

Thus the colony took a new departure; but the policy now entered on was fully justified by subsequent experience. In 1881 the first sod of the new railway was turned, and in 1884 it was opened as far as Harbour Grace, a distance of 83 miles. Subsequently a branch line to Placentia was built, 27 miles in length; and in 1893, a contract was entered into with Mr. R. G. Reid, the eminent contractor, for the construction of the great trans-insular line, 500 miles in length, having its terminus at Port-au-Basque, and opening up the whole interior of the island. It will be completed by the close of 1896.

This bold but judicious policy was productive of good results. Large numbers of the working classes obtained employment at good wages. The colony prospered. The revenue increased. In 1883 it rose to \$1,262,702, and in 1887 it reached \$1,272,660; and in 1890, \$1,454,536. Of course there was an increase of the public debt, which, however, was well represented by the miles of railway, the splendid dry dock in St. John's and the new Post Office—a most creditable building. No difficulty was experienced in meeting the interest on the public debt and all other liabilities. In 1884 the debt was \$2,149,153; and in 1887, \$3,005,040. In 1890 it reached \$4,138,627; in 1892, as the railway advanced, it was \$6,393,367; at the close of 1893, \$8,255,546; and at the close of 1894, \$9,116,534.

The revenue, however, during those years steadily increased. The four years, 1890-93 (inclusive), showed an average revenue of \$1,730,833. In two of those years, 1892 and 1893, the revenue obtained must be regarded as abnormal, as the great fire of July, 1892, caused an increase of importations to replace what had been destroyed, and to provide materials for rebuilding the part of the city which had been devastated by fire; but allowing for this temporary increase, the revenue still showed a satisfactory advance. The annual expenditure, however, kept pace with this increase of revenue and some years exceeded it, showing that the colony was living up to its means and some years beyond them. In 1893, for instance, the expenditure was \$2,110,012; the revenue, \$1,753,844. It is not necessary at present to inquire whether this over-expenditure was justifiable. The effect was the creation of a floating debt which in 1895 had reached formidable dimensions, and was like a mill-stone hang-