THE NEW REID DEAL!

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DUBBED "MONSTER OF INIQUITY"

AGREEMENT EITHER CLEVERLY OR STUPIDLY DRAFTED

Contents of Agreement Torn to Tatters by Mr. Morine in One of the Ablest Speeches Ever Delivered in The House of Assembly.

(Continued.)

the construction and operation of the same which may be constructed and carried on in connection with such last named water powers for the purpose of the manufacture of phosphate of ammonia, nitrate of ammonia and other fertilizers, carbide of calcium, cement and their by-products."

Now, that means all the operations of the Company on the East Coast. And then section 18 says that they shall spend $5,000,000 on their works and operations within the Island of Newfoundland. That does not bind them to the expenditure of that money at the Humbermouth.

I repeat what Mr. Kent has said in connection with this agreement: That there is not a word in it from beginning to end which makes it necessary for the Company to spend one dollar on the Humbermouth or on their works there.

Now, there is another thing which may not have been intended, but which, I submit, is clearly meant by the agreement. And this shows the difficulty that arises from this attempt to cover two or three great main subjects in one document. I will just read section 1.

"The Government hereby demises for a term of ninety-nine years from the date of this agreement to the Company (so far as the Government can consistently with any grants, leases or licenses heretofore made and actually subsisting demise the same) the water power or powers in and upon the Humber River and in and upon Junction Brook, and for the purpose of its works and operations the Company shall have the right to divert, stop or dam up any stream, lake or water course within the drainage area of the Humber River, and to make, construct or maintain any dam, water course, culverts, drains and reservoirs in said area for any of its said works or operations."

Now that is clear—positive. It applies to the Humber River. But the same section goes on to say:—

"And it is agreed that if at any time during the currency of this agreement and within a period of 21 years from the date hereof the Company shall validly acquire or become legally and properly entitled to any water power or water powers in this Colony or its Dependencies within a distance of forty miles of the Company's factories or power houses at the mouth of the Humber River or within the drainage area on the East Coast of Newfoundland comprised within the following limits:

"ALL THAT area of land on the East Coast of the Island of Newfoundland between Hall's Bay and the Gander River inclusive and bounded as follows:—Commencing at the head of Hall's Bay and following the seashore to the mouth of the Gander River thence following the eastern bank of the said River in a southerly direction to the junction of the Southwest branch with Dead Wolf River thence in a westerly direction to the mouth of the Victoria River thence in a northwesterly direction to the head of Buchan's Brook, and thence in a southeasterly direction to the place of commencement, Hall's Bay and Gander River inclusive: such water power or water powers shall be taken to be held under this agreement, and the provisions of this agreement except Clause 10 hereof in respect of the rights and privileges granted to the Company, shall apply to all works and business, and the materials for the construction and operation of the same which may be constructed and carried on in connection with such last named water powers, . . . Provided that if at the expiration of five years after acquiring such last named water powers in said area on the East Coast, the Company shall not develop the same or any of them, then the provisions of this agreement shall cease to apply to any such water power undeveloped."

Now, is that clause intended to be confined to the waters of the Humber drainage area or is it intended to apply equally to the East Coast? Is it intended to cover the two, or only one? Is it intended to cover—I take it that it is—the forty mile section in grants of other people, which they and around the Humber River?

Why are these matters made plain?

We shall probably, when this matter is in Committee by and by, have members upon one side or the other disputing as to the exact meaning of this clause, one saying that it means this and another that it means that, and these disputes will be sufficient justification for the argument which I am making now.

Then again, Sir, when we come to No. 2, which deals entirely with the Hamilton River, we find that instead of getting a lease the Company is getting a grant and becoming the owners of it in fee simple, provided they do what is stated at the end of this clause, and then after that they are to have, apparently, during the term of this agreement and while it is not forfeited, very many of the rights and privileges which are given in this agreement.

In the first place, this gives them the right to the water powers on Hamilton River; it gives them the right to take a water power on the Northwest River, if they elect to do so; and then the Government undertakes that during a period of five years it will not grant any water power on either of these rivers to any person whatsoever. They find themselves with an absolute right to these rives, in exchange for which they don't give a ten-cent piece.

Now, take that alone. Why should you hand over to any corporation a great water power such as there is down there, and tie up the development of those rivers for at least five years? Why should you do this without consideration of any kind, not even the price of a postage stamp? Provided, nevertheless, that it shall be a condition of the said grant in Labrador that the Company shall within five years from the date hereof, expend in the development of said water powers and the construction and operation of its plant in Labrador, the further sum of ten million dollars, and that if the Company do not expend the said sum within the said five years, then the grant of the said water powers in Labrador shall be void: And provided further that the Company shall within the period of five years from the date of this agreement elect as to whether it will acquire the said water powers on the Hamilton or the equivalent on the Northwest River."

There you find a provision that they shall expend in the development of the said water power the further sum of ten million dollars, and if they do not spend that within five years then the grant of the said water power on Labrador shall be void. That money is not necessarily to be spent in connection with any works. It may be spent in the making of a water power there. None of the money expended comes to the Colony itself in compensation. None of the expenditure may ever come to anybody in Newfoundland.

There are not many of our people living there, or who desire to live there. If they put works there out of this ten million dollars, a very large proportion of this money will be spent on these works and on the machinery, and not one dollar of the amount which is spent may ever come to anybody in Newfoundland even for labor, because they are much more likely to get foreign labor and bring it down there, and no advantage can come to us except from the amount of the Customs duties which may be collected from time to time on the articles which may be brought in by the people down there.

All the goods that go to Labrador are to be free from duty, and all the construction material and machinery of the Company are also to be entirely free from duty, and therefore the Colony itself will be getting nothing what ever back except in the form of Customs duties on the small amount that the laborers is secured the amount used would be so small that the taxation would hardly be worth considering.

And you are passing over, for such consideration, one of the greatest water powers, as I have pointed out, on the continent, and the greatest that Newfoundland has any control over whatever. You are tying it up for a period of five years before you can say that the Company have defaulted.

I have before me a return showing the amount of timber lands held on the drainage area of the East Coast Reservation. I find that 2,837,920 acres of land are covered by timber rights of persons and companies other than the Reid Newfoundland Company on that area.

Now, then, look at section 1 and notice there again that within that area all the rights and privileges of this agreement shall apply except section 10, which is the section which deals with expropriating private property. If this Company obtains any water powers within that section—if they shall validly acquire or become legally and properly entitled to any water power or water powers within the section of the East Coast named in the agreement—then what may do? Then such water power or powers shall be taken to be held under this agreement, and the provisions of this agreement shall apply to all the works and business of the Company.

Now, what are some of the provisions that would apply. Here is one of them.

If they obtain any water power on the Gander or Exploits, they may in the course of their work and operations divert, stop or dam up any stream, lake or water course within the drainage area of the Humber River, and make, construct or maintain any dam, water course, culverts, drains and reservoirs in the said area for any of the said works or operations.

Now, that is one of the terms or provisions of this agreement. Is it that the agreement does not clearly express what it means? Will anybody on the other side say that that does not apply? Certainly, if they do say it does not apply, care should be taken in the resolutions by and by to see that it is clearly stated that it does not apply. If there is no doubt about it and if it does apply, what is going to happen, what must inevitably happen to the owners of three million acres of timber lands over in the valley of the Exploits? Why, it means that this soulless corporation can destroy and drive out all the other operators and all the other owners of water powers or timber lands within that whole great section, because it can so injure them, make it so difficult for them, that they will be glad to sell for any price, or for no price. It will be a case of scuttle out with what you can get, because your lord and master, The Products Corporation, has got this power over you.

What are we told? In section 20 "Notwithstanding the grant of the water powers herein all persons shall have the right to the temporary usouse of the said waters for the purpose of passing to and fro in small boats, an dfor the purpose of floating logs and lumber belonging to such persons to their mills, provided that such use shall not interfere with or prejudice the business or operations of the Company."

That is to say, the owners of three million acres of timber lands upon that area hold as subordinates to this Company the minute they obtain one single water power in this whole area. I shall be told that this is not the intention. My reply to that is that I am seriously putting that construction upon it; and I am not making that construction; I have consulted various independent lawyers outside this House, who are not in politics, and they put exactly the same construction upon this as I do.

And if there is a chance of differences of opinion, then before these resolutions go through it should be provided that everybody shall not be placed within the devouring maw of this monster which you are creating. **A company without a share, a company without a dollar, a company getting valuable concessions for nothing, a company to which you are giving away the greatest water power that this Colony has, a company with powers which were never given over such a wide area to any other company in man's lifetime.**

I find that in the Humber area there are 1,413,000 acres of land held by other people or companies. It cannot be denied by anybody whatever that this agreement confers upon this paper company the right over that area to dam and divert and stop and exercise all the powers over every part of the Humber area.

Now, if the holders of this land were here to say that they assented to that, that it had been agreed upon, then there would be some justification, but while a man who holds a single acre of land over there objects, what right have you to take away from him all the great natural, common powers which he has over the streams and lakes? What right have you to hand them all over to this Company and say: Squeeze the life out of him and make him give up his rights whether he wishes to or not.

I find with regard to the Hamilton River and Inlet there are nearly 5,680,000 acres of land held down there by different parties. Some of these men, of course, may have agreed to sell their interests, some of them may not have agreed, and very probably have not.

Now, what right has this House to proceed with this agreement regarding the Hamilton River one step further than we have got at the present time until we have given every one of these owners the right to say what he thinks about this infringement of his rights.

Because I want to point this out, that while in section 2 you assume to give these people only a power on what is called The Muskrat Falls on the Hamilton River, you are at the same time giving to them rights to dam the streams and conserve the energies not merely in this vicinity but in other parts, of such a general character that in the exercise of them they can tie up the Grand Falls or any other power on those rivers, and make every other power on those rivers subsidiary to themselves.

And in this connection I may draw attention to a question which I asked in this House, and to which I have got a partial answer, for correspondence showing whether Hon. J. A. Robinson, for himself or his brother Mr. Edward C. Robinson, or Hon. Mr. Job for himself had obtained from the Newfoundland Products Corporation a contract giving them the right to a certain portion of power.

This Act provides that 50,000 horse power of that which is developed upon the Hamilton River shall be furnished to the public; but if I am rightly informed, before this goes through the House, before the Products Corporation get the slightest powers, two gentlemen have secured an agreement that 30,000 horse power out of that 50,000 shall be theirs and not the public's.

Now, the idea is being held out that there must be 50,000 horse power developed there that may be taken from time to time by industries upon that river, and that the public must get it, and yet, if the statement which I have made is correct (and I wish to say here now that I have not got it upon such authority as I would like to have it, and I am asking questions about it), 30,000 out of that 50,000 has already come under the control of two members of the Legislative Council, two supporters of the Government, who will be asked to vote upon this matter by and by in the Upper Chamber. Now, it is the duty of the Government to find out if that be true. The Premier told me this afternoon that they had no correspondence about it and had nothing to do with it. I gathered from the tenor of his remarks that nothing was known about it by the Government. I have asked him to enquire and find out whether the Products Corporation have entered into such an agreement as that, and he has promised to do so.

Nōw, I want for a moment to refer again to the concession giving this Company freedom from local taxation. Mr. Chairman, we have no right, in this Legislature, to bind posterity as to the exercise of the proper functions of Government. We might come into this House properly and say: Here is an industry which is to be established; it is going to take five years or so to put up its buildings and start its work; it may take five years longer for it to get properly into business; and during the time that it is being established and initiating its business we will give it freedom from local taxation. That is not an unknown thing in other countries. We might, I think, fairly go forward into the next ten years and provide something of that kind, but what right have we to bind the Government and the Legislature of this colony for ever and ever to freedom from local taxation for this Company with reference, not to any particular work or any particular factory, but with reference to all their industries, all their factories, works, and all the property which they may hereafter own? What right have we got—what constitutional right have we got—to do that? Why should we confer rights upon them which Legislatures in the not distant future may have to buy out at the expense of millions of dollars? Supposing we do what we ought to have done long ago, and what we were talking about a few days ago in this House—incorporate the whole country into towns and villages and county councils, and hand over to the people of the country the power of local taxation. Have we the righth to prevent ourselves from doing that fully and freely? I pointed out here the other day that if you want to save this country,—as some of you profess to do—from Confederation with Canada, with your Customs duties so high as they are now, with your expenditure so great that at the present time the Minister of Finance has to tell us that he is going to borrow money to pay for a deficit on curren account, that you must look forward in the near future to a devolution of the right of self-government to incorporate councils, you must look forward to the time when the cost of the work undertaken on roads and services of that kind will be raised by local taxation; and with that prospect before you, staring you in the face—a prospect which you are being invided to put into the law, which you ought put into the law—because the future of this country, the economic salvation of this country demands that you hand over local self-government to the people—what right have you got to say that this corporation shall for ever and ever be free from municipal taxation, no matter how much of the community it occupies; that the roads shall be kept up, that the lights shall be kept up, that street railways and all the various public services of that kind shall be kept up, and that the laborer, the small men, the independent householders, shall pay the whole cost, while this great corporation is for ever to go scot free? This is a Company incorporated with twenty-one millions of dollars, whose promoters say that they expect that within a few years it will manufacture more than any other concern of its kind in the world. We were told some time ago that a similar corporation in the United States had watered its stock over and over again, and on that watered stock was paying 10 per cent dividends, and this concern is expected to be more valuable than anything either in Canada or the United States.

What right have you to give a company of that sort, which according to the promises of its promoter will be paying millions upon millions, I say what right have you to give that company freedom from local taxation? What right have you to take from the people of the country the power of local taxation? What right have you to deprive future Legislatures of the constitutional power to tax? They will have the power to tax, if you like, by paying this company to give up its rights. Some day or other the Legislature which desires to tax these people will have to go to them and pay them millions of dollars to relieve them from this provision which you so carelessly ask us to put in here today. Now, Gentlemen, I appear to you as Newfoundlanders, born in this country, if you like, and professing because of that to have more patriotism than I have, I beg of you to mortgage your country to any corporation in this manner.

Why should you do it? Why should you permit this great company, with the ten million dollar outfit which they are going to have, and their stock, their debenture stock, their mortgages and other securities, freedom from taxation of all kinds for ever and ever, amen. I say, Sir, why should the stock and the dividends and the capital of this Company be free for ever when every other company and man doing business in this country has to pay taxation. I am not speaking now of municipal taxation, but of any taxation. Why, it is only a day or two ago that this House was taxing that very class of security with reference to dead men's estates. At the last session of the Legislature (when I was not here) you passed an Act, and amended it this session, providing that securities of this kind should pay taxation. And now you come in here and provide with reference to this great twenty-one million dollar corporation, which by and by, if it starts on the Hamilton Inlet, may be a forty-million dollar corporation, and may be if it goes on, eventually a sixty or sixty-five million dollar corporation, that they, forsooth, shall be free from taxation forever upon all their debentures and all their capital, while everybody else who carries on business in this country must pay. Now, if that were confined to any particular business, in which they had no competition, one could understand a provision of that kind, but when you understand that this Company may carry on any kind of business they like and compete with everybody carrying on business in this country and that they are to be free from taxation—do you really mean to give these people this concession? I cannot believe it, I won't believe it. I believe that you who are supporters of the Government, and I believe that the Government themselves, have not understood the true position, and that what was in your minds that the work at Bay of Islands alone was meant. I believe that you did not see the broad sweep and scope of this. And that is why I say that in negotiating this matter you should have had able counsel to advise you, because once an Act of this sort is passed it is too late to amend it, and for every change you make in it you must be prepared to pay the solid dollars of the people of the country.

Now, let us look for a moment into section 8. One has only to look at this agreement to note that the imaginations of the promoters of this corporation ran riot, and that they had no doubt whatever of their capacity to get anything they asked for—and it seems to be a question whether they were right. Take, for instance, this provision:—"All construction materials and machinery for the Company's mills, factories and works for the purposes mentioned in Clause 1 hereof, both for the original installation and further extension of same, but not in substitution for old, shall be admitted duty free into the col-