

opinion, based upon observation and experience, that the operation of such public services by a Government tends inevitably to corruption and extravagance, to inefficiency and demoralization ; and that direct governmental operation of railways, in this Colony, would not only be attended by all these evils, but would also result in materially retarding the development of the Colony.

8. With all that has been said of the contractor's energy, capacity, and character, Ministers heartily concur. They do not, however, share in the misgivings as to the contract passing into the hands of persons less capable than contractor Reid, or with less interest in the Colony's development. It is understood that the contract is practically to be carried out under Messrs. William D. and Henry D. Reid—sons of the contractor ; the former of whom has been in charge of the construction of the entire railway, and the latter of whom has from the outset been foremost in the management of the contractor's general business here. These gentlemen propose to settle in the Colony, and to control the carrying out of the contract, and it is pleasant to know that they possess similar qualifications to those which have so justly made their father—contractor Reid—a man of marked importance.

With especial reference to the contention that the railway, telegraph, and dry dock are assets pledged to the Colony's bond-holders resident abroad (mentioned in the Opposition Memorial), it is only necessary to say that the revenue of the Colony is the bond-holders' actual and best security. Within 50 years—during which the contractor will operate the railway for a land subsidy—the operation must cost annually a greater sum than the income will amount to, and by the contract therefore an annual loss to the Colony's revenue is avoided, to the great advantage of the bond-holders.

Within 50 years the bonds of the Colony now floating will have been paid off, and, consequently, in the disposition of the reversionary right of the railway the present bond-holders have no concern. In the meantime their security has been increased, not only contingently by the evasion of a threatened burden on the revenue, but by a decrease in the total debt and interest charge of the Colony, from the appropriation of the purchase money paid by the contractor to the payment of bonds of the Colony now due, and now in course of payment.

In conclusion, Ministers desire to say that they consider the contract is not merely a defensible one, but a great one, a measure of which they are proud, and which they confidently believe will be attended by great benefits to the Colony, and thereby to the empire. They expect marked development of the Colony's resources to result, with advantage to the Colony and its people ; and they can at least most conscientiously add that the contract has from the outset seemed to them to embody the one great opportunity for a long looked for and much needed change in the industrial condition of the Colony.

As a reply to the suggestion made by the Opposition to the effect that an appeal should be made to the electorate upon the policy of this measure, it may be stated that a vacancy in one of the largest and most important districts in the Colony, viz., that of Trinity, has just been filled by the return of the Colonial Secretary, a new and untried candidate in the constituency, without opposition.

J. ALEX. ROBINSON,
Colonial Secretary.

No. 32.

Mr. CHAMBERLAIN to GOVERNOR SIR H. H. MURRAY.

SIR, Downing Street, June 3, 1898.
I HAVE the honour to acknowledge the receipt of your despatch of the 30th ultimo,* transmitting to me the reply of your Ministers to your despatches, to the memorial of the Opposition members, and to my despatch of the 23rd of March,† on the subject of the sale of the Newfoundland Railway, and connected matters.

2. I have not found in this reply any reason to alter my general opinion of the contract made with Mr. Reid, and I notice that in some parts of their reply your Ministers do not quite accurately represent my comments.

* No. 31.

† No. 26.