

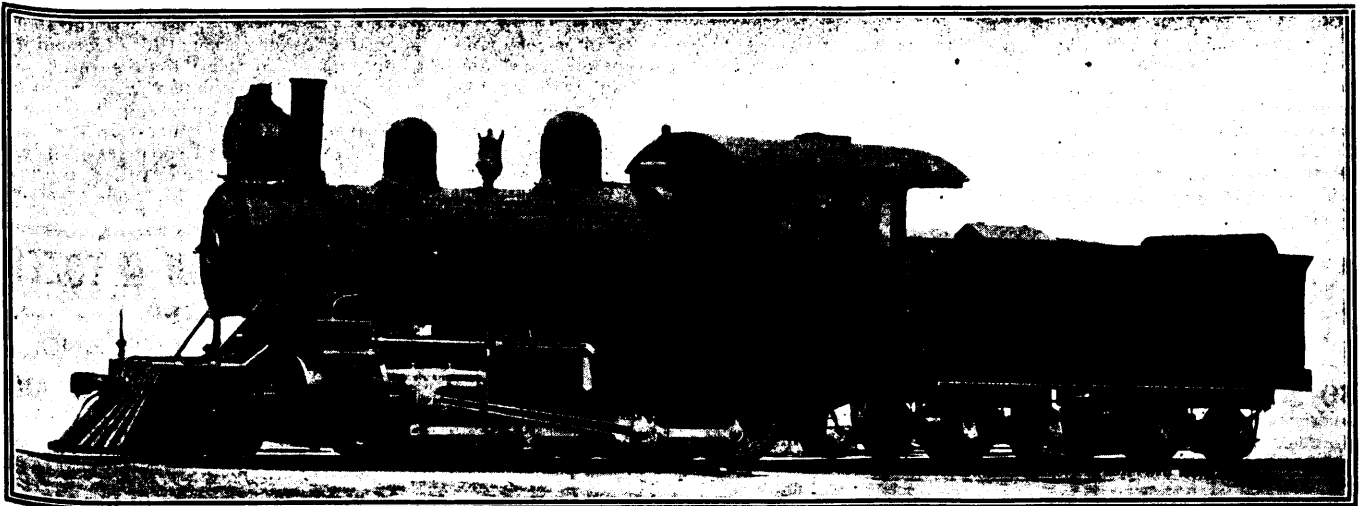
ern divisions of the C.P.R., & who has recently been elected a director of the Bank of Montreal, of which city he is a permanent resident, first became a figure in our island politics in 1890. The Government wanted a capitalist to undertake the building of its railway which had collapsed completely after having been laid only 57 miles. Mr. Reid grappled with the task, offering to take the colony's 3½% bonds as payment, instead of cash, \$15,600 a mile being the figure stated. In 1892 he contracted to complete the road across the island, as the first contract went only part way, the terms being the same as in the first instance. In 1893 the Government, having by this time become convinced that the road, which ran through an untrodden wilderness, would be a costly one to operate when on its completion it reverted to the colony, arranged with Mr. Reid to assume its operation for 10 years for a land grant of 5,000 acres to every mile, about 3,000,000 in all. It looked a mad undertaking on his part. The interior of the island had never been opened up until Mr. Reid started his line through it; there was not a habitation for hundreds of miles, & for a quarter-century with but the fishing community peopling the coast line to draw upon for settlers inland, it would to all seeming appear as if there would be no possi-

period when he failed to efficiently operate it. The island was in deep financial distress at the time, & it was declared that without this million dollars it must default, so this argument proved a potent one in influencing the vote for the measure in the Legislature. The dock was sold to Mr. Reid because it was eminently suited to round off his enterprise, & because every year the colony sank \$10,000 to \$15,000 in its up-keep. Similar reasons explained the transfer of the telegraphs. The coast steam service then in existence, one steamer going north & another west, with large stretches of seaboard untouched, was just then expiring, & it was felt that the time was opportune to secure a much improved one—a boat in every bay, on every lengthy coast, one to Labrador & one to Cape Breton, all to connect with the railway & form a perfect chain of communication, bringing every section of the island in touch with every other, & providing the essential facilities of cheap through freight & passage rates.

This was the "Reid deal" in its main features, the minor details being unimportant. On its behalf there was to be urged that it represented such a huge contract & of such diverse phases for Mr. Reid that it practically bound him to the colony for the remainder of his life. His interests were made identical

mination & ingenuity that the whole island was inflamed against Mr. Reid, & an agitation of unusual violence was promoted for the disallowance of the measure, which had passed the Assembly by a vote of 28 to 8 (five Liberals withdrawing from their party to support it), & in the Council by a vote of 14 to 1. The disallowance movement failed of effect, but the outburst did not spend itself there, & as time passed the bitterness increased until the undercurrents of popular passion & prejudice brought about the downfall of the Conservative Ministry in March last, after an existence of two years.

To it succeeded, without the ordeal of an election, the Liberal party again, Hon. R. Bond replacing Sir Wm. Whiteway as Premier, the latter retiring owing to increasing years. When they took office Mr. Reid was in England, arranging the financial details of this project, & had the Conservative Ministry, under Premier Winter, continued to hold office for another few months, there is little doubt that Mr. Reid would have been enabled to secure the necessary administrative sanction for this transfer of responsibility. In the final clauses of the "deal" it was provided that the contract was not to be transferred or sub-let without the sanction of the Government of the day, which approval could be expressed



RICHMOND CONSOLIDATION LOCOMOTIVE FOR CANADIAN PACIFIC RAILWAY.

bility of the road developing enough traffic to cover the expenses of running it, not to speak of earning sufficient to pay a dividend to the courageous investor who had taken it in hand.

But Mr. Reid's plans were then only in embryo. In 1897 he secured the consent of the Liberal party, which had given him these concessions, to a further enlargement of his operating contract, though the unpopularity of the large grants given to him already made it necessary to keep this secret until after the election. The contest, however, resulted disastrously to the Liberals, the Conservative party carrying 23 seats against 13. The new Ministry proved even more amenable to Reid influences, & agreed to the famous "Reid deal," which has since acquired such a world-wide publicity. By this arrangement Mr. Reid undertook to operate for 50 years the colony's entire railway system—both what he had built & the branches already in existence—for a grant of another 2,500 acres a mile, his grand total of lands aggregating about 6,000,000 acres, or, say, 7,000 square miles, making him easily the largest landowner on earth. He also agreed to put down at once \$1,000,000 for the reversion of the ownership of the road, at the end of the half-century the money to become forfeit & the line to revert back to the colony at any time during that

with ours; he could not remove from the island the railway, the land, the dock, the telegraphs, etc. To develop them he had to spend money, & if he profited thereby the colony & its people were also sharers in the benefits, while if he lost we were none the worse, but, on the contrary, had escaped the heavy loss on operation for many years, as well as that for preliminary development work. Competent experts, basing their calculations on the I.C.R. statistics for 20 years back, estimated an annual loss to the colony for the operation of the railway of fully \$250,000, a drain which it could not stand for more than a year or two without being plunged into hopeless bankruptcy. For the contract it might also be claimed that under every phase of it there was a saving or like benefit to the colony, & that its peculiar circumstances ensured that Mr. Reid would have to spend within the island every dollar he could get, so as to make his investment remunerative.

It was contended by the enemies of the contract that the country had been "sold" to Mr. Reid, that all our valuable assets had been "made away with," & that the future of the island lay with Mr. Reid alone to make or mar. The arguments were mainly the sentimental ones that appeal to an excitable electorate, & they were used with such deter-

either by an order-in-council or another act of the Legislature. The change of Government worked disastrously to Mr. Reid's plans. The bitterness engendered by the anti-contract agitation in which the Liberal politicians had been active participants for two years made it impossible for them, even if satisfied with the wisdom of the course proposed, to agree to Mr. Reid's request without endangering their political future. An election is to take place this fall, denunciation of Reid should be a popular cry, & the average politician wants to take no chances of defeat if he can avert it by a negative policy. There is but six months to wait, & though Mr. Reid can reasonably enough point out that this delay may result in the miscarriage of the project, that aspect of the matter does not weigh with the vote-seeker. It is the curse of the colony, as of all minor, isolated autonomies, that large public questions are not dealt with on their merits, but are subordinated to the petty issues which may mean the gain or loss of a seat to some political carpet-bagger, or to the private ends of some more ambitious aspirant, who sees in an occasion like this the chance to achieve even an evanescent notoriety.

The question as a whole is of such grave moment, & of such comprehensive magnitude, that it may well possess two sides & admit of