

BUDGET SPEECH

Delivered by the Minister of Finance, Hon. Sir J. C. Croshie, in House of Assembly, Monday.

(Continued.)

As will be seen by the Table of Imports and Exports for 1923-1924 our total trade exceeded the previous year by over two and one-half million dollars. The value of our imports exceeded the preceding year approximately one million dollars; while the value of our exports increased by nearly one million and one-half.

This, Mr. Chairman, is an encouraging sign and one which should give extreme satisfaction to every patriotic Newfoundlander in and out of this House.

I am of opinion that the trade outlook for the coming year should even exceed the figures just quoted, as from present indications it would seem that our fish will realize better prices in the markets abroad than it has done during the past three years. Such a happy condition is due entirely to the law of supply and demand, a law to which I have repeatedly subscribed in this House and elsewhere. And it is due principally to the interference with this immutable law by certain visionaries during the past three years that this

country is in the deplorable condition which has to be faced by me now.

The increased revenue consequent upon improved trade conditions will, I feel confident, enable us to balance our accounts at the end of the fiscal year 1924-1925. And, while we have had to meet deficits by borrowing during the past four years, I hope by the exercise of strict economy to be in a position to change those deficits into a surplus during the present year. It may be quite true that this surplus may not be a considerable one, but in any case it is quite pleasant to be able to look forward to a surplus of revenue over expenditure (no matter how small) after four years of large deficits—deficits, gentlemen, due to the unlimited and not always well-advised expenditures incurred by those who were entrusted with the public funds of this Colony.

Here, gentlemen, I beg to quote Trade Statistics showing Imports and Exports from 1911-1912 to 1923-1924, inclusive, and I may say that the figures are taken from the official returns compiled at the Customs Department.

Year	Imports	Exports	Total
1911-12	\$14,733,490	\$13,874,809	\$28,608,299
1912-13	16,012,365	14,672,889	30,685,254
1913-14	15,193,726	15,134,543	30,328,269
1914-15	12,350,786	13,136,880	25,487,666
1915-16	16,427,336	18,969,493	35,396,829
1916-17	21,318,310	22,381,762	43,700,072
1917-18	26,892,946	30,153,517	57,046,463
1918-19	35,297,184	36,784,616	72,081,800
1919-20	46,533,338	34,986,438	81,519,776
1920-21	28,909,727	22,441,287	51,351,014
1921-22	18,209,853	19,478,417	37,688,270
1922-23	19,321,824	20,956,863	40,278,687

While the catch of codfish fell in 1922-1923 as compared with the previous year, by over one hundred thousand quintals, the price was well maintained; and the value of our other exports increased as a whole.

The price of cod-oil, notably, advanced considerably. The export of iron ore in 1912-1913 (taken from the viewpoint of value) was very high. With the exception of 1913-1914, it showed a considerable drop in the succeeding years. I am very pleased to be able to say, however, that during the year 1923-1924, the exports over the preceding year increased more than \$600,000 tons in quantity and over a million dollars in value, the greatest value in either year or previous years.

In paper, copper and lumber there was a pleasing increase in production as will be readily seen by the trade reports just quoted.

A considerable advance in lobster prices is also recorded, while the export of fresh salmon and the price realized were extremely abnormal.

On the other hand, it was regrettable to see that the output of frozen and pickled herring had declined not only in value but also in quantity. I have arrived at the opinion that this is due to, in many cases, the poor quality of the fish packed for foreign markets. Unless greater care is taken with the packing of herring by our exporters, I very much fear that conditions will not readily improve in the herring trade.

One very hopeful sign of our fisheries this year, is the fact that it will be prosecuted by one hundred and forty four more sail of vessels than the previous year. This is very encouraging and indicates a revival of fishery trade so much handicapped by the too frequent undertaking of relief works by our predecessors in the past—relief works (to quote the Auditor General's report of 1921) which were unproductive in every sense of the word—except to draw our outport brethren from their natural avocation which was the fisheries.

In this connection I am reminded that about six thousand men are now employed in and about the Humber project. That has relieved the employment situation. From a national standpoint, however, this cannot be looked upon as all gain; for many of these men, if not so employed, would have been engaged in other work, and would have added to our exports at a time when they were profitable.

There is, too, this consideration: that the laboring class has been increased, and the fishing class reduced. It may not be easy to provide work for the increased number of laborers. Construction work on the Humber will rapidly decline hereafter and absorb much of the present labor supply; yet new work must, if possible, be found for the excess.

Dissatisfaction has existed over wage rates and living conditions, and the Government has endeavored in these matters. The principle of supply and demand works in this matter as in trade generally, and the greatest care has to be taken not to let tamper capital and the cost of con-

struction as to prevent development work.

DOCKS.

To make St. John's the popular Port it should be for Atlantic shipping, considerable expenditure on the Dry Dock will be necessary. Its machinery is partially obsolete. Delays cause demurrage charges, and the Dock structure itself demands repairs. Improvements of dock and machinery, a provision for speedy coal-burning, the acquisition of a speedy and powerful sea-going tug; and co-operation between the Government, the artisans and the laborers, are all factors which would go a long way towards making this port what its geographical situation entitled it to be—the repairing station for all North Atlantic steamers.

Judging from the trade conditions as presented and from my own personal knowledge of trade activities, I am of opinion that the outlook is somewhat brighter for the Colony than it has been for some time past, as a result of which the financial prospect for the Colony has improved proportionately. On that opinion I have based my estimate of the revenue likely to accrue during the coming year. I expect to receive the following:—

Customs Revenue	\$7,300,000.00
Postal	265,000.00
Telegraph	200,000.00
Crown Lands	90,000.00
Inland Revenue Stamps	40,000.00
Fines and Forfeitures	8,000.00
Fees Public Institutions	25,000.00
Broom Dept. Penitentiary	10,000.00
Interest on Guar. Loans	88,000.00
Income Tax	320,000.00
Business Profits Arrears	10,000.00
Manufacturing Sales Tax	50,000.00
Bank Tax	112,000.00
Taxes and Assessments	70,000.00
Estate Duties	50,000.00
Liquor Profits	200,000.00
Miscellaneous Revenue	100,000.00
	\$8,938,000.00

Honourable Members will notice that I have made a considerable addition to the estimate of my predecessors for 1924-25, and I think I am justified in so doing.

Nobody regretted more than I have the extravagance of our predecessors and the necessity of liquidating the bills incurred by them, threw upon me the duty of recommending to my colleagues, and upon them the duty of agreeing with the cancellation of the illegal and dishonest Minute of Council adopted in April last, one day only before the Legislature met. This Minute rescinded the duties on flour, pork, etc., and those rescinding them knew quite well that these duties must be replaced. With countries as well as with individuals, bills must be paid, or insolvency results, and this Colony must not default in its payments and so lose its credit.

It has, however, been decided that in view of the growing cost of flour following upon reports of a decreased wheat crop, and the absolute necessity of gasoline in the fisheries you shall be asked to wholly repeal the duties on these articles.

This may result in a shortage of the amount of revenue I have estimated for 1924-25 but if so it will be met by enforced economy in some of the public services.

You will also be asked to specially authorize the Government to reduce or wholly rescind the duty on certain other articles, in the hope that improved trade or greater economy may make such reduction or abrogation possible.

Consideration of the Revenue Act, 1905, and its various amendments and of the Report of a Tariff Commission appointed by a preceding Government, has been deferred until we have had time to consider the whole subject, but the matter will be submitted to you at the next Session.

The Controller's Department is now self-contained, paying its expenses from its receipts, and passing over to the Exchequer its profits only. I have placed the revenue from that source at \$200,000.00, basing my estimate on the profits for the last eleven months, and allowing some-

thing for a possible increase which may be the outcome of a new policy regarding the liquor traffic from a stricter enforcement of laws against moonshining and smuggling.

Honourable Members will notice on reference to the Estimates of last year's Revenue, that I have omitted the items of receipts from Civil Service Reduction. The Government are of opinion that the reduction of Civil Servants' salaries has had a rather demoralizing effect on the whole Service; that faithful and efficient work cannot be obtained from a Service which is notoriously underpaid; so much so that many of the officials cannot possibly keep out of debt and provide for their families even the barest necessities.

This condition of affairs has unquestionably much to do with the constant demand for pay for so-called extra services and overtime, and the proposal for a repeal of the Civil Service Reduction Act is made with the honest idea of first, enabling all efficient servants of the public to support themselves in a decent manner; and secondly, to see that all extra payments in the Civil Service cease from this date. The Legislature of this Colony votes a salary for a certain position, and the occupant of that position should receive that and nothing more.

During the short time I have had the honor to hold my position of Finance Minister, it has been impressed strongly upon my mind that this matter of granting money for extra services has been grossly unfair. There have been officials in the Service who no matter what their value was, no matter what they did in the way of giving straight, decent service in the stations allotted them, received nothing. If they worked long hours overtime, the fruits went frequently to other officials.

In order to give a straight deal to all, it is my intention to see that this regulation is carried out not only in the letter but in the spirit as well. I have said this is a great injustice, and as I write, I have before me evidence of the fact that several sums exceeding their annual salary, while, as I have also pointed out, we are confronted with cases of hard working officials who never received, or thought of receiving, one cent more than was legitimately voted by the duly authorized body appointed to fix their yearly stipend, namely the Legislature of this Colony.

This injustice, Mr. Chairman and Honourable gentlemen, has actuated the Government in arriving at the decision of repealing the Civil Service Reduction Act, a decision which has been held out to some of the best men in this country of ours for some years past in the form of a miracle. Our policy in this respect is to deal fairly with all; give favour to none.

In too many cases Finance Ministers have estimated an expenditure which could not possibly cover a constantly expanding public service, trusting to an always complaisant following in the House to pass a huge Supplementary Supply. This Supply, which swells the original votes proposed by the House, is mainly caused by overraffs authorized by Order-in-Council, which Order usually contains the provision "that Supplementary Supply would be taken when the House meets and authorizing the 'Bank of Montreal' to honour overdrawing cheques."

This has been done despite the fact that the Auditor General had notified the Bank that he would issue no further letters of credit by reason of the fact that the votes passed by this Assembly had been exhausted.

My idea of dealing with this situation is to do exactly the reverse. I have estimated our revenue and intended to let the House know what it is to our expenditure to that estimate, and to see to it that the expenditure is kept within the votes which this Legislature will pass. I regret to say that too little attention has been given in the past by Ministerial Heads to the details of expenditure, and I am now asking them to help me, by exercising an earnest supervision over the minutest details of their respective departments in order that this annual supplemental bugaboo shall not recur during the current year.

In this connection I ask their attention to the 43rd Section of the Audit Act, which reads as follows:—

"The Deputy Heads of the several departments or the officers, clerks or other persons charged with the expenditure of public money, shall respectively audit the details of the accounts of the several services in the first instance, and be responsible for the correctness of such audit."

Following upon my determination to "make the garment fit the cloth," I propose to eliminate every item of expenditure which can possibly be done without, consistent at the same time with the real necessities of the public service. In a word, I hope to cut expenditure down to an irreducible minimum. All public luxuries must go. Some of them would be all very well if they could be afforded, but the position as I see it today is that even some more or less necessary services should be curtailed until better times. It will be quite im-

possible, otherwise, to carry on the public service of the Colony.

Be our revenue what it may, and however strenuous our endeavours to keep within it, we must provide the essentials. What I consider essentials (services which if this Colony is to exist at all as a self-governing Colony it must have) I shall set forth later when dealing with expenditure.

I realize to the fullest extent the burden of taxation placed upon the shoulders of our people. I deeply sympathize with them. I observe their cheerful endurance under the trials and forced economies in even essentials which the high cost of living brings in its train. I appeal with confidence to them to bear their burden until growing prosperity enables the Government to decrease it.

Coming now directly to expenditure, I consider as essential the following:

1923-1924	1924-1925
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Finance Department	\$3,855,943.78	\$3,438,110.21
Colonial Secretary's	51,554.00	67,179.00
Justice Department	382,954.46	341,479.16
Education Department	839,851.03	821,842.03
Public Charities	441,338.33	376,861.71
Marine and Fisheries	346,969.33	333,589.39
Agriculture and Mines	95,020.00	78,150.00
Public Works	994,418.26	938,943.37
Posts and Telegraphs	1,244,465.82	1,148,207.83
Customs Department	493,960.50	439,552.25
Liquor Controller	79,864.00
Tax Assessor	14,840.00	14,840.00
Contingencies	235,617.00	184,617.00
Military Pension Board	699,766.00	651,766.00
Shipping Department	50,000.00

\$9,626,560.58 \$8,832,523.15

This shows a reduction in Estimates of \$794,037.43.

I do not now propose to enter into the detail of the several votes. These with their several changes from the last Estimates, have been placed before you and will be explained by the Minister in charge thereof when the House is in Committee on Supply.

Before closing, I should like to draw the attention of Honourable members to the serious state of affairs obtaining for some time past in the Customs Department. Undreamed of conditions have existed in that Department, certain things have been permitted there which no departmental head should have overlooked.

The Auditor General's instructions were frequently ignored, and I find today that there are duties outstanding from 1915 to the present date on goods issued to individuals under what is known as "Temporary Permits." These permits were given and the Department neglected to follow up the individuals for collection of duties.

The mismanagement, also, of what is known as bonded warehouses, in which at the present moment very great discrepancies exist, is responsible for the loss of considerable duty owing to the Colony; duty which I fear in many cases will never be collected.

Considerable loss was sustained, moreover, through the presentation of fraudulent invoices which passed through the Customs without proper check.

I shall conclude my remarks on this subject by stating for the information of honourable members, that full enquiry is being instituted into the whole matter.

CUSTOMS BONDS.

There is another matter in relation to the Customs to which I desire to call the attention of the House. I refer to the large amount due in Customs Bonds, some \$117,545.41 in all, including interest. Many of these unpaid Bonds date back to 1920, some to 1921 and the latest to 1922.

Apparently very little effort has been made by the persons owing this money to pay it. In 1920, some bonds were extended, but since then no extensions were permitted, and some payments on account have been made from time to time. I cannot speak too strongly against the discrimination which permitted the extension of bonds. As far as the present Government is concerned, it is their intention to secure the prompt payment in cash of these moneys, not in promises to pay or extensions.

I have here some statements which will be of interest to honourable members. They are too lengthy to read but they will be printed with my speech and will form an addenda thereto.

I should like, however, to draw Honourable members' attention to the increase in Savings Deposits which occurred during 1923.

At the close of 1922 there was on deposit in Savings Accounts, the sum of \$20,133,975.51. At the end of 1923, this amount had increased to \$20,340,223.21, an increase of \$206,247.70.

This is a very significant fact and to my mind an indication of that resilient buoyancy which Newfoundland has in her financial history has been famous; and I feel sure that with that earnest co-operation which is so necessary in all serious activities we shall turn the corner in 1924-25 and enter the straight road to national prosperity and happiness.

Finally, and in conclusion, I can assure this House and the whole country that it is the earnest intention of his Majesty's Government to embark on an entirely new scheme of financing. We have decided that an energetic constructive policy has been necessary for this land for some years past. The policy is long overdue, but you may be sure that if I can secure the faithful co-operation of my fellow ministers in the Government, the time has now arrived and our ship has come home at last.

As I have already remarked, this Government accepts no responsibility for the disastrous effects of the policy adopted by the late Government, and our only desire is to remedy the disease which for some years has attacked our Island Home.

I beg leave to propose the following resolutions:—

(a) The reduction of present duty on spirits in transit.

(b) Repealing duty on Flour and Gasoline.

(c) Giving power to Governor-in-Council to reduce or abrogate duty on Molasses, Kerosene Oil, Beef and Pork when financial conditions in their opinion warrant same.

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A breakfast to warm the cockles of a hungry man's heart. It's marvelous how nourishing it is, and it doesn't tax digestion.

Kellogg's
CORN FLAKES
Oven-fresh always

Kellogg's CORN FLAKES

Changes in Militia Postponed

ROME, July 21.—Forthcoming changes in the status of Italy's militia will not change that body's party character, nor does the Fascist Government see any need to hurry the slight modifications it means to make.

The swearing in of the militia, originally fixed for this week, will not happen until the militia is "reconstructed" possibly not until October. During the talks between Premier Mussolini and army chiefs about details of the militia's fusion with the regular army, the army men explained to the dictator that only a few of the militia's highest officers can now swear allegiance, because the bulk of them never had a royal commission but were appointed by Mussolini himself.

According to the Italian laws only officers getting commissions from the monarch could serve as such. This holds good in the few other remaining monarchial European Governments. So it is impossible for the militia to take the oath until the officers are regularized.

It is now clear that the official idea of the militia's transformation differs from the oppositions' idea. Soon the militia's functions will be modified by Cabinet council decree, not by the Chamber. The decree will declare the militia is an armed body of state charged with special jobs as home and foreign relations render its action needed.

It will be under the technical management of the Ministry of War, but its movements will be subject to orders from the Ministry of the Interior. The militia's chief task must be to keep up the country's military spirit.

On the other hand, the viewpoint of the opposition, including the bulk of the Liberals, is that the militia should be closely incorporated in their opinion warrant same.

TOO MUCH WIFE, A Unique Feature

WANDA HAWLEY IN A CLEVER ROLE.

Here's the story of a wife who wouldn't go to the country—and so her husband had to.

A faked telegram, a hurried departure, and the fond husband found himself free for three blissful days from entangling apron strings.

But a summer squall which overturned his fishing boat dashed him upon an island where a female Robinson Crusoe was encamped.

A summer squall is nothing compared with the domestic storm that arose when wife found it out.

Do you remember Wanda Hawley in "The House that Jack built?"

Well, here is another fun-packed comedy about a pair of newly-weds.

It's a sure cure for blues or brain-ags, this jolly comedy of the wife who insisted upon being too indulgent with her husband. Can you imagine that, you married men?

Miss Hawley is quite charming as Myra, the bride who determines to let her husband do exactly what he chooses—and to do it with him! The conscientious little wife spoils her husband's fun by her too constant presence provides a world of fun and results in the husband's adopting a subterfuge which nearly ends disastrously.

If you do not take life too seriously and want to see a fine holiday bill, see this unique feature and a first class comedy at the Majestic Theatre, to-day.

Purity, mildness and gentleness are three of the pleasing features about Ivory Soap—adv. 1f

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Developing and Printing Service

Gives you finished prints from your roll films in 24 hours, without fail.

When you're off for a picnic, or on your holidays, take your camera with you to "snap" the good times you have, the lovely bits of country you see, and send