided by the promoters Messrs. Blackstad and Greenwood, We ticular fertilizer that was to be made. principal and interest, by the British arrangements with these two people should we apply cold hard reasoning ing machines and that others of their Railways for we might find ourselves with this en-Government, the funds realized therefrom being ear-marked for expendi- terprise in much the same condition the plant; and the "B" debentures, man contract forty years ago as deconstituting a second mortgage, are scribed by the Premier in his speech Government, being similarly ear- in the early months of 1922, when Mr. marked for the erection of the mills. Waite came here with the original the equipment, and the other work to project from the Armstrong-Whitbe performed in this Island. The worth Company, he asked us to greater seriousness of this issue not arise but which we are not jus-! Another fact to be borne in mind i

or cross a "t" in the bill. But the we now have only to pay 51/2 per cent. to thank for that. In 1915 the busi- benefit, relieving us of roughly \$150,largely composed, when the Govern- the Waite proposal was based upon a will be producing 700 tons daily. ment of that day brought in a bill to 6 per cent. interest rate and, as I have impose caprofits tax on business con- said already, we had to carry the to the foresight of Lord Morris, that going to point out to the House, that cerns to helpemeet our obligations, whole of the burden of guarantee, so when as Premier in 1915 he proposed the Armstrongs have invested about plant at Deer Lake to the mills at rejected it. I would remind those in that we get a decided advantage in this Projects Corporation, his comthe House who were then members, this respect also. Therefore, as I have that I voiced warning as to what the said, I think the vigorous agitation set result would be, as no Government up against the Blackstad proposal of too good to be true." Possibly when a day, and he would now begin to thirds the cost of transportation on would be expected to submit tamely 1921, and also the Waite proposal of it was submitted to financiers and have some faith in the eventual suctheir output and incoming material to anything of that sort. The Legis- last year, amply justified, in spite of experts abroad they found that it was cess of the undertaking. lature was prorogued, a number of the strong advocacy of both these not commercially practicable and As we know, this Armstrong promile haul in and out between Deer vacancies in the Council were filled by proposals and the pressure put on the that, for this reason, and not because ject is an outgrowth of the Products Lake and tide-water. This program men pledged to support the measure Government and the Legislature to of the war, nothing more was ever Corporation, and we know that the means the loss of one hundred and was called, and the Bill was put Similarly, I think, the proposals adthrough both Houses. Not only was vanced by the Opposition party in the sell every pound of the product it purchased the control of this under-earnings of the mills by nearly sev-Bill was introduced and passed tak- to this measure were amply astified ing from the Legislative Council the and I am glad that they were acceptpower to interfere in any way with ed. When the Harmsworth Dill came 2. The Reputation of the cromoters. in cash, I have been told, \$750,000. I rail-freights by the location of the do any more than express an opinion was very strong both in the House on this bill, without any power to af- and outside of it and some thirty or

However, this Bill is, to my mind, of which were adopted. Being in Lona very good bill in some respects, and don last Fall when this Agreement will do much at the present time, as a was signed, I was invited to a dinner tonic to help the country back to a given by the promoters of the present recovery from the ills from which it scheme, and, being asked to speak, I

the Humber project that they must be prepared for proposals for the amending of some of the provisions. Certain of direct pecuinary advantage to the Public Chest while others will preserve the rights of the community at

vantages and I would like to submit to the House a comparison of the two, which I think would be a means of presenting some features of it that yet, so far as I have been able to observe from the discussions on it has been suffering. I agree with the THE ADVANTAGES.

1. An Assured Market. The first advantages I see in this originated in much the same way and dustry. covering acres of ground, with only a

guarantee the whole £4,000,000, has a better outlook than that of publicity that has been given to the Government's opinion (which is for whereas by waiting until now, our newsprint paper. The best proof of real facts, which are altogether difliability is reduced one half and we this is the paragraph read yesterday ferent. Within the past week a prom- defaulted on their contract to operate before us, is that now, for the first have secured the co-operation of the by the hon. introducer from the Lon- inent citizen of St. John's, a former the railroad for 50 years, are allowed time in its history, the colony is ob- British Treasury in the working of don Daily Mail to the effect that the representative of the House of As- to retain possession of these lands, liging itself to guarantee the prin- the company for the next 20 or 30 Harmsworths have just acquired con- sembly and a member of a ministry which should be available to respond cipal and interest on a very large sum | years, which, in my opinion, is a trol of two other plants in this coun- under a former Premier, expressed to to a claim for damages by the Colof money in the event of anything feature of the present proposal to try, the Albert Reed pulp neill at me that this was a Reid scheme, that ony against them; and this is, on the going wrong with this enterprise, a which sufficient attention has not been Bishop Falls and the Terra Nova Sul- the Armstrongs were only con- face of it, a strong point, but as we that the Blackstad proposal was 75 tons of paper per day in addition to withdraw and the Reids take control each abandoning their claims against based upon an interest rate of 7 per the 200 tons of daily output at Grand of the whole thing. This gentlemen, I the other and the country taking over to use as a Chamber, to find that we cent., so that in addition to getting the Falls. This, I say, is the best proof might add, is not now in politics, and the railroad, the steamships, the dock are unable, as our hon friend (Hon. British Treasury to take half of the that we can want of the possibilities so far as I know has no identifica- and other properties and giving the Mr. McNamail puts it, to dot an "i" burden of the guarantee at present, of a newsprint paper mill. The pro- tion with any of the political groups duction of newsprint paper in Canada in the Lower House at present. His turn. Council have mobody but themselves interest, which is a very substantial and the United States to-day is about views are merely that of a citizen ness-men of whom this Council is 000 a year, and that what I may call we, with this new Armstrong mill, pression and had not studied the Armstrongs themselves in connection

> had to make of it was that it "seemed the best news he had heard for many but the Company is reducing by twoheard of it. But now we are getting an Reids own and control that. The forty thousand dollars in earnings to enterprise that everybody knews can Armstrongs, as I understand it, have the railway, but it increases the net manufactures, and, therefore, we taking from the Reids, which means enty thousand dollars, or the differhave the first strong argument in that they bought fifty-one per cent. ence between the interest on the pow-

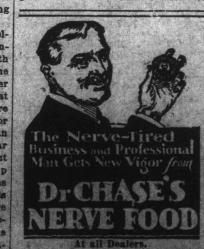
lies in our having secured a firm stantial sum because this property their outlay for transmission lines, with a world wide represented like was mortgaged to the Bank of Mon- the Company must spend another forty amendments were offered, some that of the Armstrong-Whitworths to treal, and I do not suppose the Bank million and a quarter in the building take control of the meterprise. It is a would give up its mortgage unless it of the town at Corner Brook and half great matter to have people of as- got a cash equivalent. By acquiring a million in the establishment of a sured standing, financially and other- this control the Armstrongs got pos- winter terminal at Port-aux-Basques. this kind. For instance, after the other substantial assets in the areas amount to nearly \$5,000,000 which is Blackman collapse with our railway to be worked, which were owned by altogether apart from the \$18,000,000 enterprise originally, we were for the Reids and which formed the to be raised by debentures as soon as tunate in securing the late Sir Robert | basis of the "carbide" proposition of the Legislature has given its sanc-Reid to undertake to revive it in 1880. 1915. "he lands, I understand, which tion to the Bill. If any proof of the He was the first great outstanding the Reids possess will amount to strength and bona fides of the Armfigure in the development of our about 1,800.00 acres or say 3,000 strong-Whitworth Company is needbuilding of the railroad in the '90s, in also purchased or secured option on a found in this fact. spite of the troubles resulting from lot of lands from other people in the 4. The Supervision of the British the election trials of 1894, the bank vicinity amounting to somewhat over crash of 149% and the other diffi- 500,000 acres, or say another 1,000 culties that confronted us, and it is square miles, for which, I learn, they projects he had then in mind, it is about two million dollars in cash. another matter and we gain nothing by discussing it now.

The next big factor in that develpment has been the Harmsworth enell Island, was in 1913 when the nines produced one and a quarter tillion tons of ore and the mills at Grand Falls and Bishop's Falls were unning to capacity, responsible for lying fishermen a higher wage than hey had ever received in pre-war lays. Moreover, the Harmsworths put s on the map as a paper and pulp cing country and have given us rtising that was worth hundreds tousands of dollars to us. We are ow equally fortunate in having peoie of the financial standing as the strongs to undertake the Hum-



phite mill at Glovertown, and propose tractors, and that as soon as the mills know, the Government and the Reids to link them up and produce another were built the Armstrongs would have made a complete settlement we, with this new Armstrong mill, pression and had not studied the facts which proved the contrary. When I pointed out to him, as I am going to point out to the House, that transmission line from the power least to the mills at ment was that the only criticism he money in this venture, he said it was yearly outlay of \$75,000 as interest,

The next advantage, to my mind, think they must have paid a sub- mills at Corner Brook. Then besides wise, to set on foot undertakings of session of the land, water powers and In all, their expenditures, must country. He carried through the square miles, and the Company has ed more than we have, it is to be



Reids being allowed to hold all these ands, although they have defaulted or inderstanding in the public mine to the Reid lands and their con gard to the Reids and their lands in this country would puzzle a Philadel phia lawyer, but for all practical pur poses it may be said that the Reid got lands under three contracts. The not 5,000 acres of land for every mile of railroad under the Whiteway con I find the next great advantage to Coast included in this property. Unmeasures submitted to us, and it in- normal conditions. Great things are Bill is that it provides for the manu- the control of this enterprise. I co got another 5,000 acres of land per expected from it, great promises have facture of a commercial product with not say this in any disparaging sense, mile of road for operating the sysan assured and steadily increasing I simply make the point that the tem for 50 years, but that land was tent that few legislative proposals part of them are realized, I think we market. Discussion of this feature in- Reids are railway men, and not paper bought back from them under the submitted to us do. The measure pro- will have cause to be thankful. I evitably leads back to the original makers, that they have no association Bon contract of 1901, for \$850,000, or vides for the construction of a paper think, too, we have already cause to scheme on which this project is based with paper making and that I do not say 30cts. an acre. Under the Bond mill of 400 tons daily capacity, to be be thankful that the Legislature and _the Products Corporation bill of think they have, or control, the 19- "Timber Transport" bill of 1904 all built at a cost of four million pounds, the country were not hurried into 1915. That measure provided for the sources necessary to make this enter- the Reid lands within three miles of subsidiary. The measure became a some quarters to belittle them at were to be given half that quantity each issue to be of two million slowly was never better justified than dead letter for a variety of reasons, present, but the Reids in the past did of timber lands elsewhere in the pounds, and protected by first and in this case. If we had enacted this one of them being, as I found out great things for this country and for country, but these lands were never themselves. The "A" debentures, would have had to face the guarantee. There is a moral in this for us and strongs are not paper makers, but it Branch Railway contract of 1909 the which constitute the first mortgage of the whole four million pounds. It it is the unwisdom of taking enthu- should be remembered that one of Reids were given 4,000 acres of land bonds are guaranteed, both as to may possibly be that if we had modo slasts at their face value. Rather their subsidiaries builds paper-mak- per mile for operating the Branch subsidiaries furnish practically every- the expiry of the main contract in terials, machinery and equipment for railway after it adopted the Black- West Coast to-day there because they have the standing, the resources, rate by the Morris and Cashin Govthere was no market for its output. I and the money to enable them to pro- ernments and the Reids now waive was in a plant at Ottawa just a year cure all the necessary technical as- their claims to the rest of these lands guaranteed by the Newfoundland in the other House last month. Even ago, a plant for the refining of nickel, sistance for the carrying on of this in- also, by the Railway Settlement Act A curious side light in this project which I think my Hon, friend meant is that the widespread opinion that it to convey really was that the Reids, There is no commodity that to-day is a Reid enterprise, in spite of all the although they have, according to the

dollars of their own Corner Brook. This will mean a of the stock. For this they have paid er plant outlay and the savings on

The fourth advantage I would worth noting that in 1900, or nearly have paid half a million dollars more. Point out is in the association of the 25 years ago, he had plans for the Here we see that in the buying of the British Treasury representative to sit building of a paper mill on this very control from the Reids and the ac- on the Board of Directors. If there is property. Had he enjoyed the oppor- quisition of the other lands the Com- any Institution in the world to-day tunity of giving effect to some of the pany has paid already, or will pay that, more than any other, enjoys the respect and confidence of financial uestionable if the country would be Perhaps I may be permitted to di- and business people it is the British have the British, Treasury associated with this enterprise and I look forward with confidence to what the British Treasury representative will do in keeping this enterprise, among other things, out of the hands of polfticians and political influences in this country. I am now reflecting now on the present or any other Govrament, but I would point out that the Colony will be connected with this measure for nearly a quarter of a century, until the bonds are paid off, during which time there will be various Governments in control here; and there is always a disposition of Governments to use agencies of this kind for their political benefit. How Governments have always used the Reids and the Reids, it may be re-

(Continued on 7th. page.)

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