

Economic Progress.—Once the decision not to enter Confederation had been taken, the new Government threw itself into schemes for internal development. Progress was made in road construction, agriculture was encouraged and a series of successful fishing seasons led to expansion in other directions. In 1874 revenue reached the record figure of \$841,588, imports were valued at more than \$7,000,000 and exports at more than \$8,000,000. In 1882 the Rope Walk was established for the manufacture of fishing gear, including cordage and cables which had previously been imported. It has remained one of Newfoundland's chief local industries. In 1884 a dry dock was completed at St. John's.

By 1874 the population was 160,000, of whom 45,800 persons were engaged in curing and catching fish and 26,000 were able-bodied seamen employed as fishermen. Besides these, the census returns of 1874 listed four bishops, 120 clergymen, 41 doctors, 589 merchants or traders and 1,004 farmers.

Up to the last quarter of the 19th century, no serious attempt had been made to open up the interior, but now this seemed for the first time to be practicable. Geological surveys, begun in 1838, had revealed mineral resources in the interior, there were timber reserves in the northwest and good agricultural land on the west coast. It was felt desirable to make the Island less dependent on one industry, the fishery, and to supply better communications than were possible by sea.

In 1880 a Railway Bill was passed for the construction of a line from St. John's to Hall's Bay in Notre Dame Bay, with branch lines to Harbour Grace and Brigus, a total of 340 miles. Work was begun in 1881 but the contract was not completed. A second contract was let in 1890 to a firm headed by Mr. (later Sir) Robert Reid, who had a long record of railway contracting in Canada and the United States. Three years later the contract was revised to provide for a complete cross-country line ending at Port aux Besques; it provided for large cash subsidies and land grants, as in the original contract of 1880, and in addition for monopoly rights to operate the railway and coastal steamers and other concessions. The line was completed on schedule in 1896, bringing the total of railway lines to approximately 613 miles.

Before its completion, however, the Island was faced with a financial crisis. The Government, hampered by lack of funds but anxious to continue the development of the country, made another contract in 1898 which became the object of much hostile criticism. Under the contract Reid was to operate the railway for a period of 50 years, to provide eight coastal steamers, purchase the dry dock, assume responsibility for the telegraph system, provide a street railway for St. John's and pave a portion of the city. In return for all this he was to receive additional land grants, bringing the total of land granted under the two contracts to 2,500,000 acres, and cash subsidies for carrying the mails, operating the coastal boats and constructing the street railway. Under this contract, as the British