

THE BUDGET

Mr. Kent's Criticism.

HOUSE OF ASSEMBLY.

March 3rd.

MR. KENT—The Committee of the Whole House last week heard the statement of the Hon. Minister of Finance upon the financial affairs of the Colony, as set forth in his Budget Speech. This statement, of course, raises the most serious questions that the House or this Committee has to consider. It is always a matter of interest to the members of the House and to the public at large to know what has been done in connection with the financial affairs of the Colony during the period that elapsed since the last session of the House. Hence we all look forward during the session to the Budget Speech, the annual financial reckoning of the Government, with much anticipation. We always hope that his statements in relation to past transactions and his proposals for the future will be approved by the whole House and by the country. I am however afraid that neither the statement nor the proposals which we have heard from the Hon. Minister on Wednesday last will commend itself to the Committee or to the people neither as to what has been done nor as to what he proposes to do.

Any person examining the affairs of Newfoundland as they appear at present, and looking back through the transactions of the past few years, cannot but be impressed by the fact that but for the mistakes of the Government we would not find ourselves in the financial position presented by the Budget Speech of the Minister. The Colony is in the position of a country that is entering on a race of development with other countries, and it is upon the men in charge of the affairs of the Government that the main duty and responsibility of keeping Newfoundland well in the front in this race for material prosperity rests. During the recent years prior to the advent to power of the present administration, we made efforts to develop our material resources, but unfortunately for the people the present Government cannot be congratulated for any progress or development made or inaugurated or fostered by them during their term of office. Any person who reads the Budget must be satisfied that such is the case. He makes no reference to any specific improvement brought about by his Government or during their term of office, but bases all his claim that abounding prosperity prevails upon conditions that came into existence during the regime of his predecessors.

The first fact that naturally strikes one in considering our position is that during those years nothing of a constructive character has been introduced by the Government. Beyond the building of the branch railways no national development has taken place, nothing that would help to build up the industries of the Colony, our fisheries, our mines, our forests. In fact the record of the Government has been almost a blank. When you consider in connection with this the fact that during their term of office the Government has had the handling of more monies than any other Government ever had in twice the number of years in power, the record is all the more unsatisfactory. They have had abnormal revenues, unprecedented borrowings, but still, whatever in-

crease there has been in trade and in revenue has been due to causes that existed before they came into power.

I have pointed out before in this House that conditions of our foreign trade as shown by the official statistics, have in recent years been changed from a favorable to an unfavorable balance. This condition still continues. To-day we have against the colony according to the figures given in the Budget Speech of the Minister, an adverse balance of \$1,340,000 in round figures. The year before, the adverse balance was \$850,000, and the year before that, it was over \$1,000,000. The year before that again the balance was adverse to the colony. If you go back for years previous to 1910-11, you will invariably find a balance of trade in favor of the Colony. What does this mean? It means that our imports exceed our exports, and that we are buying more than we are selling. What we buy over and above what we sell, we have to draw on our reserves to pay for. If we were to submit this to any impartial banker and ask his opinion in relation to this country he would tell you that the condition according to the figures, was one that showed an unsatisfactory state of trade. The figures in bulk have increased, it is true, but the imports have increased proportionately more than the exports. The increase in the figures as a whole, is mainly due to enhanced prices for fish and fishery products, also to the working of the mills in Exploits Valley.

Dealing with the general trade of the country, the Hon. Minister pointed out that the increase in imports are due to the normal growth of the colony's trade and not to "inflation" made in the figures by the bringing in of large quantities of materials and machinery for installation of paper mills which accounted in the years from 1906 to 1910 for large importations. Then he goes on to say that these figures attest conclusively the beneficial effects of the policy of the Government. He took care not to develop this conclusion that these increased imports were due to the policy of the Government. There is nothing in their record of five years to warrant such a claim. No industries of general value or utility. No expansion of those previously established beyond the natural development of the business of the concerns carrying them on. Nothing to render our fisheries or our fishing business commercially more remunerative. It is true prices have advanced, but this was in no way due to the policy of the Government. It was due to causes operating outside Government influence entirely.

Now, Sir, I say here that it is a pity that the Government by its policy, did not see its way to give better and more intelligent encouragement towards the establishment of industries in this country, such as those at Grand Falls and Bishop's Falls, which would render the importation of materials for their installation and establishment necessary. Excessive importations, due to such causes if within reason, is alright in a new and undeveloped country like Newfoundland. The only increase in imports that can be traced directly to the policy of the present Government, are those due to the building of the Branch Railways, imports that are due to spending the borrowed capital

of the country upon these railways. According to the Minister's own figures and reasoning, the imports during the past year due to the building of the Branch Railways, amounted to about \$250,000 indirectly through the circulation of the money borrowed and spent in construction work, and according to the returns of imports tabulated the direct imports of materials for the Branch Railways, was \$324,000. In other words there was about \$574,000 of imports from this source. I base the statement in reference to the \$250,000 upon the reasoning of the Minister, which is contained in his Budget Speech of last year. The Minister there says, referring to the Railways: "As a matter of fact the average number of men in each of these years (1910-12) working on the railway would not exceed 1,500 for say six months or 180 days, at \$1.50 a day, equalling \$405,000. As the greater portion of what these men would spend of their wages is on articles such as flour, molasses, etc., which are admitted duty free, they would not pay in to the revenue more than an average of 10 per cent. on their whole earnings, which would be 10 per cent. on \$400,000, or \$40,000 per year."

The revenue on dutiable goods represents, according to our tariff about one-third of the value of the imports subject to duty. That would leave about \$120,000 or three times the revenue of \$40,000 worth of imports liable to duty from this source and the balance of \$180,000 would consist of non-dutiable goods and of imports indirectly due to other expenditures than those in paying the daily laborer to whom the Minister's figures alone related, making in all \$250,000, with the \$325,000 stated already as direct importations for the purposes of the branch railways. These are the only imports which we can say are directly due to the policy of the present Government, and these are based upon the expenditure of moneys borrowed by the Colony itself. These figures are low, and would, I think, if other reasoning than that of the Minister was applied, work out at a much greater total. The rest of the increase in the trade figures is due in part to the policy of the previous Government—in part to the increased trade all around and to the increased prices that is got for our fish, and to the earnings of our people on Bell Island, at Grand Falls and other centres of lumber and paper and other wealth-producing industries which were in existence before the present Government came into power. It is, then, I submit

quite clear that the present Government cannot claim that any of these industries and increased trade are due to their policy. If, as I said before, they had encouraged the establishment of industries, their return would show the imports brought to establish such industries and the industries themselves when established would be centres for increasing the wealth, and earning as well as spending power of the country. The balance of trade which exists and which is against the country, is due to the fact that we as a country, are buying more than we are selling, and are drawing upon our reserves to pay for this excess of purchase. The Minister tells us that the figures issued by the Department of Customs, during the last few years have not been reliable especially the value of our fishery exports. He says that the Deputy Minister wrote the Board of Trade that the valuations put on our fishery exports were so much undervalued that the figures were utterly unreliable and useless. Well, it is very difficult to understand why that is so. There must be something wrong in the Department if it is so. It is provided by the Customs Act that the value of the article of export when the export entries are made out should be sworn to, and surely it is the business of some person in the Department to see that the figures that are provided and the values that are stated and sworn to in the entries, are correct or as near as possible to the value of the articles under export. Surely the Department and its officers having charge of these matters have sufficient information regarding conditions in the colony, to know whether entries made in relation to exports contain the fair and proper valuation of the articles set out in such entries. Certainly there should not be such a discrepancy as would account for such an adverse balance as one and a half million dollars in the course of a year. This is a serious matter, and may put the trade of the colony in a very unfavorable light before the world. When the law calls for values to be verified by oath, surely we

should be able to accept the figures as at least approximately correct. Section 100 of the Customs Act, provides:

"Before a clearance is granted bound to a place or port out of this Colony, the owners, shippers or consignors of the cargo on board such vessel shall deliver to the Collector or other proper officer of Customs, entries of such parts of the cargo as are shipped by them respectively and shall verify the same by oath; and such entries shall specify the kinds and quantities of the articles shipped by them respectively and the value of the total quantity of each kind of article * * * such oath shall state * * * that the values of such articles are truly stated according to their actual cost or the value which they bear at the time and port of exportation," &c.

It also provides that information must be given regarding the place of manufacture or production. It clearly requires, Mr. Chairman, that the value of these exports at the time and port of exportation should be verified upon oath. If there is carelessness upon the part of people passing these entries it is surely the duty of the Department to insist upon proper valuations and not to issue figures upon the export trade of the country which convey such an utterly false impression of the conditions of the country. It is said that these figures are sufficiently large to make a change in the balance of trade in the Colony. If that is so, the authorities allow an adverse balance of trade to be published and go abroad when the figures in the Custom House are, as we are told by the Deputy Minister, so utterly unreliable, as if converted to show a favourable condition. By proper intelligence, proper information and proper observance of the law this defect anyway might be very easily remedied, and if my observations have no other effect I shall not have spoken without effect.

I have said, Mr. Chairman, that the present Government have had more money during the years they have been in power than any previous administration, and the Minister in his Budget Speech which he delivered here the other day took the position that one of the objects of a Minister of Finance is to find a surplus, not is the result of economy, but by taking more and more money from the people every year. He has always up to the present time been able to find a surplus because of the very large revenues that had come to him. The reduction in taxation which took place last year we were told was justified because of the surpluses which had existed and because the condition of our finances warranted the reduction.

Well you have to-day a very curious commentary upon the position which the Minister took in this respect last year. If you compare the Budget figures since 1909 they will, I think, teach you a lesson which it would be well for the Government to take to heart. Economy is the direction in which the energy of the Government should be directed and not towards increased taxation and not towards burdening our people

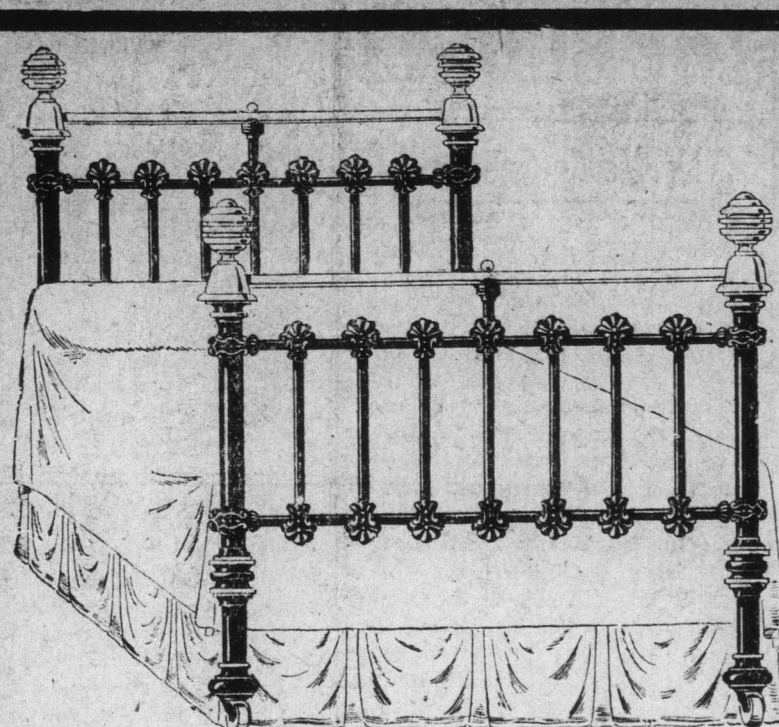
with taxes which are unnecessary and which I propose to show before I am finished are utterly unwarranted, unfair and proper. It is to be assumed, Mr. Chairman, that when the Minister of Finance comes into this House with his estimates he has carefully considered the sums necessary to meet the needs of the public service for the following year, and though every latitude should be allowed for unforeseen contingencies, that his estimates would cover all the needs of the public service that could be foreseen, and any emergencies which may occur during the year which might reasonably be anticipated by experienced officials. Now, if we compare the record of the Government in respect to their estimated expenditure and actual revenue during the past four years we will see how the Minister and the Government have avoided this principle. Take the year 1909-10. That year the Minister estimated that the expenditure of the country would be \$2,372,000.00. As a matter of fact

(Continued on 8th Page.)

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