

An Election Budget!

MR. KENT'S SCATHING CRITICISM.

Minister Cashin Eats His Own Words and Makes Serious Miscalculations--Embarks on Financial Policy Leading to \$100,000 Deficit--Bond Made Real Reductions in Taxation, and Did Not Increase Public Debt Materially--

The Railway Arbitration Debt Saddled on the Right Horse --- Morris Has Increased Public Debt \$7,200,000 Since He Became Premier.

MR. KENT (continued).—As regards the payment and the other items that went to make up that amount, there were two other items—lands and telegraphs. As to the land question, it will be remembered that under the '88 contract Mr. Reid was given, in addition to lands which he received under the '93 contract, 5,000 acres per mile of railway comprised in the contract, but out of that 5,000 acres provided by the Colony with the 1,000,000, Mr. Reid handed back one-half the actual quantity to the country for the purchase of his own railway—the Colony provided the land for Mr. Reid to pay back. When the railway was taken back Mr. Reid at that time practically said to the Colony, "You cannot take back the railway which you sold to me without giving me back the lands which I gave you." Consequently the Colony had to take back the lands given to the Reids under the '93 contract, as well as the \$1,000,000, and they did that under the 1901 agreement. In addition to the land taken back it will be remembered that the Reid Nfd. Co. had also an unrestricted right to take up the lands which he was entitled under the '88 contract all over the Colony. In fact they had taken up an area of 700 to the extent of 1,000 OR 700 MILES ROUND THE COASTLINE.

and these lands had to be taken back also. At that time Mr. Reid controlled the railway traffic of the Colony, and if he controlled the coastline he would control the maritime traffic as well. The whole business of the Colony if these lands remained in the possession of Mr. Reid at that time would be under the control of Mr. Reid. This would be a most disastrous condition of affairs to exist for the Colony. These lands, it will be remembered, covered quite a number of lands occupied by squatters who held no titles from the Crown to hold and cultivate them; and also covered timber lands which were held under leases by other parties, and at the expiration of the leases of these parties these properties became the properties of Mr. Reid. The owners of lands would have no right whatever to a renewal of their leases except upon such terms as the Company was prepared to give them at the time these leases expired. They also held mining properties. It is well known if you hold a mining lease you are entitled to a superficial grant of 50 acres for operating purposes. Under the Crown Lands Act you can get more if you apply for it. If there is valuable mining property and these surface lands are surrounded throughout the country by grants held by Mr. Reid or any other large proprietor, the owners of these mines can only

get a renewal on the terms that the Reid Nfd. Co. or Mr. Reid would permit. In other words, as things stood in 1901, and which people are liable to forget.

THE REID NFD CO. OR MR. REID HELD ALL THE INDUSTRIES OF THIS COLONY IN THE HOLLOW OF THEIR HANDS.

They held forest lands all over the country, and it would have been impossible for large pulp and paper industries to develop here without their permission. If the conditions of the '93 contract now existed, without the proprietors or the investors going with their hats in their hands to the Reid Nfd. Co. to get terms upon which they could enter upon their business. These things we are apt to forget when we say that the late Government was paying this money to the Reid Nfd. Co. had no justification.

Now, again, Sir, the next item is the Telegraph Award. It is generally considered that it was wrong in principle that the Telegraph system of the Colony should have been handed over at that time to any private owner, and I think that the position was greatly aggravated by the fact of the enormous powers and great monopoly of the Colony's resources which the Reid Co. held under the '88 contract. They controlled at that time the transportation system of the country. They controlled a great deal of the resources of the Colony; they controlled also the Telegraph system of the Colony. I do not think if you were to ask any business man that he would agree with permitting the Telegraph system to remain under the control of a contractor in the position the Reid Nfd. Co. stood in. Then we know that even with the limited amount of telegraph lines that the Reid Nfd. Co. has had during last election, these lines were

USED FOR POLITICAL PURPOSES.

Mr. McNeilly enquired into the matter, and reported that he had seen so used. Well, if he used this limited line which he now controls, for political purposes, how much more would they use the enormous power which he could wield through the control of the entire Telegraph system. Then it would have been impossible for this Colony to develop its Telegraph system under the '93 contract as it has been doing since. It will be remembered that under that contract, Mr. Reid paid \$125,000 for the Telegraph system, as it then stood, in 1898. In addition he was given power to extend the lines. But the condition upon which he was given that power was that he could do it or not, as he wished. If the Government wanted Telegraph extension, it had to pay for the cost of extension, and pay the Reids their loss or deficit, upon the

TO MEET THE LEGACY OF DIFFICULTIES THAT WAS LEFT

by the Government that went out of power in 1900. That covers the Public Debt as it existed at the time the present administration came into office. During the present administration, as I said before, the Public Debt has increased by about \$7,200,000. Some of these additions to the Public Debt were made for lighthouses and other public utilities, but the large bulk, as I said before, was made for purposes of Branch Railway construction. Altogether the additions for railway construction amount to \$6,000,000, two loans of 300,000 pounds sterling and 400,000 pounds, or in round figures about \$1,000,000, in round figures to construct these branch railways. I thoroughly believe in the construction of railways. It believe it is one of the greatest factors in the development of the country. I believe it has helped to make Canada and the United States what they are to-day. But I think if any person were to examine the contract under which these branch lines have been constructed, he will admit that the contract is one which is very unfair to this country. The contract is to build five branch lines of railway (1) Bonavista, (2) Broad Cove, (3) Trepassey, (4) Fortune Bay, (5) Bonne Bay lines. There is one feature in this contract which strikes a person, and it has been pointed out over and over again in this House, and that is the

PAYMENT OF CASH INSTEAD OF BONDS.

In all other railway contracts payment has been made in bonds. Under this contract the work is paid for in cash. We have to-day an illustration of what that means to the Colony. We have had two loans negotiated by the present Government for the construction of these lines as cash is required for payments due under the construction work. The difference between cash and bonds has cost the Colony between five and six hundred thousand dollars to date. If the Colony had paid for the construction of these lines in bonds it would be five or six hundred thousand dollars better off today than it is; and the borrowings for the construction of these lines are not yet ended. In fact you have at the present time in sight payments to the extent of nearly \$500,000 over and above the six million dollars authorized to be borrowed. The Government two loans have realized for the Colony

provided under the Construction Contract made with the late Sir R. G. Reid dated May 16th, 1893, and in quantity and in value, in addition to the total mileage of Branch Railways to be constructed under this Agreement.

Inasmuch, however, as the quantities and descriptions of rolling stock, tools, machinery, coal sheds, buildings and water stations, to be supplied by the Contractor, are hereinafter agreed between the parties to this Contract that, in lieu of providing the same, a fair valuation of the above-mentioned rolling stock, tools, machinery, coal sheds, buildings, engine sheds, work shops, turntables and water stations shall be made, applicable to each Branch Railway, and that the amount of such valuation shall be deducted from the gross valuation of all rolling stock, tools, machinery, coal sheds, engine sheds, buildings, work shops, turntables and water stations for each Branch Railway, and the balance only shall be paid to the Contractor as an addition to the extra.

Now if you turn up the '93 Contract you will see what this means. I have asked for the correspondence which was kindly supplied by the Hon. Colonial Secretary in connection with the Railway Construction and the correspondence supplied up to the date of the last session of the Legislature shows that for the Bonavista line there have been provided and equipped five first class cars, eight second class cars, two many of the Bonavista line to-day as there were for all the lines under the '93 Contract. All these additional cars and all that may be provided for other lines are extras and have to be paid for in cash over and above the mileage. Again, Sir, there are 10 box cars now on the Bonavista line, 10 box cars were called for under the Contract of 1893; which means that all others that may be supplied will be regarded as extras. The position that places before the contractor is that in addition to the \$15,000 per mile you have to

PROVIDE BY BORROWING

on the public account for money to pay for rolling stock and equipment of all the other branches. The contractor must pay for the railways it also has to pay for all stations, and all as extras. Every station on the Bonavista line, Trepassey, Broad Cove, Bay-Verde, Fortune Bay and Bonne Bay lines must be paid for in cash, over and above the amounts being paid for under the four sections of the construction contract to which I have made reference. But the four sections which I refer to, I refer to the "Committee's Commission" and "A DEVIL AND AN OSTRICH AND AN ORPHAN CHILD IN ONE."

Section 34 provides that in addition to the \$15,000 per mile that the Colony must pay for these railways it also has to pay for all stations, and all as extras. Every station on the Bonavista line, Trepassey, Broad Cove, Bay-Verde, Fortune Bay and Bonne Bay lines must be paid for in cash, over and above the amounts being paid for under the four sections of the construction contract to which I have made reference. But the four sections which I refer to, I refer to the "Committee's Commission" and "A DEVIL AND AN OSTRICH AND AN ORPHAN CHILD IN ONE."

When is the decision to be come to as to when it occurs that they are "completed and effectively equipped." Take the Bonavista line, was it to be completely and effectively equipped at the moment the line was put into Bonavista when it was formally opened last year, or is it every year that the Reid Nfd. Co. delay getting their final certificates for these lines the greater the cost will be. If these lines develop traffic from year to year then the lines are getting further and further from being "completely and effectively equipped" as time goes along. In other words the need is increased as the traffic increases. This applies to all the lines. Section 35 and 36 says:—

35. The Contractor shall, as part of this Contract, provide rolling stock, tools, machinery, coal sheds, buildings and water stations of the same general character and description as those

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