

cellation. Mr. Reid, on his side, held that a proprietary right in these franchises was essential, as a mere leasehold would be insufficient for financial purposes. The combining of the steamers with the train service ensured the carriage of freights to all parts of the colony on the lowest terms, as the rates were assessed by mileage over land or water. The dock and telegraphs were both being operated by the colony at a loss, and the lands in the interior were valueless to the colony unless they could be developed.

In connection with the railway itself, it should be explained that the original section, owned by the English bondholders, had been purchased from them by the Liberal Ministry just before its defeat, for \$1,750,000, and was included in the whole line which was handed over to Mr. Reid three months later. In round figures the whole system cost the colony \$10,000,000 to build, including this purchase,

and what the masses of the people were never able to understand was, how the Government came to "sell" this to Mr. Reid for barely one million. The contract, however, commended itself to the Legislature, which, having regard to all the local circumstances, deemed it the best arrangement possible in the interests of the colony. It passed the House of Assembly by a vote of twenty-eight to eight, five members of the Opposition breaking from their party in order to support it; and in the

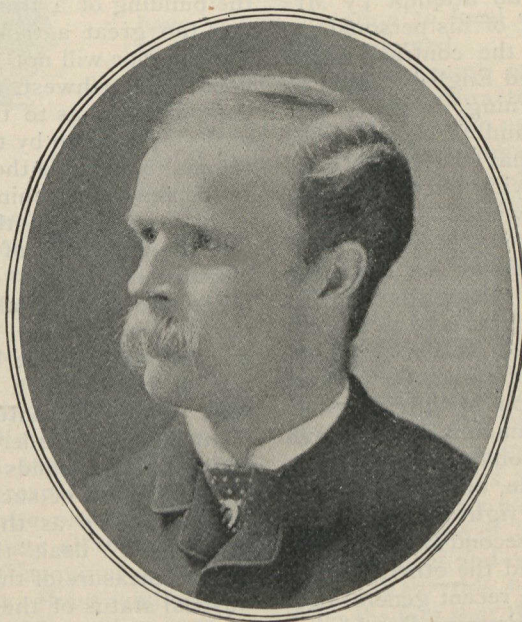
Legislative Council it passed by a vote of fourteen to one. But it was not palatable to the country at large, as the agitation of the past two years against it proved, and the disintegration and collapse of the Winter Ministry last February was due in no small degree to the bitter hostility which the measure had created.

Mr. Reid's operation of the railway and kindred services under this contract was undertaken with the determination to set the colony a long way ahead on the march towards real pro-

gress and prosperity. Splendid modern steamers were built by him; sumptuous railway carriages and the latest types of locomotives were provided; he improved the roadbed and began a palace hotel in St. John's; and he set on foot many new industries. These projects justified to a certain extent the arguments of those who had advocated the disposal of the properties to a contractor—

that he being saddled with the operation of the services, would have to spend millions of money in developing the varied resources of the island in order to obtain his dividends and ultimately to recoup himself for his original outlay. It was also pointed out that the colony, being unable to carry out development schemes on such a basis, would have become bankrupt in the endeavour to operate the line and run the steamers.

Influenced by these views, Mr. Reid



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