

## Prime Minister Suggests Public Ownership.

### Railway Resolutions and Correspondence Tabled—Opposition Press For Payment of Employees.

The Prime Minister announced in the House yesterday the policy which would be adopted by the Government in the Reid Newfoundland Company case operating the Railway.

The policy is nothing less than that the Government will take over control of the Railway and operate it as a public utility.

Recent correspondence between the Government and the Reid Newfoundland Company has been extended in a lengthy speech, resolutions were presented asking the Government to assume control of the Railway when the necessary arises.

The Opposition asked for time to consider the Resolutions and the correspondence.

THE CORRESPONDENCE.

The correspondence referred to consists of seven letters, and extends from May 3rd, ended yesterday. It is as follows:

May 3rd, 1922.

Sir R. A. Squires, K.C., K.C.M.G., Prime Minister.

Sir—I have the honor to invite attention of the Government to the serious situation regarding railway operations which has arisen as a result of the discontinuance of payments to us under the railway operating agreement for 1921-1922. When we made this agreement with the Government last year the necessity for being supplied with the \$1,500,000 was fully explained.

The Government agreed to furnish \$1,000,000 during the first six months, and \$500,000 during the second six months, payments to be made monthly. Our plan of financing the expenditure to be made in

order to operate the system efficiently and economically were fully considered and discussed, and our plans were made and have been carried out on the basis of the payments being made at the time and to the amounts agreed upon.

The semi-monthly payments due on April 15th and 30th, 1922, have been withheld, and we are given to understand that no further payments will be forthcoming. The explanation is said to be that Mr. Pill, the Railway Auditor, estimates the loss for the year at not exceeding \$1,250,000, the amount we have been paid to date, and that the Auditor General has accepted this estimate and refused to sign any more cheques for payments on this account.

In passing I might say that we estimate the probable loss for the year, after the realization of outstandings on June 30th, at \$1,385,000; but our point is that for the present this is not material. Our financing plan is based on the receipt of further semi-monthly payments during April, May and June aggregating \$250,000 against which we shall have on June 30th balances due from agents and connecting carriers, inventories on hand, etc., which will have to be realized after that date and placed to the credit of the operating account for this year, before the actual loss for this year can be arrived at. If our estimate of the loss proves correct, there will be a surplus to the credit of the account, which will belong to the Government.

In the meantime and pending this realization, current expenses for payrolls, supplies, etc., have to be met and cash must be in the Bank to meet the cheques for these items. In other words, the railway is a going concern and requires to be financed as a going

concern, and we made it abundantly clear to the Government last year we were not prepared to finance it for the current year unless the Government found us \$1,500,000 in cash being the amount which we then estimated and still estimate to be the minimum sufficient to see the year through.

Furthermore, we have with the sanction of the Government, made capital expenditure to the amount of \$168,000 which are immediately payable by the Government and chargeable to us with interest, to be set off in 1921 against our claims under the railway contracts. Payment of those accounts has been withheld from us on the strength of an allegation that we are indebted to the Government, whereas the facts are very much to the contrary. It is needless to say that these works would not have been undertaken by us except upon the distinct agreement that we should be repaid for the expenditure, none of them being as a matter of fact works which we are obliged to do under the railway contracts. The detention from us of these monies renders the present financial situation more impossible than ever. I trust that the Government will realize the absolute necessity of paying us at once the amounts in arrears and arranging for the regular semi-monthly payments up to June 30th. Otherwise payment of our pay-rolls will be refused when they are presented to the Bank, as there will be no funds on hand to meet them. At to-day's date we have in the Railway Bank Account \$57,000. The amount of pay-rolls accrued to date is \$125,000 and in addition amounts are due for coal purchased and other items. Unless the Government sees fit to put us in funds as indicated, it will only be a matter of a very few days before the Bank will refuse payment of these cheques.

I think that upon a consideration of the foregoing the Government will understand that unless money is provided as arranged last year we cannot be held to blame if we are forced to suspend operation before June 30th. The responsibility in that case will rest with the Government, but I hope that this situation will be avoided.

I have the honor to be, Sir, Your obedient servant, (Sgd.) H. D. REID, President.

May 10th, 1922.

H. D. Reid, Esq., President R. N. Co.

Sir—Your communication of May 3rd has been submitted to the Auditor General and Government Engineer and considered by Committee of Council.

From the information furnished by your Accounting Department it appears that the operating loss to March 31st, 1922, does not exceed \$788,000 and from that furnished by the Auditor General and Government Engineer it appears that the net operating loss as at the 31st day of March, 1922, was \$788,957.66. The loss which they estimate for the months of April, May and June, is the sum of \$85,000, making a total loss according to their return, actual to the 31st day of March and estimated from the 31st day of March to the 30th day of June, 1922, of \$1,123,957.66.

You have already been paid on account of actual losses incurred and to be incurred during the twelve-month period, the sum of \$1,250,000 which payment is substantially in excess of the total estimated loss for the period of twelve months and very largely in excess of the loss sustained for the period which has already expired.

In these circumstances Committee of Council concurs in the opinion of the Auditor General and Government Engineer, namely, that no further cash payment be made to you on account of operating losses until you satisfy the Auditor General and Government Engineer that actual losses sustained have exceeded the sum of \$1,250,000 already paid.

Yours very truly, R. A. SQUIRES, Colonial Secretary.

St. John's, May 11th, 1922.

Hon. Sir Richard A. Squires, K.C.M.G., Prime Minister.

Sir—I have the honor to acknowledge receipt of your letter of yesterday's date, conveying the reply of the Government to the questions raised in my letter to you of the 3rd inst.

As foreshadowed in that letter, the railway will be without funds to meet its April pay-roll on Monday next, and consequently we are unable to undertake any further obligations on this account.

Unless a mutually satisfactory proposal for an immediate and final settlement of all differences between us can be evolved, the only course open to us appears to be to have recourse to our full legal rights under the railway contracts, involving arbitration under Section 101 of the contract of 1895.

I have the honor to be, Sir, Your obedient servant, H. D. REID, President R. N. Co.

H. D. Reid, Esq., President Reid Nfld. Co.

May 12th, 1922.

Sir—I have the honor to acknowledge the receipt of your letter of yesterday's date conveying the reply of

the Reid Newfoundland Company to my communication of the tenth instant.

I have submitted your letter to the consideration of Committee of Council. I desire to make it clear to you that there is no intention on the part of the Government to revert from the position stated to you in my letter of the tenth. The position as I understand it from the information and advice given by the Auditor General and Government Engineer is that you have already been paid more than actual losses payable under the 1921 Railway Act. Am I to understand from your letter of yesterday's date that unless the Government immediately provides you with funds to finance your operations, including your April payroll that you propose to immediately cease railroad operations. Kindly let me hear from you definitely on that point so that there may be no possible misunderstanding as to your meaning and intention under your letter of May 11th.

Yours very truly, R. A. SQUIRES, Colonial Secretary.

May 12th, 1922.

Hon. Sir R. A. Squires, K.C., K.C.M.G., Prime Minister, St. John's.

Sir—In reply to your communication of even date I have the honor to state that owing to the gravity of the issues involved this Company does not feel that in justice to itself it can make any commitment which may govern its future conduct in case the position laid down in your communication of the 10th instant is adhered to by the Government.

We desire, however, to again make it quite clear that no funds are available to meet our April payroll on Monday next, and unless the funds are provided by the Government we will simply have to inform our employees that we are unable to pay them owing to monies due us by the Government not having been received. Should this very undesirable situation arise our intention is to commence proceedings to enforce our legal rights under the various contracts.

We have no desire, however, to adopt such drastic measures and are still open to consider any reasonable proposal for a settlement of all disputes.

I have the honor to be, Sir, Your obedient servant, H. D. REID, President Reid Nfld. Co.

St. John's, Nfld., May 15th, 1922.

The Honourable the Colonial Secretary.

Sir—The Government not having complied with the requests contained in my letter to the Prime Minister of the 3rd inst., I now have the honor to attach for the information of the Government a copy of the notice issued to-day to all our railway employees in accordance with my letter to the Prime Minister of 12th inst.

I have the honor to be, Sir, Your obedient servant, (Sgd.) H. D. REID, President Reid Nfld. Co.

Reid Nfld. Co., Ltd., St. John's, Nfld., May 15th, 1922.

To All Railway Employees:

We regret to inform you that the Government having failed to pay us the instalments due under the operating contracts, we have no money on hand to pay your wages for April due to-day. We are taking proceedings to recover this amount due us and you can be assured that we will protect your interests to the fullest possible extent and that you will be paid, immediately sufficient money is received by us.

H. D. REID, President.

A WRONG INTERPRETATION.

The first letter, said the Prime Minister, was from the President of the Reid Newfoundland Company, and states that the agreement made last year between the Company and the Government called for an advance of \$1,500,000 during the fiscal year ending this June, irrespective of losses, for the purpose of financing railway operations. There was no such agreement. The actual agreement stated the Government should pay losses up to the amount stated but not exceeding \$1,250,000. The Government had been advised that the loss would not exceed the amount of the guarantee. Up to Dec. 31st, the sum of \$1,000,000 on account of losses incurred and to be incurred, had been paid. This also included a sum for the purchase of such supplies as would be necessary for the winter. In February, the accounts were examined, and it was found that the losses were not likely to approach the amount of the guarantee. The Government consequently declined to pay any further amounts until Reids had satisfied them that the actual losses were over the amount paid up to the present. From the returns of the Reid auditors, the actual losses on railway operations for the nine months ending last March, were \$788,000.

REIDS' CLAIMS.

That amount was disputed by the Government Audit Department who certified that the losses were \$735,

## KNOWLING'S Gents' Outfitting Specials.

NEW SPRING GOODS at LOW PRICES.

### SHIRT BARGAINS:

GENT'S PLAIN WHITE SPORTS SHIRTS with collar . . . . \$2.00 each	GENT'S PLAIN and UNLAUNDERED DRESS SHIRTS, ranging from \$1.10 up to \$4.50 each	GENT'S GREY FLANNELLETTE SHIRTS with collar attached, suitable for outdoor work . . . . \$1.80 each	GENT'S STRIPED FLANNELLETTE NIGHT SHIRTS of extra good quality and make, \$3.00. Our Price . . . . \$1.95
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### COLLARS AND COLLAR PINS:

GENT'S WHITE FOUR FOLD LINEN COLLARS, worth 40c. each. Our Price, 2 Collars for . . . . 5c.	SOFT COLLAR PINS, SPRING CLIPS and BARS 7c., 8c., 9c., 14c. and 25c. each	GENT'S SOFT COLLARS in White, Cream, Blue and Striped . . . . 25c., 33c. to 60c. each
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### NECK TIES:

We are now showing a large assortment of GENT'S NECK TIES in various shades and widths. Prices to suit everybody, ranging from 20c., 30c., 40c. up to \$2.50 each.

### GENTS' SOCK BARGAINS:

It's cheaper to buy Socks than to mend them. GENT'S GENUINE COTTON SOCKS, only 15c. pair	GENT'S WOOL and COTTON MIXTURE SOCKS in natural color, medium weights; no dye to stain the feet; only 45c. pair	GENT'S MERCERISED and SILK SOCKS in Black, Navy Blue, Tan, Grey, Green and Purple, 35c., 50c., 65c., 90c., 95c. to \$1.50 pair.	GENT'S ALL WOOL RIBBED SOCKS in Black Heather & Navy, 47c., 65c., 80c., 90c., \$1.10 \$1.30, \$1.70 up to \$2.70 pair.
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### SUSPENDERS:

GENT'S SOCK SUSPENDERS, assorted colors, pad and cord, both in stock, ranging from 30c., 55c., 65c. to 90c. pair	BOYS' BRACES, strong and durable; the kind to stand hard usage. . . . 27c., 30c., 35c., 45c. pair	GENT'S SUSPENDERS or BRACES, in popular brands, such as Shirley President, Police and Firemen's, Champion, etc.; (Job, 35c.), 50c., 70c., 80c., \$1.10 up to \$1.50 pair.
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### SWEATERS AND HOSIERY:

MEN'S and BOYS' SLEEVELESS SWEATERS in Grey and Brown.

ONLY 50c. EACH.

GENT'S RIBBED WOOL GOLF HOSE, with fancy roll tops, \$1.40, \$1.50, \$2.90, \$3.60 pair	BOYS' COTTON & WOOL GOLF or CYCLING HOSE, with fancy roll tops, 90c., \$2.10, \$2.30, \$2.40, \$2.70 pr.	GENT'S FOOTBALL HOSE, Club Colours: Navy and Light Blue, Navy and White, Navy and Yellow . . . . \$1.25 pair
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### UNDERWEAR:

BOYS' LIGHT WEIGHT COTTON SUMMER UNDERWEAR, 60c., 63c., 67c. up to 90c. garment.	MEN'S FLEECE LINED UNDERWEAR in Grey, Cream and White, 70c., 90c., \$1.25 to \$1.50 garment.	BOYS' FLEECE LINED UNDERWEAR in Cream and White. Price according to size: 60c. to 95c. garment.	MEN'S SUMMER UNDERWEAR. These goods are constructed so they will absorb the moisture and keep the body dry and cool, 60c. and \$1.25 garment.
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## G. KNOWLING, Ltd.

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THE GOVERNMENT'S REPLY.

The first amount due on account of the work at Argenta had been credited to the Reid Newfoundland Company against the amount due by them to the Railway Commission. With respect to the second amount in the Reid claim, possibly some of that would have to be paid. The claim is exceedingly complicated, however, and the Government Engineer will examine into it. The Reids had charged to expenses the work of their own sectionmen on parts of the line on which the Government did not do any special work. The amount might possibly be boiled down to about \$15,000 or \$20,000.

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