

Affairs in Newfoundland

Prosperous Business Conditions---The Finance Minister's Budget Speech---Prohibition Close at Hand---Shipping Needs ---Increased Favor for Confederation

(From a St. John's Correspondent).

The annual session of the Newfoundland Legislature ended May 3rd, and from the proceedings at the House an almost exact idea of the financial condition of the colony is revealed.

The Budget Speech of the Minister of Finance and Customs, Hon. M. P. Cashin, contains the actual figures of the financial standing of the country to-day.

In retrospect Minister Cashin in delivering the Budget reviewed the condition of the country from the opening of hostilities till now, and further anticipated the financial condition of the country for the coming year.

The First Effect of the War.

In the early days of the war this country suffered the most severe dislocation of trade, perhaps, in its whole history. The deficit in the revenue for the fiscal year 1914-1915, amounted to the unprecedented total of \$755,003, which was the first deficit in that department of the Government for many years. The insular position of the colony, and the fear of German commerce raiders, diminished both the imports to and the exports from the country to an almost paralyzing degree. The situation by degrees became more and more critical, till the strongest agitation was made for a moratorium, as direful consequences were imminently threatening the whole fabric of local government.

Conditions To-day.

Yet to-day after a period of less than eighteen months the pendulum has swung back again, depression in business has passed away, and the colony boasts of a prosperity never excelled in ante bellum days. This fact though striking is merely a recurring expression of what has been most remarkable in our whole industrial life — our marvellous power of recuperation.

In looking forward to the next twelve months the minister was able to express a well founded belief that the gratifying conditions that exist at the present time are not only going to continue, but are going to be more favorable even than those which prevail to-day, and this despite the severe continuance of the war, which is demanding more and more of our young men, both for the army and navy. This seemingly anomalous condition of affairs is explained in one word—the fisheries. The people are almost entirely dependant on the harvest of the sea. Its annual wealth in an ordinary year approximates \$11,000,000. When it fails almost everything fails, and when it is productive the country is prosperous.

The war has created high prices for fish and fishermen are being solicited to sell their catches for "spot" cash at prices never hitherto attained. Labrador cod will fetch a figure hitherto unprecedented. Newfoundland herring, for the first time in the history of that industry, are being Scotch packed this year. This method of pack will mean a gain of from \$6 to \$10 per barrel. Cod oil is fetching the highest prices. As long as these conditions prevail Newfoundland, war or no war, will be prosperous.

The customs revenue for the past nine months of the present fiscal year is announced in the Budget Speech of the Finance Minister to be practically the same as for the entire previous fiscal year. The entire fiscal year 1914-15 gave a customs revenue of \$2,744,567.85; the nine months already passed of the present fiscal year gives \$2,712,000.00. It is estimated that the total revenue for this year will approximate \$4,160,000.00, while \$4,100,000.00 will be necessitated to meet the various civil and other expenses of the colony, so that the fiscal year 1916-17 will be begun with practically a clean sheet, and most excellent prospects; if the steady increase in customs duties over the past two years is at all barometric of prosperity.

Importation From Canada Decreases.

Canadian made goods, which have become a most important source of supply to the trade of the country, were severely affected by the war. Whereas in the fiscal year 1910-1911 our imports from Canada valued \$4,600,000.00, and in 1911-1912 they amounted to \$5,200,000.00, last year they declined again by \$700,000.00 on the value of the previous year. Of course, this decline was not confined to Canada, but from England and the United States as well; both of which supply goods to the value of roundly four million dollars annually.

Canada's Opportunity.

At the present time both Canada and United States are competing for the trade formerly done with England, but which has almost ceased since the war. Geographically Canada possesses great advantage over the United States, which factor, if fully taken advantage of could drive America from the field of competition in most lines of business, for nearly all goods from the United States to Newfoundland enter the country through Canada, and are thus doubly dutiable, while Canadian made goods are liable to one duty only.

England's export trade to this country before the war was confined principally to the following articles: dry goods, the annual value of which was roundly \$300,000; cotton fabrics \$250,000; hardware \$200,000; smallwares \$250,000; hemp yarn, \$90,000; machinery and locomotives \$250,000. For the balance of the trade, in supplying these articles the United States and Canada competed on fairly equal terms and now that England is all but entirely eliminated from the contest, both the former countries have a good field for business endeavor left to them, and the supply of necessity must come from one or the other or both. If Canada, possessed of all the natural advantages, will only advertise her wares to our people, and start a campaign of boosting her products, there can be no doubt that she will capture by far the major portion of this trade.

The Lumber and Mining Industries.

It is extremely unlikely in the face of facts to the contrary that the purchasing power of the people will decline, and preclude the possibility of doing the business in this line that England did, for besides the great boom enjoyed by the fisheries, the other large industries of the country are being conducted on a scale hitherto unprecedented. The pulp and paper industry has doubled and trebled its exports during the last eighteen months, and work at the present time at the mills is being conducted with feverish activity. Last year Newfoundland led all other countries and assumed the premier position of supplying "news" paper to the United Kingdom. The actual amount of paper supplied was 477,896 tons, while Norway for the first time in many years was relegated to second place, supplying 323,792 tons. The rate at which work is being carried on at the mills at the present time was never equalled before. The mills are working at full capacity, and the total amount of manufacture for this year will not unlikely be greater than any two former years combined.

The iron mines of the Dominion Iron and Steel Co., and the Nova Scotia Steel Co. are, since the beginning of the spring, being operated at full blast. More than two thousand men are employed by both companies at the mines. For both mines there will be shipped for this year an estimated total of 1,000,000 tons of iron ore.

A new industry has been created by the war, in the nature of pit-prop exportation. Previous to the war this wood was not permitted to be exported, but on representation being made to the local government from England of the absolute necessity for a supply of that commodity, and the almost insurmountable difficulties surrounding importation from the Scandinavian countries, it was decided to repeal the laws which hitherto forbade exportation, and thus virtually place the entire forest resources of the colony in a position to be utilized for the benefit of the Empire. As a result of the new legislation no less than one quarter of a million cords of pit-wood were cut during the winter, and placed ready for shipment to England. From this industry the colony received in the earnings of the cutters about one million dollars, and the customs department will receive a dollar per cord on exportation.

Work in these industries is more or less typical of the general conditions prevailing in the other industries.

Savings.

A glance at the savings and bank deposits of the people for the past year is significant, and emphasizes what I have said, the wonderfully sound financial state of the country. The report of the Colonial Savings Bank for the year ending December 31st shows that it then had on its books deposits aggregating \$2,411,946.16 and that the four Cana-

dian Banks doing business in the Colony had on deposit at interest and in their savings branches on the same date \$9,906,154.43. These figures, totalling \$12,318,100.59, are the savings of our people, and, wonderful to relate, have increased by nearly one million dollars, or to be precise \$912,424.26, over the previous year. The value of debentures held in the colony on the same date was \$3,804,216, while the statement as to life insurance shows that there were current in the country on the 31st of Dec., 1913, 5,067 policies of an aggregate value \$7,745,559.85, and on the 31st of Dec., 1914, there were 5,482 policies of a face value of \$8,325,329.06.

Prospects for the Coming Year.

In looking forward to the fiscal year 1916-17 Minister of Finance Cashin, in presenting the Budget, said:

"Despite the disadvantages which now confront us in the increased cost of many articles of a commerce in the colony, in the grave features of the tonnage problem . . . we are entitled to look forward to the coming year to maintain the present very satisfactory condition of affairs, if not indeed, to materially improve upon them . . . and from the view-point of the business man the prospect never looked more encouraging for a prosperous and successful year for our people."

Another extract from the minister's speech is as follows:

"All these things combine to make the year one of exceeding promise for our people, and this, remember, does not take into account at all the opportunities offered by our staple industry, the cod fishery, where, with prices ruling as they are to-day, there is prospect of men earning more, perhaps, than ever they did before. Hence there is no reason to doubt, from all indications evident at the present time, that the next fiscal year is certain to be a highly prosperous one."

The recent annual report of the Board of Trade describing the present comparative immunity of the colony from commercial disturbance reads in part:

"Probably no British Colony has suffered less through war conditions than Newfoundland has. The principal markets for shore cured fish—Brazil, Spain, Portugal and Italy—have not been interfered with by war conditions. The Colony has very much to be thankful for. The effect of the war has been to advance the prices of cod fish, herring, cod oil, and, excepting as regards lobsters, which were largely marketed in Germany, the export trade of the colony has so far suffered nothing."

Prohibition.

As result of a referendum held throughout the colony last November it was voted that after 1916 the importation and sale of intoxicating liquors in the country be forbidden. Thus the new year will open by the simultaneous closing of every liquor saloon throughout Newfoundland. The liquor bill of this country for the last few years averaged about one million dollars annually. The greater part of this money will hereafter go into the general circulation of the country, and result in the material betterment of the poorer classes.

The loss to the revenue of the country, of the collection of duties on liquors henceforth, after 1916, will total not less than \$400,000. This loss will have to be made up from some other source, but the Finance Minister calculates that it will come from the increased prosperity of the people, and contrary to the usual course when a large source of revenue is cancelled, there will be no additional taxation whatever as a means to supply the comparative deficit in the revenue.

As to what the ultimate condition of affairs will be, as result of total prohibition, it is scarcely possible to state now. The liquor evil for years has been certainly altogether too prevalent among the people, and constituted there is no doubt what is the national vice of the country. With this evil removed, and unless something as bad or worse comes to dissipate the energies of the people, Newfoundland, I believe, will with the closing of the saloon door begin a new career of unexampled progress and prosperity.

The Shipping Problem.

At the present time there is one difficulty of magnitude confronting the colony — the shortage of tonnage for the transport of the commodities essential to our Colonial existence. Strenuous efforts have been and are being made to remedy this difficulty by the purchase of shipping in the United States and Canada, and during the months of April and May no less than twenty-five or thirty vessels and steamers have been bought here. For this amount of tonnage about \$250,000 was spent. The Government, fully alive to the imperative necessity of tonnage to the welfare of the colony, brought forward during the session of the legislature a bill providing a seven per cent bounty to encourage