

No. 32.

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

(Received December 23, 1898.)

[Acknowledged, December 29, 1898.]

SIR,

Government House, St. John's, December 10, 1898.

I HAVE the honour to herewith enclose, for your information, an extract from the "Evening Telegram" of the 5th instant, in which will be found a copy of a letter written by Mr. E. M. Jackman to Mr. Reid, setting forth the objections the former has to the Railway Contract of 1898.

2. The facts as stated are, in my opinion, with one or two exceptions, correct.

The cost of the Harbour Grace Railway is put at \$2,000,000.

The direct line was purchased for - - - - \$1,625,000

And the cost of making the branch to Placentia was - 525,000

Total - - - - - \$2,150,000

3. I enclose a copy of the offer made in 1896 to the Whiteway Government by the Contractor. He did, as stated, offer to lease the Harbour Grace line for \$15,000 a year, but he was to receive for mail service on it \$7,200 a year; the net rental was therefore \$7,800.

4. His land grants for working this line without paying any rent will be 275,000, and not 250,000 acres as stated.

5. I consider that the statement is erroneous where it is said that the Contractor will be paid in annual subsidy over one-tenth of the present revenue; the amount is about one-twelfth.

6. The cost of the stations and the terminal wharf was estimated by Mr. Bond at the Ottawa Conference in 1895 to exceed \$500,000, though it is true that they will be built on a line which the contract of 1898 has practically sold to Mr. Reid; the obligation to build them exists under the 35th Section of the Operating Contract of 1893.

7. Subject to these observations, the letter seems to me to state concisely some of the leading objections to the contract of 1898.

I have, &c.,

H. MURRAY,

Governor.

Enclosure 1 in No. 32.

"EVENING TELEGRAM," December 5, 1898.

SECOND OPEN LETTER.

FROM MR. E. M. JACKMAN TO MR. R. G. REID.

"GOLD GLITTERS MOST WHERE HONOUR CEASES TO SHINE."

SIR,—The sixth objection to the Contract is based on the shameful sacrifice of the Harbor Grace Railway. This Railway was a paying concern, an asset complete in itself; its earnings for the past four years averaged \$73,000 per annum. It was purchased from Sir Francis Evans for one million six hundred and twenty five thousand dollars. The Government paid you over three hundred thousand dollars for building its branch lines. The Harbor Grace Railway cost the taxpayers of the Colony two million dollars. Under the Contract of '93 you had to operate the Railway from Whitbourne to Port aux Basques for ten years free of charge to the Colony. You wanted to secure the Harbour Grace Railway for

THE PURPOSE OF CONTROLLING,

and managing, the whole Railway System. You made an offer in writing to the late Government before they went out of office to lease the Harbor Grace Railway and pay a rental of fifteen thousand dollars per annum. Under the Contract, or "sacrifice," of '98 you were made a present of this valuable paying railway for ever and for nothing; and, as the Act says, the branch of the said railway now in course of construction from