

SCHEDULE B.

I, Receiver General of Newfoundland, do hereby certify that by virtue of an Act passed in the Sixty-first year of the Reign of Her present Majesty, entitled "An Act to provide for the Maintenance and Operation of the Newfoundland Railway, and for other purposes," I have received, by way of loan, from the sum of _____ dollars, bearing interest at the rate of $3\frac{1}{2}$ per centum per annum, payable half yearly on the first days of July and January in each year, until and after the expiration of 50 years from the date hereof when the principal sum shall be payable in gold.

Given under my hand, at St. John's, this _____ day of _____
Countersigned,

day of

A.D., 189 .

Receiver General.

Colonial Secretary.

No. 26.

MR. CHAMBERLAIN to GOVERNOR SIR H. H. MURRAY.

SIR,

Downing Street, March 23, 1898.

In my telegram of the 2nd instant* I informed you that if your Ministers, after fully considering the objections urged to the proposed contract with Mr. R. G. Reid for the sale and operation of the Government railways and other purposes, still pressed for your signature to that instrument, you would not be constitutionally justified in refusing to follow their advice, as the responsibility for the measure rested entirely with them.

2. Whatever views I may hold as to the propriety of the contract, it is essentially a question of local finance, and as Her Majesty's Government have no responsibility for the finances of self-governing colonies, it would be improper for them to interfere in such a case unless Imperial interests were directly involved.

On these constitutional grounds I was unable to advise you to withhold your assent to the Bill confirming the contract.

3. I have now received your despatches† as noted in the margin, giving full information as to the terms of the contract, and the grounds upon which your Government have supported it, as well as the reasons for which it was opposed by the Leader and some members of the Opposition.

4. I do not propose to enter upon a discussion of the details of the contract, or of the various arguments for and against it, but I cannot refrain from expressing my views as to the serious consequences which may result from this extraordinary measure.

5. Under this contract and the earlier one of 1893 for the construction of the railway, practically all the Crown Lands of any value become, with full rights to all minerals, the freehold property of a single individual, the whole of the railways are transferred to him, the telegraphs, the postal service, and the local sea communications, as well as the property in the dock at St. John's. Such an abdication by a Government of some of its most important functions is without parallel.

6. The Colony is divested for ever of any control over or power of influencing its own development, and of any direct interest in or direct benefit from that development. It will not even have the guarantee for efficiency and improvement afforded by competition, which would tend to minimize the danger of leaving such services in the hands of private individuals.

7. Of the energy and capacity and character of Mr. Reid, in whose hands the future of the Colony is thus placed, both yourself and your predecessor have always spoken in the highest terms, and his interests in the Colony are already so enormous, that he has every motive to work for and to stimulate its development, but he is already, I believe, advanced in years, and though the contract requires that he shall not assign or sub-let it to any person or corporation without the consent of the Government, the risk of its passing into the hands of persons less capable and possessing less interest in the development of the Colony is by no means remote.

8. All this has been fully pointed out to your Ministers and the Legislature, and I can only conclude that they have satisfied themselves that the danger and evils resulting

* No. 8.

† Nos. 20 and 22.

Feb. 25.
March 2.