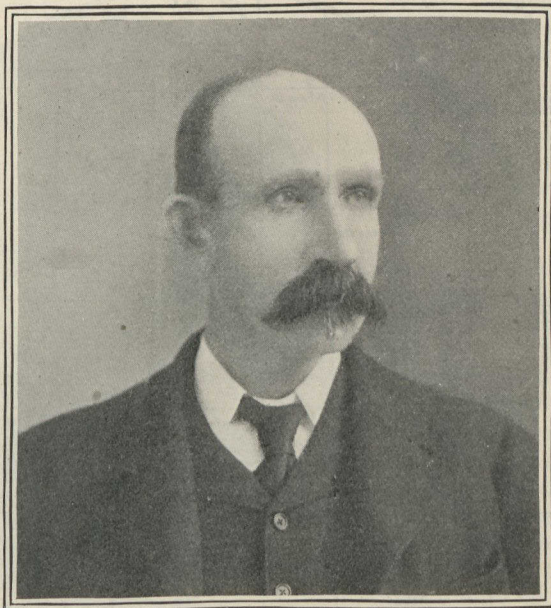


dollars of the taxpayers' money in the succeeding years. The next essay was the building of a section of the road as a public work, managed by a board of commissioners and financed out of the colonial treasury. This proved so costly that it had to be in turn abandoned. Then the decision was made to have the line completed by a reputable outside contractor, if one could be got to undertake the task.

Among those who responded to the invitation was Mr. R. G. Reid, of Montreal, who had successfully carried out several large contracts for the Canadian Pacific Railway. His tender was accepted for \$15,600 a mile, payable in the colony's forty-year  $3\frac{1}{2}$  per cent. bonds, he undertaking their conversion into cash. This contract was signed in 1890, the mileage involved being about 280. By 1893 he had the road almost completed, but it then became clear to the Government that in order for the enterprise to become of any value to the colony the line would need to be extended to Port-aux-Basques, the southwestern extremity of the island, whence daily communication could be maintained with the Canadian mainland by a fast steamer. Accordingly, another contract was entered into with Mr. Reid for the construction of the western division of the line on the same terms.

Concurrently with this arose the question of operating the line when completed. It ran through a wilderness, there was no settled population or none to settle, the expected industries were still in the embryo stage, and the wiser heads in the colony saw the grim shadow of an insolvent state looming up behind this white elephant. During the construction period the danger was not acute, for while the public debt was growing at the rate of over a million dollars a year the abundance of employment for the

labouring classes engendered a fictitious prosperity that was dissipated in an instant by the "Bank Crash" of December, 1894, which sent us knocking at Canada's door three months later. The gravest crisis was anticipated when Mr. Reid, having laid his last rail, left the colony with 3,000 idle navvies, an overgrown public debt, and a railway the operation of which, according to our own Confederation delegates, would involve an annual drain upon our already depleted exchequer of \$250,000 a year over and



MR. R. G. REID—OWNER OF THE NEWFOUNDLAND RAILWAYS AND TELEGRAPHS

above its possible earnings.

The only solution of this difficulty was to impose the operation of the road upon Mr. Reid for a period, and he undertook the task for ten years, in return for a grant of 5,000 acres of land for each mile of track operated. This contract was also arranged in 1893, and as he was allowed three years to complete the western division of the road, his operating period was really only seven years. It was understood that he would set on foot many labour-giving industries,