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NEWFOUNDLAND.

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CORRESPONDENCE

RELATIVE TO A

CONTRACT FOR THE SALE OF  
THE GOVERNMENT RAILWAY,

AND FOR OTHER PURPOSES.

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Presented to both Houses of Parliament by Command of Her Majesty.  
*May, 1898.*

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1898.

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# NEWFOUNDLAND.

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## CORRESPONDENCE

RELATIVE TO A

### CONTRACT FOR THE SALE OF THE GOVERNMENT RAILWAY

AND FOR OTHER PURPOSES.

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No. 1.

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

(Received 2.0 a.m., 22 February, 1898.)

TELEGRAM.

My responsible advisers submitted to consideration of Houses of Legislature, during the day, resolution for sale of the lines of railway to the Contractor for \$1,000,000 and of dock for \$325,000, Contractor to receive 1,600,000 more acres and to operate lines of railway under terms of contract for 50 years. At the end of that time it seems to me that lines of railway become his real property. Money for the purchase of lines of railway seems to be low.

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No. 2.

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

(Sent 4.57 p.m., 25 February, 1898.)

TELEGRAM.

REFERRING to your telegram 22nd February,\* when may I expect detailed account of contract?

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No. 3.

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

(Received 2.55 p.m., 28 February, 1898.)

TELEGRAM.

REFERRING to your telegram 25th February,† line of railway to be continuously operated 50 years, 5,000 acres per mile for operation. Reversion line of railway will be sold for \$1,000,000 payable now, in that case half land to be re-assigned: terms of contract dubious on this point. Contractor to re-ballast line of railway. Postal arrangements \$42,000 per annum: if line of railway not operated it reverts Colonial Government, but land and minerals remain to Contractor: royalties reserved on all minerals: fares, and freight, fixing maximum 50 years: lands to be surveyed and selected within three years. Coal areas on which it has been discovered reserved, with exception of valuable area south-east of Grand Lake near line of railway, which is specially granted. It is known that coal good: conditions laid down insure continued work 50,000 tons per annum: imposition of duty on coal dollar per ton. Nine subsidized mail steamers on the coast, total sum about \$100,000 per annum: this part of contract thirty years, fares and freight fixing maximum for this time. Contractor purchases dock, \$325,000; he is to relay line

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\* No. 1.

† No. 2.

of railway to Whitbourne, 57 miles, undertaking to build branch railway, seven miles, and new railway station to westward St. John's: must arrange for construction of and operation of electric railway, St. John's: and pave Water street: payment to be made by Colonial Government for these works by issue of to extent of \$450,000, including right of way for branch railway. Telegraph lines to be worked by Contractor till Anglo-American expiration of contract, 1904, for \$10,000 per annum; Colonial Government to decide soon whether or no they will sell in the year 1904 all interest in telegraph lines for \$125,000. Contract passed House of Assembly. 26th of February; members in support of Government have been told that it is necessary accept in order to enable Colonial Government to meet its obligations June next. Estimation of value reversionary interest in any mineral line of railway in the Colony 50 years hence difficult. £98,000 per annum remitted to London for payment of interest Colonial debt and sinking fund.

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No. 4.

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

(Received 8.45 p.m., 28 February, 1898.)

TELEGRAM.

AM requested by my responsible advisers affix signature to railway contract, in order to make it schedule of Bill introduced 1 March carrying into effect contract. Rules for House of Assembly may be suspended in order to pass Act. Clause to be added to contract to this effect. Confirmation subject to approval of Houses of Legislature. Shall I affix signature to contract under the circumstances? I informed them you had been advised by telegraph terms of contract, and I cannot act without receiving instructions. It does not appear advisable to me rushing such very far reaching legislation. Question under consideration will not come forward Legislative Council till Bill introduced from House of Assembly. Telegraph reply.

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No. 5.

ANGLO-AMERICAN TELEGRAPH COMPANY to COLONIAL OFFICE.

(Received 2.15 p.m., 2 March, 1898.)

TELEGRAM.

REID'S railway contract Newfoundland. The Anglo-American Telegraph Company, as successors of the New York, Newfoundland, and London Telegraph Company, have exclusive right in Newfoundland, under Act passed 15th of April, 1854, for the building and working of telegraph lines and landing of cables on that island. The Directors respectfully request that they may be allowed a hearing before the Colonial Secretary gives his consent to the Reid railway contract, and beg that a time may be named for an interview.

CARSON,  
Manager. Anglo-American Telegraph Company.

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No. 6.

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

(Received 7.30 a.m., 2 March, 1898.)

TELEGRAM :

DURING the day my responsible advisers have requested me at 5 p.m. send by telegraph minute of Council as follows :—

My responsible advisers awaiting signature of me to railway contract in order to insert it for ratification in Bill to be brought before Parliament. House of Assembly has adjourned till to-day awaiting introduction Bill. Ministers advise affix signature. They say that Contractor cannot delay making



financial arrangements without injurious effect to him and Colony by postponement of commencement labour-giving industries, and that thousands of men now in state of destitution will require in the spring labour this contract will give, and that its enactment without delay essentially necessary. Say that industrial development in consequence of contract will materially increase revenue, and subsidies agreed to therein must be provided for in Supply. With these exceptions, Supply and Ways and Means now nearly ready, \$1,000,000 now needed to pay off debenture bonds called in last year, which million contract provides. Ministers say this fact, together with relief from obligation upon Colony of operating railway at heavy loss annually and certain increase of revenue by increase of resources, will most materially improve Colony credit, and will immediately stabilitate financial state of affairs here. *End of minute of Council.*

As regards debenture bonds referred to in minute of Council, I draw attention to tenth section of Colonial Act No. 60 Vict. cap. 14.

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No. 7.

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

(Received 9.30 p.m., March 2, 1898.)

TELEGRAM.

AM requested by Executive Council send by telegraph minute of Council as follows:—

My responsible advisers urge my signature immediately. They say that marked delay in introducing Bill causing public comment and unfairly influencing future course of legislation. They assert that all interests are and shall be protected, and say that measure can be disallowed hereafter if found unjust or inexpedient. They argue that as power of disallowance protects all interests involved, their conduct of legislation should not be interrupted in intermediate stages in such a manner that may prejudice a good measure, and that is otherwise inconvenient in the extreme. They request prompt reply, as all legislation stopped. Two members of Government and several legislators must leave for seal fishery in a few days. *End of minute of Council.*

I do not agree with what they say in connection with public comment, and some of leading supporters are not as I understand, in favour of rushing legislation for such important business. Executive Council consists of seven. Of them two proceeding to seal fishery. House of Legislature only called up January 27. Absence of only a few of no real importance, in that 28 out of 36 give support to Bill at present.

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No. 8.

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

(Sent 10.45 p.m., March 2, 1898.)

TELEGRAM.

Your telegrams of 28th February and 1st March.\* Future of the Colony will be placed entirely in the hands of contractor by railway contract, which appears highly improvident. As there seems to be no penalty provided for failure to operate railways, the contract is essentially the sale of a million and a quarter acres for a million dollars.

Additional annual charge of \$170,000, besides deprivation of all assets, is a very serious thing for a colony already so heavily burdened.

Immediate additional burdens will retard the industrial development which your Ministers expect.

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\* Nos. 3, 4 and 7.

You should point out these considerations to your Ministers, but as entire responsibility rests with them, you would not be constitutionally justified in refusing if they still press for your signature.

In that case it will be necessary to reserve and safeguard specifically all rights of Anglo-American Company, under Act No. 2, of 1854.

No. 9.

ANGLO-AMERICAN TELEGRAPH COMPANY to COLONIAL OFFICE.

(Received March 3, 1898.)

Anglo-American Telegraph Company, Limited, 26, Old Broad Street,  
London, E.C., March 2, 1898.

SIR,

It has come to the knowledge of my Company that active steps are being taken in the Colony of Newfoundland to obtain legislative sanction to an agreement executed or intended to be executed between the Government of the Colony and one Robert G. Reid, a railway contractor, for the purpose (amongst other things) of granting to him rights and privileges with respect to the purchasing, taking, and operating of telegraph lines within the limits of the Colony.

I have no copy of the agreement, but upon the information before me I am advised that it contains matter which is contrary to the provisions of an Act of Parliament passed by the Newfoundland Legislature on the 15th April, 1854 (17 Vict. Cap. 2), and entitled "An Act to incorporate a company under the style and title of 'The New York Newfoundland and London Telegraph Company,'" and is in violation of the rights and privileges thereby secured to the Company incorporated by that Act, and which are now vested in the Anglo-American Telegraph Company, Limited, by virtue of the provisions of another Act of the same Legislature passed on the 3rd March, 1857 (20 Vict. cap. 1).

I beg, therefore, most respectfully on behalf of this Company hereby to protest against so much of the said agreement as may be in derogation of such rights and privileges and against any legislation purporting to give effect thereto.

So soon as I am in receipt of the terms of the proposed agreement and legislation, I shall be prepared to indicate more precisely the portions thereof which derogate from the rights of this Company, and in the meantime I beg to request that if any measures should pass the Legislature of the Colony with respect to telegraphs in and submarine cables touching at Newfoundland, the same may not receive your sanction until the Company has had an opportunity of being heard with respect thereto.

The Company's colonial advisers have already lodged with the Colonial Government a similar protest.

I have, &c.,  
F. A. BEVAN,  
Chairman.

No. 10.

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

(Received 7.30 a.m., March 3, 1898.)

TELEGRAM.

I HAVE been this evening requested by Leader of the Opposition transmit next mail protest\* against sanction railway contract and to send information to you by telegraph of it.

No. 11.

COLONIAL OFFICE to ANGLO-AMERICAN TELEGRAPH COMPANY.

SIR,

Downing Street, March 3, 1898.

I AM directed by Mr. Secretary Chamberlain to acknowledge the receipt of your telegram and letter of the 2nd instant,† protesting against any infringement of the rights secured to the Anglo-American Telegraph Company by the Newfoundland Act No. 2, of 1854, by the contract between the Government of that Colony and Mr. R. G. Reid, now before the Legislature.

\* See No. 22.

† Nos. 5 and 9.

I am to acquaint you in reply that Mr. Chamberlain has telegraphed instructions to the Governor, that in any such contract the rights secured to your Company by the Act referred to must be specifically reserved and safeguarded.

In these circumstances he presumes that you will not consider it necessary to press for a personal interview.

I am, &c.,  
H. BERTRAM COX.

No. 12.

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

(Received 7.10 p.m., March 3, 1898.)

TELEGRAM.

IN accordance with your telegram of 2nd March\* I shall have to sign contract which I reserved under the directions in Letters Patent on account of bondholders in England.

Have they any status? Am I still to reserve assent to Bill? Your estimate of the additional charge is erroneous; the contract, except in interest, causes no net increase. The rights of Anglo-American Company are not touched by contract as until 1904 only Government lines taken over by the contractor.

No. 13.

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

(Received 2.55 p.m., March 4, 1898.)

TELEGRAM.

RAILWAY contract bill passed through all its stages in House of Assembly last night without alteration.

No. 14.

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

(Received 8.10 p.m., March 5, 1898.)

TELEGRAM.

Am requested to forward Minute of Council as follows:—

Referring to your telegram of 2nd March,\* Ministers desire point out that you are evidently under a serious misapprehension as to effect railway contract. Railway reverts to colony and latter retains million dollars if operation discontinued within fifty years. Ordinary price in this colony for crown lands thirty cents per acre. Contract imposes no extra charge on colony. On the contrary, saving on steam, telegraph, and mail services in comparison with present rates is \$30,000, and in addition \$40,000 per annum in interest on debt. Gain upon dock equivalent to \$7,000 per annum. Telegraph and railways really not assets but liabilities, as both involve heavy loss per annum in operation. By leasing railway colony escapes certain loss in operation, probably amounting to £40,000 sterling annually. Contractor by contract of 1893 is entitled to almost all good land on both sides of railway, but would not develop under that short-time contract. Present contract secures development and assures increased revenue. Million for price will be used paying off that amount debentures of colony now due. Ministers say that contract assures financial stability Colony. Rights Anglo-American Company will be fully protected. *Minute of Council ends.*

I cannot agree as to saving of \$30,000. At best on termination of existing contracts, including winter service Halifax, it will not exceed \$5,000. The £40,000 sterling is amount given me by contractor as argument for his case. I believe that it is exaggeration.

If Colonial Government worked railway they save their mail expenditure, £8,000 sterling. Rights of Anglo-American Telegraph Company not at present sufficiently protected. They have asked me defer sanction given to Act till I receive memorial. As this is an Imperial question will it not require your approval? I find that House of Assembly passed Act through all its stages in half-an-hour.

No. 15.

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

(Received 7.10 a.m., March 7, 1898.)

TELEGRAM.

I AM sending home by mail leaving 7th March protest\* against railway contract dated 5th March, of Anglo-American Telegraph Company. Agents of Company informed my responsible advisers 1st March that they raise objection to some of provisions of contract. I do not understand objections that have been raised if rights expire 1904. Memorialists request that my approval of Act may be withheld pending Queen's pleasure since rights of British subjects out of the colony are prejudiced by Act.

No. 16.

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

(Sent 4.10 p.m., March 7, 1898.)

TELEGRAM.

REFERRING to your telegrams of 3rd, 4th, 5th, and 7th March, † as at present informed I am not prepared on general grounds to advise reservation of the Bill, for which the Colonial Government and Legislature must be responsible. I still feel grave doubts as to the policy of the measure, which seems, as I understand it, to transfer the future prospects and a great part of the present assets of the colony to a private individual, and I must entirely disclaim responsibility for action of Colonial Legislature.

You should inform your Ministers that in view of the indefinite nature of the rights conferred by the Act of 1854 on the Anglo-American Company they should be specifically reserved and safeguarded. If the Bill cannot be recommitted for this purpose, you cannot assent till a supplementary Bill has been passed. If Bill is reserved, assent cannot be given before the end of May, owing to the Queen's absence.

No. 17.

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

(Received 7.40 a.m., March 12, 1898.)

TELEGRAM.

My responsible advisers have passed through Bill preserving rights Anglo-American Telegraph Company. Bill sent to their agent in the colony who communicated with his principals. He writes to me this evening that he is not satisfied, and his letter ends "our clients refuse to take upon themselves responsibility of expressing opinion upon proposed Bill legal effect of which it is difficult to estimate till it has been interpreted by court of law. Clients think that they should not be driven to court of law to preserve rights and privileges granted to them by their charter, and they look with confidence to His Excellency and Secretary of State for the Colonies to see that these rights and privileges and property acquired thereunder at great expense shall not be prejudiced taken away or abridged as proposed to be by Act complained of."

Terms of contract, Bill, and other information should arrive on or about 14 March. My responsible advisers want assent 12 March. Directions in your telegram of 7 March ‡ forbid my assent under existing circumstances. Telegram again your decision.

\* See Enclosure in No. 24.

† Nos. 12, 13, 14 and 15.

‡ No. 16.

No. 18.

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

(Sent 4.30 p.m., 12th March, 1898.)

TELEGRAM.

Telegraph at once text of operative provisions of Bill as to rights of Anglo-American Company.

No. 19.

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

(Received 9.15 p.m., 12th March, 1898.)

TELEGRAM.

Referring to your telegram of 12th March,\* text as follows. "In order to remove doubts it is declared that Act passed during the present session of Legislature, viz.. Railway Act, or any clause or provision thereof, shall not be held or construed to take away, alter, abridge, or in any manner affect any of rights or privileges in the colony conferred on New York, Newfoundland, and London Telegraph Companies under and in virtue of the Act of Parliament of this colony passed in seventeenth year of Her Majesty the Queen, chapter 2, entitled, etc., and the several Acts in amendment thereof, which rights and privileges are now vested in and held by Anglo-American Telegraph Company, and are hereby declared to be reserved and maintained in full force and effect."

No. 20.

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

(Received March 14, 1898.)

Government House, St. John's,

25th February, 1898.

SIR,  
WITH reference to my telegram of the 22nd instant,† I now forward for your information the resolutions which have been submitted by my Ministers to the House of Assembly respecting the railway operation and sale and other subjects, together with a copy of the proposed draft contract.

2. These resolutions will certainly be adopted by a very large majority of that House, since the 23 Government members and five out of the 13 Opposition members will vote for them. Under these circumstances, I hardly think that there will be any effective opposition to them in the Legislative Council, though improvements may be made in some details of the proposed contract.

3. I was not informed of the intentions of the Executive until a copy of the resolutions was sent me on the 21st instant, and I do not yet know what the legislation is which is contemplated in the 98th section of the contract.

4. As to the operation of the lines of railway dealt with in the Act 60 Vict., cap. 4, I think the Governor in Council has power to deal with it, but I do not think that such is the case with the line from Whitbourne to Port-au-Basque. The Acts 56 Vict., caps. 2 and 3, ratified the contract that had been entered into for the construction of the line, and the agreement which had been signed for its working. The second and third sections in the proposed contract practically repeal the "ten years" agreement ratified by the Act, cap. 3, of 1893. On this point, therefore, legislation will, I think, be necessary, though the resolutions might be sufficient to cover the sale of the railways under the 37th and 38th sections of the contract.

5. I have told Sir James Winter, with whom I had, on the 23rd, a long conversation on the subject of the contract, and I have told the Contractor the same, that in my opinion the price proposed to be paid on the sale of the line was far too low, and that I thought that the sale of the line would have a prejudicial effect on the credit of the Colony; and as to the sale, I have good reasons to believe that there is by no means a consensus of opinion even among those who are nominally supporting it.

\* No. 18.

† No. 1.

6. As the Debentures of the Colony are to such a very large extent held in England, and as it seems that the holders of them are prejudiced by the sale of the assets of the Colony, I shall, under the 7th section of clause 17 of the "Draft of my Instructions," withhold my assent to any Bill which may be submitted for my approval until I receive your instructions on the subject. When the contract has been dealt with in the Legislative Council, it may be necessary that I should deal at greater length with its details.

7. I may add that I have learnt on good authority that at a meeting of the party supporting the Government, the members were informed that unless the proposals contained in the proposed contract were accepted, the Colony could not meet its engagements on 30th June next, and I have little doubt that it is the knowledge of this state of affairs which has enabled the Contractor to press upon the Government terms so much harder on the Colony—*quâ* the railway—than those to which I referred in the 21st, 22nd and 23rd paragraphs of my despatch of the 13th October last,\* when reporting on the financial prospects of the Colony.

8. In my opinion, if the railway system is to be sold, any proceeds of the sale ought to be used as a Sinking Fund, in the hands of Trustees or Debt Commissioners in England, to accumulate at compound interest for the redemption at the end of the 50 years of some portion at least of the £2,020,000 which the railways have, or will, cost the Colony before completion; otherwise at the end of the 50 years, while the property in the railway has gone, the interest on its cost may still be a charge on the Colony. The Receiver-General, however, stated in his speech last night, that it is intended, out of the \$1,000,000 to be paid for the railway, to redeem about \$943,000 Debentures now running at 5 per cent.

I have, &c.,

H. MURRAY,  
Governor.

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Enclosure 1 in No. 20.

RESOLUTIONS TO BE PROPOSED IN COMMITTEE OF THE WHOLE ON THE SUBJECT OF  
RAILWAY OPERATION, &c.

Whereas the Government now owns and operates a line of railway from St. John's to Harbor Grace, called the Newfoundland Railway;

And whereas there are also under construction for the Government; (1) a branch line of railway called the Clarke's Beach Branch, and (2) an extension of the so-called Newfoundland Railway from Harbor Grace to Carbonear;

And whereas the Government is the owner of a line of railway from Whitbourne to Placentia known as the Placentia Railway, and of a line of railway from Placentia Junction on the Placentia Railway to Port-au-Basque known as the Newfoundland Northern and Western Railway;

And whereas there is also under construction for the Government a branch line of railway from the said Northern and Western Railway to Burnt Bay;

And whereas in the year 1893 a contract was entered into between the Government and Robert G. Reid, of Montreal, in the Dominion of Canada, Railway Contractor, for the maintenance and operation of the said Newfoundland Northern and Western Railway;

And whereas it is necessary to make provision for the maintenance and operation of the said Newfoundland Railway and the said several branch lines and extensions now under construction or to be constructed;

And whereas it is desirable to make provision for improved terminal facilities in St. John's;

And whereas it is desirable that the maintenance and operation of the said several lines, branches, and extensions should be combined in one system and under one management and control for an extended period;

And whereas it is also desirable to make provision for an improved mail service by steamers in connection with the said railway system;

And whereas it is also desirable that the Government Telegraph Service, now partially maintained and operated by the Contractor, should be managed under one system at reduced cost to the Colony;

And whereas it is also desirable to promote the development of certain coal areas now reserved for the use of the Colony, and to provide for the raising of a revenue by the levying of royalties upon minerals raised from lands granted to the Contractor ;

Be it therefore resolved (1) That it is desirable that a contract be entered into with the said Robert G. Reid, which shall embrace and provide for the carrying into effect of the foregoing objects and purposes ;

(2) That the draft contract which has been agreed upon between the Government and the said R. G. Reid, copy of which has been laid upon the table of the House, be accepted and confirmed ;

(3) That all such legislation as may be necessary for giving effect to these resolutions be introduced.

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Enclosure 2 in No. 20.

DRAFT.

This Agreement, made and entered into at St. John's, in the Colony of Newfoundland, this            day of           , A.D. 1898, between His Excellency Sir Herbert Murray, K.C.B., Governor of this Island of Newfoundland and its Dependencies, in Council, hereinafter called "the Government," of the first part ; and Robert Gillespie Reid, of Montreal, in the Dominion of Canada, Railway Contractor, hereinafter called "the Contractor," of the other part ; Witnesseth, that in consideration of the grants, subsidies, covenants, provisions, and conditions hereinafter contained and provided on the part of the said parties respectively, to be made, paid, and performed, the said parties mutually covenant and agree as follows :—

1. For the purposes of this Agreement, all and singular the following lines of railway in the Colony of Newfoundland, viz :

- (a) The Newfoundland Railway, so-called, from St. John's to Harbor Grace, The branch of the said railway now in course of construction from Brigus Junction to Clarke's Beach and thence to or near Tilton. The extension of the said railway now in course of construction from Harbor Grace to Carbonear,
- (b) The Placentia branch railway, so-called, from Placentia to Placentia Junction,
- (c) The Newfoundland Northern and Western Railway, so-called, from Whitbourne to Port-au-Basque, The branch of said railway now in course of construction from the Burnt Bay Crossing to Burnt Bay, in Notre Dame Bay.
- (d) The new branch or extension into the west end of St. John's, hereinafter provided for, are, and shall be held to be combined and comprehended under one system, which shall be called and known as the Newfoundland Railway.

2. In this agreement the word "Railway," or "Railways" shall, unless the context requires a different meaning, mean the track, road-bed, cuttings, embankments, ditches, water-ways, diversions, road-crossings, bridges, viaducts, culverts, and retaining walls, rip rap, crib-work, sidings, Y's, turntables, water-stations and water service, telegraph lines, engine houses, coal sheds, machine shops, and machines, tools and appliances in and in connection with machine shops, locomotive engines, cars, snow plows flangers, and other rolling stock, buildings, and structures provided and to be provided, and all other materials, accessories and equipments the property or to become the property of the Government in connection with all or singular the line or lines of railway.

3. The Contractor shall, on the            day of           , A.D., 1898, take possession of the said Newfoundland Railway, so far as the same is not already in his possession, and shall thenceforth maintain in a safe, efficient, and satisfactory manner, the said Newfoundland Railway, and the several branches and portions thereof, whether already constructed or hereafter to be constructed or completed, during a period of fifty years from the said date.

4. The Contractor shall efficiently and continuously operate in the manner provided in the next succeeding section, the said Newfoundland Railway, and the several branches, extensions, and portions thereof, either already constructed or hereafter to be constructed or completed during a period of fifty years from the said            day of           , A.D. 1898.

5. The said Newfoundland Railway and the several branches thereof shall be continuously operated as follows :—

- (a) There shall be run at least one passenger or mixed train each way each day (Sundays excepted) over that portion of the railway between St. John's and Carbonear, between St. John's and Placentia, and between Placentia and Carbonear, and as many additional through or local passenger or freight trains as the demands of traffic may require.
- (b) There shall be run over the whole line or system of the said Newfoundland Railway, at least three through passenger trains or mixed trains, when not detrimental to the service, each way each week, and as many through or local passenger or freight trains as the demands of traffic may require.

6. Where the words "continuously operate" are used in this contract, it is understood and agreed that they shall mean and be construed that the Contractor shall operate the railways upon the regular time-tables, except when prevented by causes over which the Contractor has no control ; and failing to operate from the causes above named shall in no way be construed to work a forfeiture of the rights, privileges, and payments to be granted and paid to the said Contractor by the Government, as herein provided for ; but it is agreed that the Contractor shall use all due diligence in every respect to continuously operate the railways as provided in the regular time-tables.

7. Should the Government at any time during the term of this contract desire to run special trains other than those herein provided for, the Contractor shall furnish and run the same for the Government upon receiving reasonable compensation to be agreed upon ; but the Contractor undertakes to provide once in each year, at his own expense, a special train for the inspection, on behalf of the Government, of the railways comprehended under this contract.

8. Besides the rolling stock and equipment provided by the Government, the Contractor shall, subject to the approval of the Government, furnish additional rolling stock, equipment and accommodation as fast as, and in such quantity and of such description as, the developing and increasing business of the railways may require, so that the traffic requirements of the country may be fully met.

9. All regular trains provided for under this contract shall be run in accordance with time-tables to be approved of by the Government ; no time-table and no change in any time-table shall come into effect until such time-table or change has had the Government's approval.

10. The Contractor shall, at his own expense, provide the Government with all necessary facilities for transporting the Government mails and mail matters over the whole railway system comprehended in this contract, in such quantities as the Government may require, the Contractor to attach a postal or mail car to each passenger or mixed train ; the Government Mail Agent to have the exclusive use and possession of such postal car or section thereof set apart for carrying mails and mail matter, and to have every facility for the delivery and receipt of mails and mail matter at each station along the line of railway. The said postal or mail cars or section of cars, shall be used only for the purposes of the Government mails and matter. In consideration for the due performance of the said mail service the Government shall pay to the Contractor a subsidy of \$42,000 per annum, whether or not there be any increase in the number of trains as provided for in this contract or any additional trains or any increase in the quantity of mails or mail matter. It is understood and agreed that this clause shall not be held to apply to the conveyance of mails or mail matter between countries other than this Colony.

11. The minimum speed of all through trains shall be eighteen miles per hour, including stoppages.

12. The rates to be charged by the Contractor for carrying passengers, shall not exceed 3 cents per mile for first-class passengers, and 2 cents per mile for second-class passengers, for distances more than twenty-five miles.

13. The charges for transportation of freight, in car-load lots, shall not exceed 3 cents per ton of 2,240 pounds per mile, for distances more than one hundred miles, or 4 cents per ton of 2,240 pounds per mile for distances more than fifty and not more than one hundred miles. The freight on bulky articles may be charged by measurement, and fifty cubic feet shall be estimated as the equivalent of 2,240 pounds in weight.

- (a) For lots less than car-loads the rates of freight shall be governed by the Canadian Joint Freight classification and (subject as hereinafter provided) the rates set forth in Schedule hereto annexed, being the local freight mileage tariff, No. 1, adopted by the said classification, shall be charged and



collected : Provided that the said schedule and rates may from time to time be altered or amended by agreement between the parties, or in the event of disagreement, under the provisions of clause 91.

14. Each passenger shall be allowed to carry baggage to the extent of eighty pounds in weight, and all baggage in excess thereof may be charged at express baggage rates.

15. The Contractor shall furnish the Government with a quarterly statement, showing the number and classes of passengers, and the quantities and general description of freight forwarded from each station during the previous quarter, together with the amounts charged for the same, and shall furnish any other information or returns in connection with the line that the Government may require.

16. In consideration of the foregoing covenants on the part of the Contractor, the Government hereby covenant and agree to and with the Contractor, to grant to him in fee simple, in addition to the land subsidies provided in and by the said agreement of the 16th May, 1893, 5,000 acres of land for each one mile of main line or branch railway throughout the entire length of the lines to be operated.

17. The expression "in fee simple" in the foregoing clause, shall be held to include with the land, all mines, ores, precious metals, minerals, stones, and mineral oils of every kind therein and thereunder.

18. The lands to which the Contractor shall be entitled under clause 16 and under the said agreement of 16th May, 1893, shall be granted to him in blocks or sections to be defined and laid off in the manner provided by the next succeeding section : Provided that this clause shall not be held to annul or otherwise affect any grant already made to the Contractor under the said agreement of the 16th May, 1893.

19. The lands along the line of railway shall be laid off in blocks or sections of 1 mile in length and 10 miles in depth on each side of the railway on meridian or base lines, to be run as may be found practicable, preserving as nearly as possible the general direction of the line of railway.

- (a) Subject to the next following sub-section the Contractor shall select and have granted to him the lands along the line of railway to which he is entitled under this contract, as well as under the said agreement of the 16th May, 1893, which have not been granted to him, in quantities or areas, comprising any number of blocks not exceeding five, as defined by and under the next preceding sub-section.
- (b) For the purpose of laying off and selecting the blocks to be granted to the Contractor and those to be held by the Government respectively, it is agreed that within the year 1898 a survey shall be begun, under which the blocks or sections provided for by sub-section (a) shall be defined and marked off, and the said survey shall proceed with due diligence until all the land along the line shall have been so defined and marked off.
- (c) From and after the commencement of the said survey, and as the survey proceeds, the parties shall proceed to make their respective selections as follows :—
- (d) The Contractor shall have the right to make the first selection on either one side of the Port-au-Basque end of the line, of an area or section consisting of not less than one nor more than five blocks of one mile in length as defined by sub-section (a).
- (e) The Government shall thereupon take the next or adjoining area or section on the same side of the railway, with the option of including in the said area or section any number of one-mile blocks not exceeding five.
- (f) Upon its being found that any land along the line is barren or swamp, neither party shall be bound to take the same, and either party to whom an area or section would fall in turn of selection as above provided, shall have the right to reject and pass over such barren or swamp lands, and to take such area or section from the next suitable land.
- (g) Upon the selection being made by either party of an area or section on one side of the line as above provided, the other party shall have the right to an area or section of an equal frontage immediately opposite thereto on the other side of the line.
- (h) In order to make up the total quantity or area of land to which the Contractor shall be entitled, he shall have the right to select and have granted to him lands elsewhere than within ten miles of the line. Such selections shall be in areas or sections of not less than one mile by ten miles nor more than ten miles by ten miles, the Government having the right, in the case of every

such selection, to an adjoining area or section of equal size, and in making such selection either party shall have the right to reject and pass over barren or swamp lands in the same manner as provided by sub-section (*f*) in relation to land along the line of railway.

- (*i*) For the purpose of making the selection provided for under the next preceding sub-section, surveys and plans shall be made upon meridian or base lines, in the same manner as provided by clauses 18 and 19, and the areas or sections selected under this contract shall conform to and be defined by the said plans and surveys.
- (*j*) The Contractor shall complete his selection of lands along the line of railway within three years from the date of this contract, and until he has made his selections the Government shall not dispose of any Crown lands, timber or mineral rights, within ten miles of the line of railway.
- (*k*) The Contractor shall not have the right under the foregoing clauses to select or obtain any portion of the lands upon which coal has been discovered, and which were reserved by the Government under the Minute of Council dated 18th December, 1891.
- (*l*) As regards lands to be selected elsewhere than within ten miles of the line of railway, it is agreed that within the three years provided by the sub-section (*j*), the Contractor shall have the right to select areas or sections elsewhere, in manner provided by sub-section (*h*), and such areas or sections shall be reserved by the Government from grant to any other person until the expiration of the said three years, when the same or such portion thereof as the Contractor may then be found to be entitled to shall be granted to him.
- (*m*) Provided, that nothing in this contract contained shall preclude the Governor in Council from exercising the right to make such reservations relative to Crown lands as he may deem necessary to provide for the public right of user of all lakes, streams, and other waters, and for the construction of roads and bridges, railways, court houses, market places, churches, chapels, or other places of public worship, school houses, bogs for the supply of manure or fuel for the public, forests for the use of the fisheries, or for any other public use or purpose whatsoever.

20. The survey to be made under the foregoing clause shall be under the direction and control of the Government. The surveyors, engineers and other servants engaged in the said work shall be appointed and employed one-half by the Government and one-half by the Contractor, and the cost of the said survey shall be borne two-thirds by the Government and one-third by the Contractor.

21. Lands to be granted by the Government under this contract shall be free from taxation, so long as they shall remain unimproved or unoccupied.

22. The Government may reserve from the provisions and operation of this contract, at any places within fifteen miles of the sea, such areas of timber lands as may be considered necessary for the purpose of providing timber or wood for ship-building, for the repairs of ships or vessels, for the purposes of the fishery, and for firewood.

23. The Government may also reserve from the operation of this contract such tracts or areas of land within three miles of the sea or tidal waters as may be considered necessary for the purposes of public use or settlement; provided that the Government shall grant to the Contractor from Crown lands, as part of the lands to which he is entitled, all such lands and waterside as may be necessary for the efficient operation of the railway, for terminal purposes, and other facilities for traffic.

24. It is understood and agreed that the provisions of section 68 of chapter 13 of the Consolidated Statutes (second series), shall be held to apply to the lands to be granted to the Contractor under this contract.

25. The Contractor agrees to lay new rails upon that portion of the line from Whitbourne to the point from which a new line is to be built leading into the West End of St. John's as hereinafter provided for. The rails and materials and manner of laying the same shall be such as are provided for under the contract between the Government and the Contractor for the construction of the Western Railway, dated the 16th day of May, A.D. 1893, and the specification thereto annexed. The Government agrees to pay to the said Contractor for the said work at the rate of \$2,500 per mile, but it is agreed that the total amount to be paid to the Contractor shall not exceed the sum of \$100,000. The said work is to be completed on or before the 31st December, 1898.

26. The Contractor shall construct a new line or branch railway from a point upon the present line of railway between Topsail and St. John's to be determined by the

Contractor, to the West End of the town of St. John's, terminating at the Municipal Basin, so-called, which the Government agrees to grant to the Contractor for terminal purposes. The said railway or branch line shall be constructed of the material, and in the manner, and subject to the conditions, provided by the said contract of the 16th May, A.D. 1893, and specification thereto annexed, for the construction of the said Western Railway.

- (a) The Government shall pay to the Contractor for the said construction at the rate of \$15,600 per mile, but the total amount to be paid shall not exceed the sum of \$100,000.
- (b) The Government shall provide the right of way, and the route or line shall be subject to the approval of the Government.
- (c) The said new or branch line into the West End shall be completed not later than the 31st day of December, 1899.

27. The Contractor shall at his own cost erect a suitable and sightly depot at the said West terminus, to be completed on or before the 31st day of December, 1900, the plans and specifications whereof shall be subject to the approval of the Government.

28. Pending the construction of the said line to the West End of St. John's, the expression in this contract "operating" or "operation into" or "from St. John's" shall mean into or from the present terminus at the East End of St. John's.

29. Stock gaps shall be made and maintained by the Contractor when the line of railway passes through enclosed private property. Such stock gaps shall be made where the line of railway crosses the line of enclosure, or in lieu of the stock gaps the Contractor may build fences on each side of the railway to prevent any straying stock from going on to the railway.

30. The Contractor shall, at his own cost and charges, ballast the whole line of railway from time to time as and when ballast is needed.

31. Where the railway passes through Crown lands which have not been granted or disposed of up to the date of this contract, the right of way or track for the railway shall be 100 feet in width.

32. It is also understood that the present contract does not include or apply to the old abandoned track from Harbor Grace towards Carbonear, which shall also remain the property of the Government.

33. As regards that portion or branch of the railway from Whitbourne to Tilton, it is understood that the Contractor is not bound to maintain or operate the same under clauses 3 and 4 of his contract, and that the land subsidies to be granted to the Contractor under clause 16 of this contract do not apply to the said portion or branch.

- (a) It is understood and agreed in respect of this branch that during the time provided by this contract for the operation of the railway, the Contractor shall run at least three passenger or mixed trains each way per week between Whitbourne and the junction near Tilton. Such operation to be in all respects subject to the general provisions of this contract. In consideration of such operation there shall be granted to the Contractor a land subsidy of 2,500 acres per mile.

34. The following articles shall be admitted into this Colony free of duty:—Rails, fish-plates, fish-bolts, and track spikes used in the construction of the branch lines, and the re-railing of the line from Whitbourne towards St. John's as provided for by this contract. The railway shall be exempt from municipal or local taxation.

35. The Contractor shall have the right to build and operate such branch lines connecting with the railway as he may consider desirable.

36. The Contractor agrees that in addition, and without prejudice to any other remedy which the Government may have, the railway shall be and remain security to the Government for the due and faithful performance on the part of the Contractor and his assigns of the several clauses and provisions of this contract for the operation of the said railway and every part thereof, and that any amount for which the Contractor or his assigns may at any time be found or adjudged by competent authority to be liable to the Government for, or on account of, any breach or failure, or neglect in the performance of any of the said clauses or provisions, or for loss or damage arising therefrom, shall be, and be held to be, a lien or first charge upon the said railway and every part thereof. And further, that in the event of the Contractor or his assigns ceasing to efficiently operate the said railway or any portion thereof, the said railway shall become forfeited and revert to the Government, who shall thereupon have the right to enter upon and take possession of the same, to hold the same as Crown property for the use of the Colony.

37. And these presents further witness that the Government agrees to sell and the Contractor agrees to purchase the rights, interest, reversion and property of the Government under and subject to the provisions of the foregoing contract in and to the said Newfoundland Railway and system and the several branches and portions thereof with all and singular the appurtenances thereto as described and defined in and by this contract.

38. In consideration of the said sale and transfer, the Contractor agrees (1) to re-assign and transfer to the Government 2,500 acres per mile for every mile of railway to be operated under this contract, which shall be deducted or rebated from and out of the land subsidies to be granted to him thereunder, except as to the branch line from Whitbourne to the junction near Tilton, in respect of which the Contractor shall re-assign or deduct 1,250 acres per mile ; and (2) to pay to the Government the sum of \$1,000,000 as follows, viz. : One fourth upon the execution of this contract, one fourth at the expiration of six months, and one half at the expiration of one year from the said date.

39. The Contractor shall have the right to establish a parcel or package express, and carry on the business and conduct the same in like manner under like regulations as express companies in the United States and Canada. To facilitate the delivery of the express goods or packages, the same shall be carried on the regular passenger trains ; and the express company shall be responsible as other express companies, as common carriers for all goods entrusted to their care for transportation.

40. The Government agrees to grant to the Contractor as part or portion of the land subsidies herein provided for the areas of land near Grand Lake in which coal has been discovered, and which have been reserved by the Government from sale or grant under Minute of Council, dated the 18th December, A.D. 1891, and more particularly delineated and described in certain plans, forming the schedule hereto annexed. The foregoing agreement and the grants to be issued thereunder are and shall be subject to the condition that the grantee shall so operate the coal mines within the said areas as to produce not less than 50,000 tons of coal per annum.

41. It is further agreed that the Contractor shall pay to the Government a tax or royalty at the rate of ten cents per ton of 2,240 lbs. on all coal the produce of the said mines, or of any other mines in this Colony to be operated by the Contractor passed into use or consumption ; it being further agreed that a tax or royalty of an equal amount shall be levied upon all coal raised in this Colony.

42. The Government shall have the right to impose the following royalties, and no more, upon minerals raised from the lands granted or to be granted to the Contractor under this contract, and the said contract of 16th May, A.D., 1893, viz. :

- (a) Gold and silver. Two per cent. on the gross amount of gold and silver mined.
- (b) Copper. Four cents upon every unit, *i.e.* upon every one per cent. of copper contained in each and every ton of 2,352 lbs. of copper ore sold or smelted.
- (c) Lead. Two cents upon every unit, *i.e.*, upon every one per cent. of lead contained in each and every ton of 2,240 lbs. of lead ore sold or smelted.
- (d) Iron. Five cents on every ton of 2,240 lbs. of ore sold or smelted.
- (e) Tin and precious stones, and other minerals or mineral oils. Five per cent. on their values.

Provided that these royalties, or any part thereof, shall not be imposed under the foregoing clause unless the same are made applicable to all minerals of the same kinds raised in the Colony.

43. From the time when the Contractor shall satisfy the Government that he is able so to operate his coal mine, or mines, as to supply not less than 50,000 tons per annum of coal of good quality, and to continue to furnish such supply, the Government agree to procure the imposition of a duty of not less than \$1 per ton upon all coal imported into this Colony, upon the condition that the Contractor shall supply coal to wholesale dealers at stations on the line of railway where required, at prices to be computed as follows, viz. :

To the average wholesale market price from time to time of North Sydney coal in Sydney, Cape Breton, there shall be added (1) the sum of 30 cents per ton, and (2) a sum to be computed as follows :

- (a) For every mile of distance between the mine and the place of delivery, not exceeding fifty miles,  $1\frac{1}{2}$  cents per ton.
- (b) Where the distance exceeds fifty miles, but does not exceed one hundred miles, 1 cent per ton ; but not in any case to be less than 75 cents per ton.
- (c) Where the distance exceeds one hundred miles, but does not exceed two hundred miles, 7-10 cents per ton ; but not in any case to be less than \$1 per ton.

(d) Where the distance exceeds two hundred miles,  $\frac{1}{2}$  cent per ton, but not in any case to be less than \$1.40 per ton.

The term "wholesale dealers" in this clause shall be held to mean and include every person who shall purchase or require one hundred tons of coal or upwards in one lot.

44. The next preceding clauses shall not be held to apply to anthracite coal, or coal imported for actual use on board steamships. The Governor in Council shall make such regulations as may be necessary to give effect to this clause.

45. For an improved mail service for the Colony, the Contractor agrees to provide suitable steam boats of the size, speed, and capacity hereinafter provided, for the following routes and services, viz. :—

One steamer to ply between Trepassey and Lamaline and intermediate ports ;

One steamer to ply in Trinity Bay ;

One steamer to ply in Bonavista Bay ;

One steamer to ply in Notre Dame Bay ;

One steamer to ply between Placentia and Port-au-Basque ;

One steamer to ply between Port-au-Port and Battle Harbour, Labrador ;

One steamer to ply between Port-au-Basque and Sydney ;

One steamer to ply between St. John's, Harbour Grace, or Carbonear, and Labrador, east and north.

46. The said steamers, except that which is to ply between Port-au-Basque and Sydney, shall be respectively of the size, capacity, and speed, and shall be built upon plans and specifications to be approved of by the Government.

47. The steamer for the service between Port-au-Basque and Sydney shall be the *s.s. Bruce*, or some other boat of equal size, speed, and capacity.

48. The steamers on Placentia, Trinity, Bonavista and Notre Dame Bays shall make two round trips per week.

49. The steamers between Placentia and Port-au-Basque, and between Port-au-Port and Battle Harbour, shall each make one round trip per week.

50. The steamer between Port-au-Basque and Sydney shall make three round trips per week.

(a) If for any sufficient cause as agreed upon between the Government and the Contractor, it should be found desirable that the said steamer should temporarily ply between Sydney and Placentia instead of Port-au-Basque, it shall be sufficient that the said steamer shall make two round trips per week instead of three.

51. The steamer between St. John's and Labrador, east and north, shall make one round trip every fortnight.

52. The routes and services to be performed and the ports of call to be visited by the said several steamers respectively, shall be subject to the approval of the Government.

53. The Government may, from time to time, by order and reasonable notice thereof to the Contractor, substitute any other intermediate port or ports of call, and add other ports of call on either route without any extra charge, provided that such substitution or addition be such as to admit of the round voyage being performed by the boats respectively, within the prescribed period, without undue pressure or difficulty ; Provided that this clause shall not apply to the steamer between Port-au-Basque and Sydney.

54. The steamers shall carry mails and mail matter of every description delivered to them, by, for, or on behalf of the Government, and carry the same to their respective destinations free of charge. There shall be on board of each of the said boats a safe and suitable place for keeping the said mail matter. The Government shall be entitled to keep an officer on board each steamer in charge of the mail, and for customs purposes, free of charge, except for diet.

55. The dates for the commencement of the service of each boat which does not ply continuously shall be fixed each season by the Governor in Council, but the service shall commence as early and continue as long as weather and ice permit.

56. The Governor in Council shall have power by notice to the Contractor, to detain the steamer for the Labrador (E. & N.) service for a period not exceeding twenty-four hours after the time fixed for the departure from St. John's, and shall also have power by notice to the Contractor to detain her for a longer period, upon payment, in the latter case, of eighty dollars per day.

57. The Contractor shall, during the continuance of this agreement, at his own cost and charges, keep the steamers in good seaworthy condition and properly manned and equipped in every respect in accordance with the laws relating to passengers in British

steamers, and the rules and regulations of the Board of Trade ; and there shall be a sufficient number of stewards and a stewardess on board each of the said steamers for the said passengers.

58. The Government may, during the continuance of this agreement, from time to time cause the said steamers to be surveyed and inspected by such person or persons as they may appoint for that purpose, and in case there shall be any deficiency, or default, or anything wanting in the said steamers or either of them or in their equipment, according to the said laws, rules, and regulations, upon notice thereof to the said Contractor by the Colonial Secretary, the same shall be immediately made good and supplied by the Contractor, and in case of wrongful refusal or neglect for an unreasonable time to comply with the said notice, then the Contractor shall not be entitled to receive any part of the consideration herein provided to be paid to him ; Provided that the said Contractor holding a first class Board of Trade certificate for such steamers, the said steamers shall not be compelled to be passed for semi-annual certificates by Board of Trade surveyors.

59. Through rates for passengers and freight shall be charged from all points to the place of destination. For the purpose of this clause, the railway and steamers shall be held to constitute one route or system.

60. The rates to be charged by the Contractor for carrying passengers shall not exceed 3 cents per mile for first-class passengers, and 2 cents per mile for second-class passengers, for distances more than twenty-five miles.

61. The charges for transportation of freight by the steamers plying under this contract (except that upon the service between Port-aux-Basque and Sydney and that upon the Labrador (east and north) service) shall be at the same rates as are provided by clause 13 in respect of the railway.

62. Each passenger shall be allowed to carry baggage to the extent of 80 pounds free of charge, and all baggage in excess thereof may be charged at express baggage rates.

63. The rates for passengers and freight by the steamer for the Labrador (east and north) service shall be subject to the approval of the Government, but after the first arrangement thereof, the said rates shall not be altered except by consent of both parties.

64. All shipwrecked crews shall be carried by the said steamers at the rate provided by the Board of Trade for the conveyance of shipwrecked seamen ; that is to say, at the rate of one shilling and sixpence sterling per day, and all such rates shall belong to the Contractor.

65. In the event of either of the steamers (or a steamer substituted for a lost steamer) being lost during the continuance of this contract, the Contractor shall, in case such loss shall happen within the first twenty-five years of the term of this contract, provide and substitute another steamer similar in all respects to the steamer so lost, and the steamer so provided and substituted shall be in every way subject to the provisions of this contract in like manner as was the steamer so lost, and in case such loss shall occur during the last five years of the said term, then this contract, as far as concerns the steamer so lost, shall be terminated, unless the Contractor shall elect to substitute a like steamer for the residue of the said term.

66. In the event of any of the said steamers being damaged or requiring repair the Contractor shall provide and substitute another steamer (to be approved of by the Government) for the performance of the work by this contract provided to be done, and such lastnamed substituted steamer shall only be permitted to continue running for such time as the Government may determine, and upon such terms as in the event of disagreement shall be determined under clause .

67. Should either of the said steamers fail to call at any one or more of the ports of call in regular course, unless prevented by causes over which the Contractor has no control, then a deduction may be made from the amount which would otherwise have become payable for the trip as hereinafter provided, and the question as to whether or not such deduction shall be made and the amount thereof if disputed shall be ascertained and determined by arbitrators to be appointed as hereinafter provided. If at any time any port of call shall be inaccessible by reason of ice the Contractor shall land the mails, mail bags, and mail packages for such port at the nearest accessible port to such port of call, and shall convey them to the nearest post office, way post office, or such other place as the Government may direct without any unnecessary delay, at the expense of the Contractor.

68. All due care and diligence shall be observed and all necessary appliances provided on board the said boats for the comfort and convenience of passengers, and for the preservation of good order and discipline, and for the prevention of all illicit trading or other practices and disorderly conduct on the part of the officers, crew, and passengers,

and in the event of default or failure in the observance of this clause the Contractor shall from time to time be subject to such penalty or deduction from the subsidy as may be determined under clause

69. The steamers for Placentia Bay, Trinity Bay, Bonavista Bay, and Notre Dame Bay, shall be ready to commence the said several services on or about the first day of May, A.D. 1899. The steamer for the Labrador (east and north) service shall be ready to commence the said service on or about the first day of July, A.D. 1899. The steamers for the South and West Coast Services shall be ready to commence the said several services on or about the first day of May, A.D. 1900. The service by the steamer "Bruce" shall commence on and from the date of the signing of this contract.

70. In consideration of the due and faithful performance of the said service, and the several parts thereof as hereinbefore provided, the Government agree to pay to the Contractor the several subsidies following, that is to say:—

To the steamer on Placentia Bay, for 104 trips each year, at the rate of \$100 per trip ;

To the steamers on Trinity, Bonavista, and Notre Dame Bays, for 60 trips each year, at the rate of \$130 per trip ;

To the steamer on the south coast, from Placentia to Port-au-Basque, for 52 trips, at \$250 per trip ;

To the steamer on the west coast, from Port-au-Port to Battle Harbour, for 30 trips, at \$300 per trip ;

To the steamer from St. John's to Labrador—east and north, for 10 trips, at \$1,500 per trip ;

To the steamer between Port-au-Basque and Sydney, for 156 trips at \$130 per trip, and when plying between Placentia and Sydney \$1.95 per trip.

71. The steam mail service provided for by the foregoing clauses, and every part thereof, shall, except as herein otherwise provided, be performed and continue for a period of thirty years from the date of this contract.

72. The Government will rescind the contract, if any, with Messrs. Angel & Co. for the St. John's Dry Dock, and sell and transfer the same to the Contractor, for the sum of \$325,000. The Contractor also agrees to pay the amount, if any, to which the said Angel & Co. shall be found to be entitled as compensation for loss sustained by reason of the termination of their contract, if any, and to remove his machine shops from Whitbourne to St. John's, and to have all flat and freight cars built at the latter place.

The rates for docking vessels shall not exceed the rates heretofore charged in the said dock as set forth in schedule "C" to this contract.

73. The Contractor shall keep the said dock and premises at all times in a thorough state of repair, and shall do and perform all dredging necessary to provide full, ready, and ample access to and ingress, egress, and regress to and from the said dock.

74. Her Majesty's warships and vessels belonging to the Government shall have the preferential use of the dock and premises when required.

75. For the purpose of effecting repairs to vessels in the said dock, any Contractor, mechanic, labourer, or artisan may go into and upon the said dock at all times and may carry over the said premises all articles and materials of every description free of charge.

76. The Contractor shall not make or allow exceptional rates or charges, or afford any advantage or privilege whatever to vessels the work upon which, whilst in dock, is to be done or performed by the said Contractor.

77. The Contractor agrees that the said dock shall be continuously and efficiently operated and used in the manner and for the uses and purposes for which it was constructed and has hitherto been used. And that upon failure in the due observance and performance of this stipulation the said dock and all the appurtenances thereto shall become forfeited to the Government, who shall thereupon have the right to re-enter and take possession of the same for the public use of the Colony.

78. It is agreed that the Contractor shall take over and assume the control and management of the several telegraph lines in the Colony belonging to the Government, and of all material and other property pertaining thereto, from the first day of April next till the fifteenth day of April, A.D. 1904, the Contractor assuming all the cost of maintenance and operation, and receiving the earnings and profits of the lines. The Government agrees to pay to the Contractor for the performance of the said service the sum of \$10,000 per annum, which the Contractor agrees to accept in full satisfaction of any loss which he may sustain by reason of any deficit upon the earnings and profits of the lines.

79. It is further agreed that from and after the said fifteenth day of April, A.D. 1904, and until the expiration of the said term of fifty years provided by this contract, the Contractor shall continue to maintain and operate the said lines and offices free of any charge to the Colony by way of subsidy or otherwise.

80. It is further agreed that in the event of the Government deciding to make additions or extensions to the present system, the Contractor shall construct, maintain and operate the new or additional lines and offices, the Government paying the cost of construction, and the annual loss or deficit, if any, upon cost, maintenance, and operation.

81. For the purpose of determining the amount of earnings and profits of any line or office constructed and operated under this clause, it is agreed that the line or office shall be held to have earned and be entitled to credit for the tariff upon all messages received into or delivered from such office.

82. The Contractor shall have the right, at his own cost, to construct, maintain, and operate such extensions or branches of the telegraph system hereby transferred or such further or additional systems by wire or cable as he may consider necessary or desirable.

83. It is also agreed that the tariff rates for all messages which shall be sent over any portion of the system operated by the Contractor under the foregoing clauses shall not exceed twenty-five cents for ten words, and two cents for every additional word. This clause shall not be held to apply to messages by cables passing to and from Newfoundland, from and to any other country.

84. It is further agreed that from and after the 15th day of April, A.D. 1904, the Contractor shall, at his own cost, establish telegraph connection between St. John's and the present Government office and the line at Whitbourne, and between the various branches and offices of the present Government system.

85. It is agreed that such legislation shall be enacted as shall be necessary in order to secure the preservation of secrecy in relation to the contents of all telegraph messages passing through the telegraph system under the control of the Contractor, such as the exclusion of all persons except telegraph operators of the offices from the telegraph offices, the imposition of penalties upon all persons guilty of, or parties to, the violation of secrecy, and other such similar provisions.

86. It is understood that the undertaking on the part of the Contractor to operate the present Government lines shall be construed to include the continuance of the several offices in operation at the time of the making of this contract.

87. It is further agreed that for a period of six years no operators or other servants in the employ of the Government in or upon the said Government offices or lines at the time of the making of this contract shall be dismissed or discharged except with the approval of the Government, or for sufficient cause.

88. It is further agreed that the Contractor shall, at his own cost, within two years from the making of this contract, construct telegraph lines to, and establish offices at the following places :—

The Gravels (Port-au-Port) ; Salvage (Bonavista Bay) ; Moreton's Harbour and Exploits Burnt Islands (Notre Dame Bay).

And shall at his own cost, maintain the said lines and offices in operation in the same manner and subject to the same provisions and conditions as are contained in this contract in respect of the lines and offices hereby transferred.

89. The Contractor shall at all times afford every reasonable facility for the inspection of all telegraph lines comprehended under this contract, by such persons as the Government may appoint for that purpose.

90. The Contractor agrees, at the option of the Government, to be signified within one year from the date of this contract, to purchase and take over the interest and property of the Government in and to the telegraph lines, material and property of and pertaining to the Government telegraphic system hereinbefore described, subject to the several terms and conditions of this contract of maintenance and operation, and to pay the Government as compensation or purchase money therefor the sum of \$125,000, payable on the 15th April, A.D. 1904.

91. The Government undertakes to procure the enactment of all such legislation by way of charter or otherwise as may be necessary to secure to the Contractor the power and privilege of maintaining and operating the said telegraph lines, and such additions or extensions thereto as the Contractor may desire to construct and operate.

92. All payments of capital are to be made to the Contractor in bonds of the Colony, bearing interest at  $3\frac{1}{2}$  per cent., and all annual payments are to be made in cash, quarterly.



93. The Contractor agrees to procure the construction and operation of the electric railway in the town of St. John's provided for by the Act 60 Vict., cap. 20, and to connect the said street railway with the said West End terminus of the railway, as soon as the latter shall be completed.

94. The Government agrees, upon the construction of the said street railway, to procure the paving of Water Street with granite blocks. The work to be carried out by the Contractor under and according to the specifications forming schedule "D" to this contract, for which the Government agree to pay the Contractor the sum of \$140,000.

95. The Government agree to grant to the Contractor the exclusive use of Petty Harbour Pond, or Petty Harbour Long Pond, or such other lake in the vicinity of St. John's, as the Contractor may select for the purpose of providing power for his electric railway. In the event of his selecting Long Pond, the Contractor undertakes to construct, at his own cost, a sufficient water main to and near the West End terminus, the use of which shall be at the disposal of the St. John's Fire Department when necessary in case of fire.

96. It is further agreed between the parties that the Contractor shall not assign or sub-let this contract or any part or portion thereof to any person or corporation whomsoever without the consent of the Government.

(a) Provided that this clause shall not be held to prohibit or prevent the Contractor from raising money upon bonds or mortgages upon the security of the property the subject matter of this contract, subject to the provisions and conditions thereof.

97. All matters in difference arising between the parties hereto upon any matter connected with or arising out of this contract shall be referred to three arbitrators: one each to be named by the parties hereto, and a third to be named by the Supreme Court or a judge thereof, and the award and decision of any two of the said arbitrators shall be binding, and the award of such arbitrators shall be a condition precedent to the right of either party hereto to bring any action against the other upon any matter of difference arising out of this contract.

The provisions of the "Arbitration Act, 1895," shall apply to all submissions to arbitration under this contract.

98. The Government undertake to enact all such legislation as may be necessary to give full effect to the contract and its several causes and provisions thereof, according to the spirit and intent thereof, and also such as may be necessary to facilitate and enforce the collection and payment of fares and rates, the preservation of order and discipline in the trains and stations, and generally to give to the Contractor all such powers, rights and privileges as are usually conferred upon or granted to railways and railway companies for the purposes of their business.

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No. 21.

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

(Received March 14, 1898.)

Government House, St. John's,  
March 2, 1898.

SIR,

WITH reference to my despatch of the 27th ultimo,\* in which I forwarded for your information newspapers containing speeches made in the House of Assembly by the leading supporters and opponents of the Railway Contract, I now enclose, in continuation, further newspapers† on the subject. These are party papers. The Methodist paper which I enclose is a Church paper, but that and the letter from the Roman Catholic Bishop of St. John's, which I also forward by this mail, points in the direction that there is not that unanimity of opinion, even in St. John's, as to the merits of the Contract which the number of its supporters in the House of Assembly might lead one to suppose. The clauses in the Contract operate, of course, enormously in favour of the St. John's population as compared with the out-ports, and the fact that the Opposition hold the six seats in St. John's was probably the cause of Mr. Morris and others voting for the Contract.

"Telegram,"  
28th Feb.,  
1898.  
"Telegram,"  
1st Mar., 1898.  
"Herald,"  
1st Mar., 1898.  
"Methodist  
Greeting,"  
Mar., 1898.  
"Telegram,"  
2nd Mar.,  
1898.  
"Herald,"  
2nd Mar.,  
1898.

\* Not printed.

† Not reprinted.

Minutes of  
Council, 1st  
and 2nd inst.

2. I enclose copies of the minutes of my Executive Council which my Ministers requested me to send you by telegraph yesterday and to-day.\* The Contract would, of course, find work for a considerable number of men on the branch line into St. John's West, and in paving Water Street, and without such works there will be undoubtedly, I think, a large number of men, who have for the last three or four years been employed on the railway by Mr. Reid, out of employment; they will probably amount to more than 2,000. At the same time it is to be observed that the agent of the Canadian Pacific Railway, who came here lately to enlist 1,500 men to work on the "Crow's Nest Branch," failed in the main in his object.

I have, &c.,

H. MURRAY,  
Governor.

Enclosure 1 in No. 21.

*Certified Copy of Minutes of the Honourable Executive Council approved by His Excellency the Governor on the 1st March, 1898.*

Resolved—That His Excellency the Governor be requested to cable the following message to the Right Honourable Secretary of State for the Colonies immediately:—

"My Ministers awaiting my signature to Railway Contract in order to insert it for ratification in Bill to be brought before Legislature. Assembly adjourned to-day awaiting introduction Bill. Ministers advise signature. They say contractor cannot delay making financial arrangements without injuriously affecting him and Colony by postponing commencement labour-giving industries. They add that thousands of men now destitute will require, in Spring, the labour this contract will give, and that its enactment without delay is therefore essential. They say that industrial development consequent upon contract will materially increase revenue, and subsidies agreed upon therein must be provided in Supply. Except for this, Supply and Ways and Means now about ready. Million dollars now needed to pay debentures called in last year, which million Contract provides. Ministers say this fact, together with relief from obligation upon Colony of operating railway at great annual loss, and certain increase of revenue by development of resources, will most materially improve Colony's credit, and will immediately stabilitate financial affairs here."

J. ALEX. ROBINSON,  
Colonial Secretary.

Enclosure 2 in No. 21.

*Certified Copy of Minutes of the Honourable Executive Council approved by His Excellency the Governor on the 2nd March, 1898.*

Resolved—That His Excellency the Governor be requested to send the following cable message to the Right Honourable Secretary of State for the Colonies, viz.:—

"My Ministers urge my signature immediately. They say the marked delay in introducing Bill is causing public comment, and unfairly influencing future course of legislation. They assert that all interests are and shall be protected, and say that measure can be disallowed hereafter if found unjust or inexpedient. They argue that, as power to disallow protects all interests, their conduct of legislation should not be interrupted in intermediate stages in a manner which may prejudice a good measure, and that is otherwise extremely inconvenient. They request a prompt reply, as all legislation is stopped. Two members of Government and several legislators must leave in a few days for seal fishery."

J. ALEX. ROBINSON,  
Colonial Secretary.

No. 22.

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

(Received March 14, 1898.)

SIR,

Government House, St. John's, March 2, 1898.  
WITH reference to my telegram† of this day on the subject, I have the honour to forward herewith, for your information, the protest of the leaders of the Opposition

against sanction being given to the Railway Contract. I may observe that the Opposition in the House number only 13 members, and five of these, led by Mr. Morris, voted for the contract. I have already pointed out that the provisions of the contract are very much in favour of the St. John's population, and of the five members of the Opposition who voted for the contract, three sit for St. John's West, where the largest distribution of immediate labour will take place if the contract becomes law.

I have, &c.,

H. MURRAY,  
Governor.

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Enclosure in No. 22.

To the Right Honourable HER MAJESTY'S PRINCIPAL SECRETARY OF STATE  
FOR THE COLONIES.

The Memorial of the undersigned humbly sheweth as follows:—

Your Memorialists, members of the House of Assembly of Newfoundland, beg respectfully to submit this, their most earnest protest against the enactment of a Bill about to be passed by the Assembly, entitled "A Bill relating to the operation of the Railway, and other matters," and which deals with a transfer in fee simple of the railways, dock, telegraphs, and crown lands, and of a monopoly for thirty years of the inland and coastal carrying trade of this Colony to Mr. R. G. Reid, Railway Contractor, of Montreal, in the Dominion of Canada. The following recital of facts may be regarded as important in considering the objections of your Memorialists herein set forth.

A general election took place in this Colony in October last, which resulted in the return to power of the present ministry, and the matter of the disposition of the assets of the Colony did not form an issue for the consideration of the electorate. The denunciation of the land concessions that had been made by the late Government under the Railway Operating Contract of 1893 to Mr. R. G. Reid, which was resorted to throughout the political campaign, was a large factor in the return of the present party to power.

Since that date the question of further concessions to Mr. Reid has not been discussed either on public platforms or in the press. No reasons have been laid before the people for the change in the policy which the Government enunciated at the polls, and the great majority of the people of this Colony are unaware that the Government even contemplate making further concessions. The manner in which the Government have dealt with the matter would appear to indicate a desire on their part to prevent a knowledge of this transaction from reaching the constituencies until after the transfer has been finalized.

The question was sprung upon the Legislature, your Memorialists not having received any intimation of the intentions of the Government until notice of the resolutions was tabled. One of your Memorialists then asked, on behalf of the Opposition members of the Assembly, for a postponement of the discussion of the matter for a week, so as to afford the House sufficient time to consider the merits of the proposal. This was refused by the leader of the Government, and it was only after a strenuous effort that the Opposition succeeded in having forty-eight hours granted to them in which to consult and decide upon the question.

On Tuesday, the 22nd ultimo, the leader of the Government moved the House into Committee of the whole upon the resolutions aforesaid. They were only spoken to by the leader of the Government and another minister, all other members on the Government side of the House abstaining from offering an opinion thereupon. A division was taken on Friday, 25th, and the resolutions were carried by a solid vote of the Government party.

On the 28th ultimo the leader of the Government gave notice to introduce a Bill to carry out the proposals contained in the resolutions adopted, and for the suspension of the rules of the House in reference to the Bill. The desire to rush this legislation is thus apparent; but it has not been made to appear that there was any justification for this unusual and hasty mode of procedure.

Your Memorialists object to the enactment of this Bill

First.—Because it is an absolute conveyance in fee simple of all the railways, the dock, telegraph lines, mineral, timber, and agricultural lands of the Colony, and virtually disposes of all the assets representing our funded debt of seventeen million dollars for the comparatively insignificant consideration of about two hundred and eighty thousand pounds sterling.

Second.—Because the disposal of these assets places the Colony beyond the power to negotiate a loan in future, should such a course become necessary.

Third.—Because in 1895 this Colony raised in London two million and a half of dollars, and set out in the prospectus the railway, dock, telegraphs, and crown lands as the assets justifying that loan; and your Memorialists consider that the Bond holders, as creditors of the Colony, have an equitable, if not a legal claim upon these assets as security for that loan.

Fourth.—Because while the Bill conveys large and valuable mineral, agricultural, and timber areas, which, together with former concessions amount to four million acres, it makes no provision for the development of those lands.

Fifth.—Because while these lands are to be granted as consideration for the operation of the railway, there is no security for its continuous operation, and in case of failure on the part of Mr. Reid or his assigns to continuously operate, he will still hold these lands and minerals, no provision having been made in the Bill that they shall revert to the Crown.

Sixth.—Because after Mr. Reid has received all the lands that he is entitled to under the Operating Contract of 1893, there will be no more land available along the line of railway; therefore the land to be taken under the now proposed conveyance will be along the seaboard. This will give Mr. Reid a virtual monopoly of the mineral wealth of the Colony.

Seventh.—Because the great need of the Colony is capital to develop its latent resources. During the past twelve months experts and agents of foreign capitalists have visited this Colony; and as a result syndicates are being formed in London and in New York for the prospecting and working of mines along the sea coast. Under the proposed conveyance all ungranted lands are subject to be reserved to Mr. Reid for selection for the next three years. Other capitalists will therefore be deterred from carrying out their intentions, and the people of the Colony will thereby suffer great loss.

Eighth.—Because it transfers to Mr. Reid and his assigns in fee simple the whole of the coal areas at Grand Lake, eleven square miles, and it is quite competent for him or his assigns to convey the property to a Coal Syndicate, whose interest it might be to lock up these coal mines, in order to limit supply. The amount of coal that Mr. Reid is called upon to raise annually in order to hold the property will not be more than enough for the requirements of the railway and works in connection therewith.

Ninth.—Because the conveyance embraces the whole Government telegraph system of the Colony; and your Memorialists believe that it is not in the interest of the public that any man or firm connected with the mining, lumbering, or trade of the Colony should have control of the telegraphs. The confidence of the public should be a primary consideration. To secure that confidence it is necessary that the lines remain the property of the Government, and be managed by men who have no interest in the import or export trade.

Tenth.—Because the conveyance includes a monopoly for the next thirty years of the coastal carrying trade. No tenders were invited for this service, and it is impossible, therefore, to say whether or not the subsidies approved are the lowest for which it could be obtained. It will also be noticed that the Contract contains no specifications of the class of the steamers to be employed.

Eleventh.—Because the Contract provides that one of the streets of this city shall be paved at a cost of one hundred and forty thousand dollars. This work was not placed out at tender, nor have any means been tried to ascertain whether the work could be performed for a lower sum. Further, the said sum of one hundred and forty thousand dollars is to be a charge upon the City of St. John's, which is under the control of a Municipal Council, and neither the citizens nor the said Council have been consulted in regard to the matter, the action of the Government, therefore, being an arbitrary interference with the rights of the citizens and of the said Council.

Twelfth.—Because the proposal also includes the sale of the dry dock and the granting without consideration of valuable waterside property belonging to the municipality aforesaid, with respect to which property the Municipal Council have not been consulted, although the cost of the said property and the improvements thereto is part of the standing debt of the City.

In conclusion your Memorialists would state that if Her Majesty's Government are unable to concur in the views herein set forth, then your Memorialists would respectfully submit that the questions involved are of sufficient importance to warrant an appeal to the

electorate, so that the people of this Colony may have an opportunity to pronounce upon a measure so far reaching in its consequences, and affecting so vitally the future welfare of the Colony.

Signed, on behalf of the Opposition,

House of Assembly,  
St. John's, Newfoundland,  
March 2nd, 1898.

R. BOND,  
Leader.  
W. H. HORWOOD,  
Secretary.

No. 23.

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

(Sent 12.10 p.m., 15th March, 1898.)

TELEGRAM.

Bill sufficient for protection of legal rights Cable Company. You may assent to Railway Bill.

No. 24.

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

(Received March 22, 1898.)

Government House, St. John's,  
6th March, 1898.

SIR,

WITH reference to my telegram\* of this day's date, I now enclose, for your information, a copy of the protest, dated 5th instant, against the approval of the Railway Contract which has been sent me by the agents in this Colony of the Anglo-American Telegraph Company. The Memorialists ask that the Act may be reserved by me, pending Her Majesty's pleasure. I have not been able to obtain a copy of the contract with the Company, but as, *quâ* this Colony, their rights under it cannot be greater than those given in the Acts relating to it, and as those rights seem to me to expire in 1904, and no further lines are now likely to be erected by the Company in this island, I do not understand the objections made in the protest.

The 82nd section, which gives the Contractor cable powers, may, however, be one of Imperial interest.

I have, &c.,  
H. MURRAY,  
Governor.

Enclosure in No. 24.

Morison & Hutchings,  
Barristers, Solicitors, and Notaries,  
Duckworth Street, St. John's.

SIR,

WE have the honour to enclose herewith in duplicate a memorial from the Anglo-American Telegraph Company, Limited, addressed to Your Excellency and to Her Majesty's Principal Secretary of State, protesting against the enactment of the Act introduced into the Legislature to confirm the railway contract recently made between Your Excellency and Robert G. Reid, railway Contractor, and praying that said Act may not be assented to or may be reserved until Her Majesty's pleasure concerning it shall be signified. In view of the extraordinary nature and extensive scope of the proposed legislation and of its damaging effect upon the rights and property of our principals, we have to ask Your Excellency's best consideration of the facts set forth in the memorial, and for your prompt action in the direction therein indicated.

We have, &c.,  
MORISON & HUTCHINGS.

To His Excellency  
Sir Herbert H. Murray, K.C.B.,  
&c., &c., &c.

To His Excellency Sir HERBERT HARLEY MURRAY, K.C.B., Governor and Commander-in-Chief in and over the Island of Newfoundland and its dependencies ; and to the Right Honourable HER MAJESTY'S PRINCIPAL SECRETARY OF STATE.

The Memorial of the Anglo-American Telegraph Company, Limited, respectfully sheweth as follows :—

1. By an Act passed by the Legislature of Newfoundland in the seventeenth year of the reign of Her present Majesty, certain persons named in the said Act were created a body corporate and politic under the style and title of "The New York, Newfoundland, and London Telegraph Company," and certain rights, powers, privileges, and franchises were granted to the said Corporation, as will fully appear upon reference to the said Act, and to the several Acts passed in amendment thereof.

2. Memorialists desire that reference may be had to the whole of the said Acts, but they call particular attention to the following sections and parts of sections of the Act, 17 Victoria, chapter 2, that is to say :—

Section 6.—The said Company shall construct, complete, keep in order, and operate a main or trunk line of magnetic, electric, or other telegraphs from St. John's to or towards Cape Ray, and also from St. John's to or towards Trepassey ; and may also construct, complete, keep in order, and operate any other line or lines from any point in Newfoundland to any other point or points therein, or elsewhere, as may be determined on by the Company ; and also branch lines connecting the said main or trunk lines with any town or village in Newfoundland ; provided always that such branch or other line shall not interfere with the existing lines of the St. John's and Carbonear Electric Telegraph Company, or any other lines that may be constructed between St. John's and Carbonear by the said Company. And provided also, that if at any time after ten years from the passing of this Act, any branch line to connect with any town or village aforesaid be desired by the Government of this Colony, and the Company shall not establish the same within twelve months after a requisition to that effect from the Government of this Colony, the Government of this Colony may establish such branch line at its own expense for local traffic only.

Section 7.—The Company may erect or maintain their said lines of telegraph along the side of or across any public highways, bridges, water courses, or other such places, provided they do not interfere with the public right of travelling thereon, and may enter upon any lands or places, and survey and set off such parts thereof as may be necessary for the said lines of telegraph, and may take from any part of the ungranted and unoccupied Crown lands of this Colony any posts or building materials necessary to make or repair the lines or any buildings in connection therewith.

Section 10.—So soon as the said line of telegraph shall be completed from St. John's to Cape Ray, or any other point on the west coast of Newfoundland, the Governor, shall on the application of the Company from time to time, issue grants under the Great Seal of this island, to the said Company of any ungranted and unoccupied wilderness land in Newfoundland, in blocks or parcels the contents of which shall not be less than three square miles, and in all not exceeding fifty square miles, subject nevertheless to such percentage upon the produce of mines, and to such conditions as to the working thereof, within a limited period, not less than ten years, and to such conditions as to the permanent settlement in fee simple of such land by one settler to every five hundred acres so granted, within five years from the date of any such grant, and to the right of the public to construct any roads and bridges in and over the said land, as now are or may hereafter be specified and defined by the laws of Newfoundland and Great Britain ; and the said Company shall have power to alien or dispose of the said lands, or any part or parts thereof, or to occupy, work or use the same, or any part thereof, in any manner it may deem proper, subject to the like conditions and reservations as aforesaid.

Section 14. The corporation hereby created shall have the sole and exclusive right to build, make, occupy, take, or work the said line or any line of telegraph between St. John's and Cape Ray, or between any other points in this island (excepting only the existing line between St. John's and Carbonear) for the full period of fifty years from the passing of this Act ; subject nevertheless to the right of pre-emption by the Government of

this Colony, as hereinafter provided; and during the said period of fifty years, no other person or persons, body or bodies, politic or corporate, shall be permitted to construct, purchase, take or operate, any line or lines of telegraph on this island, or to extend to, enter upon, or touch any part of this island, or the coast thereof, or of the islands or places within the jurisdiction of the Government of this Colony, with any telegraphic cable, wire, or other means of telegraphic communication, from any other island, country, or place whatsoever. Provided, however, that if the said line of telegraph shall not have been completed from St. John's to Cape Ray or other point on the western coast of Newfoundland, and a communication by telegraph across Prince Edward Island or the island of Cape Breton or otherwise, established with the continent of America, within five years from the passing of this Act, the exclusive privileges granted by this section shall cease.

Section 15. If at any time after twenty years from the passing of this Act it shall be deemed advisable by the Governor in Council that the lines of telegraph and other property of the said Company shall be transferred to and vested in the Government of this island, it shall be lawful for the Governor to cause a written notice to be given to the said company, which shall be served upon the president, or director or manager in this island, which notice shall state that the Government has decided upon becoming the holder of the said lines and other property; and thereupon the Governor and the Company shall each choose an arbitrator, and the arbitrators so chosen shall appraise the telegraph lines, wires, cables, apparatus, vessels and all other property connected therewith, and if they cannot agree they shall choose a third as umpire, and if they do not make such choice, the Supreme Court shall appoint an umpire, and the appraisement of any two of them shall be taken as the true and just value of said property; and after the expiration of one year from the time the award of the arbitrators shall have been communicated to the Government and the Company, and after the payment made or tendered in manner hereinafter provided, all and singular the said telegraphic lines, wires, cables, apparatus, vessels, and other property so appraised, shall become the property of Her Majesty, for the benefit and public use of this island, and shall be thenceforth held free and discharged from all claims of such Company or shareholders thereof, or any person whomsoever; but this section shall not apply to any lands granted to the said company, by virtue of the tenth and twenty-second sections of this Act, nor to the proceeds thereof, or any land or property purchased with such proceeds, nor to the bonuses to be paid to the Company, or to any land or property purchased with the same or any part thereof, nor to any mines or minerals, or the property connected with the management or working of such mines or minerals.

Section 18. The said Company shall have power to establish, construct and work a line or lines of telegraph between Newfoundland and Ireland or any other island, place, or places in the Atlantic Ocean, or in Europe or in the United States, and to construct, purchase, or work any telegraph line or lines, or means of communication, in Canada, Prince Edward Island, Cape Breton, Nova Scotia, New Brunswick, and the United States, and in the waters adjacent to or between the said islands, provinces, or states, and between any of them and Newfoundland: Provided, however, that such consent as may be necessary shall be first obtained of the Governments of said Provinces and States respectively; and generally to purchase or hire any line of telegraph which may now or hereafter be constructed by any person or persons, or body or bodies, politic or corporate, in the United States, or British Provinces of North America, or in Europe, and to use the same for the transmission of messages and intelligence; and they may also construct, purchase, hire, or use, any steam or other vessels to aid in the acquisition or transmission of intelligence between America or Europe, or in carrying on any of the operations of the said Company.

Section 22. So soon as the said Company shall have actually established a communication across the Atlantic Ocean by means of a submarine cable or wire from this island, the said Company shall be entitled to receive from the Government of this island a grant of fifty square miles of ungranted and

unoccupied wilderness land, to be selected by the said Company, in addition to the grants hereinbefore mentioned, and subject to the same conditions and provisos as are mentioned in the tenth section of this Act.

3. The whole of the rights, powers, privileges and franchises granted to the said New York, Newfoundland and London Telegraph Company by and under the said Acts have been for many years, and now are, vested in Memorialists.

4. Under the rights and powers granted by the said Acts communication has been established by means of submarine cables or wires between Newfoundland and various parts of the world, and telegraph lines have been constructed and operated from many points in Newfoundland to other points therein. Some of these lines have been constructed and operated by memorialists and their predecessors in title, while others of them have been constructed and operated by the Government of Newfoundland under the rights reserved to it by the sixth section of said Act 17 Victoria, chapter 2.

5. Within the past few days a contract has been entered into between the Government of Newfoundland and Robert Gillespie Reid, of Montreal, Railway Contractor, and an Act is now being considered by the Legislature having for its object the adoption and confirmation of the said contract. The said Act and contract are very extensive in their operation and confer large powers and privileges upon the contractor, and memorialists desire that reference may be had to the whole of the said Act and contract when the prayer of this memorial is being considered.

6. Memorialists desire to call particular attention to the following sections of the said contract, that is to say :—

Section 78.—It is agreed that the Contractor shall take over and assume the control and management of the several telegraph lines in the Colony belonging to the Government, and of all material and other property pertaining thereto from the first day of April next till the fifteenth day of April, A.D. 1904, the Contractor assuming all the cost of maintenance and operation, and receiving the earnings and profits of the lines. The Government agrees to pay to the Contractor for the performance of the said service the sum of \$10,000 per annum, which the Contractor agrees to accept in full satisfaction of any loss which he may sustain by reason of any deficit upon the earnings and profits of the lines.

Section 79.—It is further agreed that from and after the said fifteenth day of April, A.D. 1904, and until the expiration of the said term of fifty years provided by this contract, the Contractor shall continue to maintain and operate the said lines and offices free of any charge to the Colony, by way of subsidy or otherwise.

Section 80.—It is further agreed that in the event of the Government deciding to make additions or extensions to the present system, the Contractor shall construct, maintain, and operate the new or additional lines and offices, the Government paying the cost of construction, and the annual loss or deficit, if any, upon cost, maintenance, and operation.

Section 81.—For the purpose of determining the amount of earnings and profits of any line or office constructed and operated under this clause, it is agreed that the line or office shall be held to have earned and be entitled to credit for the tariff upon all messages received into or delivered from such office.

Section 82.—The Contractor shall have the right at his own cost to construct, maintain and operate such extensions or branches of the telegraph system hereby transferred, or such further or additional systems by wire or cable as he may consider necessary or desirable.

Section 83.—It is also agreed that the tariff rates for all messages which shall be sent over any portion of the system operated by the Contractor under the foregoing clauses, shall not exceed twenty-five cents for ten words and two cents for every additional word. This clause shall not be held to apply to messages by cables passing to and from Newfoundland, from and to any other country.

Section 84.—It is further agreed that from and after the 15th day of April, A.D. 1904, the Contractor shall, at his own cost, establish telegraph connection between St. John's and the present Government office and the line at Whitbourne and between the various branches and offices of the present Government system.



Section 85.—It is agreed that such legislation shall be enacted as shall be necessary in order to secure the preservation of secrecy in relation to the contents of all telegraph messages passing through the telegraph system under the control of the Contractor, such as the exclusion of all persons except telegraph operators of the offices from the telegraph offices, the imposition of penalties upon all persons guilty of, or parties to, the violation of secrecy, and other such similar provisions.

Section 86.—It is understood that the undertaking on the part of the Contractor to operate the present Government lines shall be construed to include the continuance of the several offices in operation at the time of the making of this contract.

Section 87.—It is further agreed that for a period of six years, no operators or other servants in the employ of the Government in or upon the said Government offices or lines at the time of the making of this contract shall be dismissed or discharged, except with the approval of the Government or for sufficient cause.

Section 88.—It is further agreed that the Contractor shall at his own cost, within two years from the making of this contract, construct telegraph lines to, and establish offices at the following places:—

The Gravels (Port au Port) ; Salvage (Bonavista Bay) ; Moreton's Harbour and Exploits Burnt Islands (Notre Dame Bay). And shall at his own cost maintain the said lines and offices in operation in the same manner and subject to the same provisions and conditions as are contained in this contract in respect of the lines and offices hereby transferred.

Section 89.—The Contractor shall at all times afford every reasonable facility for the inspection of all telegraph lines comprehended under this contract, by such persons as the Government may appoint for that purpose.

Section 90.—The Contractor agrees, at the option of the Government, to be signified within one year from the date of this contract, to purchase and take over the interest and property of the Government in and to the telegraph lines, material and property of and pertaining to the Government telegraphic system hereinbefore described, subject to the several terms and conditions of this contract of maintenance and operation, and to pay the Government as compensation or purchase money therefor the sum of \$125,000, payable on the 15th April, A.D. 1904.

Section 91.—The Government undertakes to procure the enactment of all such legislation by way of charter or otherwise as may be necessary to secure to the Contractor the power and privilege of maintaining and operating the said telegraph lines, and such additions and extensions thereto as the Contractor may desire to construct and operate.

The said telegraph line and property shall be exempt from municipal or local taxation.

7. Memorialists respectfully urge that the said sections or some of them confer powers and privileges upon the Contractor which are in breach and violation of the powers and privileges vested in memorialists under the said Act 17 Victoria, chapter 2, and if the said contract is adopted, and confirmed by the Legislature in its present form, the rights and privileges of your memorialists will be invaded and prejudiced, and much damage will be occasioned to their rights and property.

8. Under the Act 17 Victoria, chapter 2, memorialists claim that they have the sole and exclusive right (1) to construct and operate all land telegraphs in Newfoundland except such lines as are established by the Colony at its own expense under the proviso contained in section 6 and (2) to build, make, occupy, purchase, take, operate or work ; (a) all land lines in Newfoundland, and (b) all submarine cables or wires between Newfoundland and any other country or place. Memorialists further claim that the proviso contained in section 6 read in conjunction with section 14 of said Act, does not confer upon the Government of Newfoundland any authority or right to transfer any land lines established under the proviso contained in section 6 to any person or persons other than your memorialists for purposes of operation or otherwise.

9. Memorialists respectfully urge that the sections of the railway contract hereinbefore set forth, will prejudice and damage and in some cases will absolutely confiscate,

take away, and render valueless the rights and privileges conferred upon memorialists by the Act 17 Victoria, chapter 2 in the following particulars *inter alia*:—

- (1.) Section 78 and 86 assume to transfer to the contractor the right to *occupy, take, operate, and work* land lines in Newfoundland.
- (2.) Sections 80, 81, 83, 85 and 88 assume to give to the Contractor the right to build, make, occupy, and operate land lines in Newfoundland, and to do so without regard to the restrictions contained in sections 6 and 14 of the Act 17 Victoria, chapter 2.
- (3.) Section 82 assumes to give to the Contractor the right to *construct, build, make, occupy, and work* both land lines and submarine cables without restriction of any kind. This is a clear and undoubted violation of the sole and exclusive rights of memorialists and a virtual confiscation of their rights and property without compensation of any kind.
- (4.) Section 90 assumes to give to the Contractor the right to *purchase, take, and operate* land lines in Newfoundland in violation of the rights of memorialists under section 14 of the Act 17 Victoria, chapter 2.
- (5.) In section 91 the Government undertake to procure the enactment of all legislation that may be necessary to sustain the Contractor in the violation of the rights and confiscation of the property of memorialists hereinbefore particularised.

10. Memorialists call particular attention to the provision of section 15 of the Act 17 Victoria, chapter 2, which confers upon the Government of Newfoundland the right to become the holders of the lines of telegraph and other property of memorialists, and to have the same transferred to, and vested in the Government upon payment of the appraised value of said property. Provision is made in said section for the appraisement of the property, and for the payment of its true and just value should the Government decide to become the holder of it and have it become the property of Her Majesty, for the benefit and public use of Newfoundland. The railway contract now under consideration assumes to destroy the rights of memorialists under this section, and to confiscate and hand over their property to the Contractor without compensation of any kind.

11. For the reasons hereinbefore expressed, memorialists emphatically protest against the enactment into law of the said Act now being considered by the legislature, and they ask as of right that His Excellency the Governor shall exercise his prerogative of (1) refusing to assent to the said Act, or (2) reserving said Act until the pleasure of Her Majesty shall be signified concerning the same.

12. Memorialists are British subjects, residing out of Newfoundland, and respectfully call the attention of His Excellency the Governor to the clause in his draft of instructions, which says that "Our said Governor is not to assent in Our name to any bill of an extraordinary nature or importance whereby the rights and property of Our subjects, not residing in Our said Colony, may be prejudiced." It cannot be denied that the Act complained of is one of the most extraordinary measures in its nature, scope, and importance that has ever been introduced into the legislature of Newfoundland, and, as memorialists have shown, it violates and prejudices, and in some of its sections confiscates and absolutely takes away, the rights and property of memorialists, who are British subjects, residing out of Newfoundland.

13. Memorialists, therefore, respectfully pray that His Excellency the Governor will be pleased to refuse to consent to the said Act, or to reserve the same until Her Majesty's pleasure shall be signified concerning it.

14. Memorialists further respectfully pray that Her Majesty's Principal Secretary of State, for the reasons hereinbefore set forth, will be pleased to advise Her Majesty to refuse to assent to the said Act.

And, as in duty bound, memorialists will ever pray, &c.

For the Anglo-American Telegraph  
Company, Limited,

MORISON & HUTCHINGS,  
Solicitors.

Dated at St. John's, Newfoundland,  
this Fifth day of March, A.D. 1898.

No. 25.

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

(Received March 22, 1898.)

Government House, St. John's,

March 7, 1898.

SIR,

WITH reference to the correspondence on the subject, I enclose herewith for your information a copy of the Bill for carrying out the Railway Contract, as it passed the House of Assembly on the 3rd instant.

The area of the coal district specially granted in the contract is  $44\frac{1}{2}$  square miles.

I am, &amp;c.,

H. MURRAY,

Governor.

Railway  
Contract  
Bill, 1898.

Enclosure in No. 25.

A BILL.

*An Act to provide for the Maintenance and Operation of the Newfoundland Railway and for other purposes.*

Whereas the Government now owns and operates a line of railway from St. John's to Harbor Grace called the Newfoundland Railway ;

And whereas there are also under construction for the Government : (1) a branch line of railway called the Clarke's Beach Branch, and (2) an extension of the so called Newfoundland Railway from Harbor Grace to Carbonear ;

And whereas the Government is the owner of a line of railway from Whitbourne to Placentia known as the Placentia Railway, and of a line of railway from Placentia Junction on the Placentia Railway to Port-au-Basque, known as the Newfoundland Northern and Western Railway ;

And whereas there is also under construction for the Government a branch line of railway from the said Northern and Western Railway to Burnt Bay ;

And whereas in the year 1893 a contract was entered into between the Government and Robert G. Reid, of Montreal, in the Dominion of Canada, railway contractor, for the maintenance and operation of the said Newfoundland Northern and Western Railway ;

And whereas it is necessary to make provision for the maintenance and operation of the said Newfoundland Railway and the said several branch lines and extensions now under construction or to be constructed ;

And whereas it is desirable to make provision for improved terminal facilities in St. John's ;

And whereas it is desirable that the maintenance and operation of the said several lines, branches, and extensions should be combined in one system and under one management and control for an extended period ;

And whereas it is also desirable to make provision for an improved mail service by steamers in connection with the said railway system ;

And whereas it is also desirable that the Government telegraph service, now partially maintained and operated by the said Robert G. Reid should be managed under one system at reduced cost to the Colony ;

And whereas it is desirable to promote the development of certain coal areas, now reserved for the use of the Colony, and to provide for the raising of a revenue by the levying of royalties upon minerals raised from lands granted to the said Robert G. Reid ;

And whereas an agreement has been entered into between the Government and the said Robert G. Reid, to embrace and provide for the carrying into effect of the foregoing objects and purposes, subject to the approval and confirmation of the Legislature ;

And whereas it is desirable to confirm and give effect to the said agreement ;

Be it enacted by the Governor, the Legislative Council, and the House of Assembly, in Legislative Session convened, as follows :—

1. This Act may be cited as "the Newfoundland Railway Act, 1898."

2. The agreement made between His Excellency Sir Herbert Murray, K.C.B., Governor of the Island, on behalf of the Government, of the one part, and Robert G. Reid, of Montreal, in the Dominion of Canada, railway contractor, hereinafter called the

Contractor, of the other part, dated the third day of March, A.D. 1898, and forming Schedule A to this Act, and hereinafter called the contract, is hereby approved and confirmed, and all and singular the several clauses, provisions, and conditions thereof are hereby declared to be valid and binding upon the said parties thereto, and each of them, respectively; and all and singular the several acts, matters, and things therein provided to be done or performed by or on the part of the parties respectively, are hereby declared to be proper and lawful, and in so far as not by this Act expressly provided for the parties, and each of them, shall have full power and authority to do and perform, or refuse to do and perform, all and singular the several acts, deeds, matters or things in and by the said contract provided to be done, or not to be done, as the case may be, in the manner and under the conditions stipulated and provided by the said contract.

3. For the purpose of selecting and surveying and marking out the route for the new branch or line into the West End of St. John's, provided for by clause 26 of the contract, it shall be lawful for the Government or Contractor, their engineers, surveyors, workmen and others to enter upon public or private property and to convey over the same all such vehicles, animals, materials, and implements and generally to do all and singular such acts and things as may be necessary for the purpose of such survey and marking out, and upon the same being so marked out and defined, to enter upon and take possession of the same, and to remove or cause to be removed therefrom all buildings or other property; and the land for the said track shall thereupon vest in and become the property of Her Majesty, Her heirs and successors, for the purposes of the said railway and of this Act.

4. For the purpose of ascertaining the damage that may be occasioned to any person whose interests in any lands or tenements may be affected under the provisions of this Act, unless the same be agreed upon between the said party and the Governor-in-Council, which agreement the Governor-in-Council is hereby authorized to make, the Governor-in-Council shall appoint two persons and the party interested shall appoint a third, which three persons or any two of them shall determine the amount of compensation, if any, to be paid to such party according to his interest therein. And in case such party shall refuse or neglect to appoint an arbitrator within seven days after notice in writing so to do from the other two arbitrators, such two arbitrators shall name a third arbitrator, and the award of any two of them shall be final and binding; and the said arbitrators shall be sworn before a Justice of the Peace to do justice between the parties, and may summon and require the attendance before them of all parties interested in the property to be appraised by them, the agents of such parties respectively, and also all necessary witnesses, and require the production of all deeds and papers requisite to establish the title or interest of any party claiming compensation in manner hereinbefore mentioned, and may examine upon oath, to be administered by any one of such arbitrators, all such parties or their agents and all such witnesses touching the matter to be enquired into. If the arbitrators shall be of opinion that the proprietors of land taken for the purposes aforesaid may be indemnified at a less expense by having an equal portion of land assigned to them from any land adjoining, and that such adjoining land may be taken without material injury to the proprietor thereof, the said arbitrators shall mark off and in like manner appraise so much of the said adjoining land as they may think sufficient to replace the land required as aforesaid, and the same so marked off shall belong to the first mentioned proprietors, and be in lieu of all indemnity; and the appraised value of the same shall be paid to the party from whom such land was so taken, and shall be a full satisfaction and release of the same, and of all right and title thereto: provided, that if the land so to be given shall not be deemed an equivalent for the land so to be appropriated for the said purposes of the said railway and buildings as aforesaid, the said proprietor shall be paid such sum as may be, with the land so to be given, a full satisfaction for the land so dedicated.

5. The Governor-in-Council shall have power to take possession of the waterside property at the West End of St. John's called and known as the Municipal Basin, and to hold, apply and transfer the same to the Contractor who shall hold the same for the purposes and subject to the conditions set forth in the contract.

6. For the purpose of operating the said railway according to the provisions of the contract, the Contractor shall have, possess, and exercise all such powers, franchises, and privileges as may from time to time be necessary, whether expressly provided for in the said contract or this Act or not; as fully and amply as if the said provisions were enacted or set forth in an Act of Incorporation or Charter expressly conferring the said powers and privileges upon the Contractor.

7. The areas of land near Grand Lake referred to and defined in clause 40 of the contract in which coal has been discovered are hereby declared to be reserved to the Crown from public sale, grant, or other disposition, and exempt from the provisions of the Acts of the Colony relating to Crown lands and the disposition thereof; and the said land shall be held by the Governor-in-Council for the purposes set forth in said clause 42 of the contract, to be granted to the Contractor under and subject to the provisions and conditions of the contract.

8. For the purpose of ascertaining the amount of compensation, if any, to be paid to Messrs. Angel & Company, under the provisions of clause 74 of the contract, in case the parties cannot agree thereupon, the said Angel & Company shall appoint one arbitrator and the Contractor shall appoint a second, and the Supreme Court shall appoint a third, and the award of the said arbitrators or any two of them shall be final and binding upon both parties.

9. The provisions of the "Arbitration Act, 1895," shall be held to apply to the arbitration provided for by the foregoing section.

10. The Governor-in-Council and the Contractor, and each of them respectively, shall have power to carry out the work of paving Water Street, in St. John's, as provided for by clause 98 of the contract, and for that purpose to do and perform all such acts and things as may be necessary or expedient.

11. For the purpose of providing power for the Electric Railway under clause 97 of the contract, the Governor-in-Council shall have power to grant to the Contractor the exclusive use of any of the lakes mentioned in the said clause. After such exclusive use has been granted as aforesaid, any person using, trespassing upon, or in any way interfering with the lake so granted or the water thereof, shall be liable upon summary conviction to a fine of one hundred dollars or imprisonment for a term of three months.

12. For the purpose of carrying the said work into effect, it shall be lawful for the Contractor to enter upon public or private lands, roads, or highways, and to erect and construct such buildings, reservoirs, machinery and other works as may be necessary, and also to dig and excavate the land for the purpose of laying pipes or mains, and also to erect poles and connect the same with wires, and to carry the said wires over or under the said land, and generally to do and carry out all such other works and things as may be necessary for the purposes set forth in the said clause.

13. The amount of compensation to be paid to any person who may sustain damage under the provisions of the next preceding clause, which shall be paid by the Contractor, shall be determined by arbitrators who shall be appointed in the same manner and shall have the same powers as are provided by sections 8 and 9 of this Act.

14. The Governor-in-Council shall have power to raise by loan upon the credit of the Colony, the following amounts, to be applied to the following purposes, as provided by the said contract, viz. :—

- (a) A sum not exceeding \$100,000, to be paid to the Contractor for the re-railing of the line of railway from Whitbourne towards St. John's, under clause 25 of the contract.
- (b) A sum not exceeding \$100,000 to be paid to the Contractor for the building of a new line or branch, into the West End of St. John's, under clause 26 of the contract.
- (c) The sum of \$140,000 to be paid to the Contractor for the paving of Water Street, St. John's, under clause 98 of the contract.
- (d) Such sum as may be found sufficient and necessary to defray the portion to be borne by the Government of the cost of the surveys of blocks or areas of lands to be selected by the Contractor and the Government along the line and elsewhere, as provided by clause 19 of the contract.
- (e) Such sum as may be found sufficient and necessary to provide for the payment of claims under section 4 of this Act as compensation for damages sustained, and of the expenses of and incident to the ascertainment and determination of the said claims by arbitrators or otherwise.

The interest upon the several sums to be raised under this section shall be at the rate of  $3\frac{1}{2}$  per cent.

15. The said loan shall be payable at the expiration of fifty years from the date of the several debentures.

16. The form of debentures to be issued for the said loan shall be that set forth in Schedule B to this Act.

## 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 \_\_\_\_\_ A.D., 189 .  
Countersigned,

Receiver General.

Colonial Secretary.

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No. 26.

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

STR, 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

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\* No. 8.

† Nos. 20 and 22.

from the corruption which, according to the statement of the Receiver General, has attended the administration of these services by the Government, are more serious than any evils that can result from those services being transferred unreservedly to the hands of a private individual or corporation; and that, in fact, they consider that it is beyond the means and capacity of the Colony to provide for the honest and efficient maintenance of these services, and that they must therefore be got rid of at whatever cost.

9. That they have acted thus in what they believe to be the best interests of the Colony I have no reason to doubt, but whether or not it is the case, as they allege, that the intolerable burden of the public debt, and the position in which the Colony was left by the contract of 1893, rendered this sacrifice inevitable, the fact that the Colony, after more than forty years of self-government, should have to resort to such a step is greatly to be regretted.

10. I have to request that in communicating this despatch to your Ministers you will inform them that it is my wish that it may be published in the "Gazette."

I have, &c.,  
J. CHAMBERLAIN.

No. 27.

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

SIR, Downing Street, March 30, 1898.

I HAVE the honour to acknowledge the receipt of your despatch of the 6th March,\* forwarding a Memorial from the Newfoundland agents of the Anglo-American Telegraph Company protesting against the Railway Contract Act.

I shall be glad if you will inform the Memorialists that I have carefully considered their representations, but that I am unable to comply with their prayer, and that the rights of the Company appear to be sufficiently safe-guarded by the Supplementary Act which has been passed.

I have, &c.,  
J. CHAMBERLAIN.

No. 28.

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

(Received March 31, 1898.)

SIR, Government House, St. John's, March 16, 1898.

I ENCLOSE herewith for your information a copy of the "Evening Herald"—the Government organ—containing the speech† of Mr. Morine, the Receiver-General, on the financial prospects of the Colony for the year ending 30th June, 1899.

It may be that the principal point of interest in it is the complacency with which it is assumed that the grant by the Imperial Government of a sum (estimated, I believe, at £1,000,000) sufficient to reduce the annual interest payable on the Colonial Debt from about \$600,000 to \$400,000 will be the easy and certain sequence of an application for a Royal Commission.

I have, &c.,  
H. MURRAY, Governor.

No. 29.

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

(Received April 11, 1898.)

SIR, Government House, St. John's, March 26, 1898.

WITH reference to my despatch of the 16th instant,‡ I enclose herewith for your information a copy of the resolutions which were last night adopted by the House of Assembly on the subject of a Royal Commission to enquire into the condition of the Colony. I also enclose a copy of the Government organ, giving a brief account of the proceedings in the House of Assembly on the introduction of the resolutions. As will be seen, the motion was unanimously adopted by all parties in the House, and it will be as unanimously passed by the Legislative Council. It will be borne in mind that when

"Evening Herald" of 14th March 1898.

Resolutions of House of Assembly, 25/3/98. "Daily News," March 26, 1898.

\* No. 24.

† Not printed.

‡ No. 28.

a resolution of a somewhat similar nature was moved by Mr. Morine, on behalf of the Opposition in 1896, it was opposed and thrown out by the Whiteway Government and its supporters. The reason for the present unanimity will be found in the expectations held out by the Receiver-General towards the close of his Budget speech, which I forwarded with my despatch of the 16th instant.\* I understand that, according to present intentions, a delegation will proceed to London in June or July next in order to confer with you on the subject of the Royal Commission and the expected loan or grant from the Imperial Government.

I have, &c.,

H. MURRAY,  
Governor.

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Enclosure 1 in No. 29.

House of Assembly, March 25, 1898.

*Extract from Journal of the House.*

The Chairman reported that the Committee had adopted the following resolutions:—

Resolved. That it is the opinion of this House that it is desirable that the Government should open negotiations with Her Majesty's Government on the basis of the proposals contained in a despatch from the Right Honourable the Secretary of State for the Colonies to His Excellency Sir Terence O'Brien, Governor, of the 9th February, 1891, and referred to by His Excellency the Governor in his speech at the opening of the present Session, for the appointment by Her Majesty's Government of a Commission to enquire into various subjects pertaining to the condition and affairs of the Colony, and more particularly set forth in the said despatch.

2. Resolved. That provision be made for the expenses necessary for the conduct of the negotiations referred to in the foregoing resolution.

3. Resolved. That the House requests the concurrence of the Honourable the Legislative Council in the foregoing resolutions.

The motion that the report be received and adopted was carried by a unanimous vote of the House, and on motion of the Honourable Receiver-General it was ordered that the names of all Members voting be inscribed in the Minutes.

EDWARD SHEA,  
Clerk of the House of Assembly.

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Enclosure 2 in No. 29.

Hon. the Premier moved the adoption of the following Resolution:—

"Resolved.—That it is the opinion of this Committee that it is desirable that the Government should open negotiations with Her Majesty's Government, on the basis of the proposals contained in a despatch from the Rt. Honble. the Secretary of State for the Colonies to His Excellency Sir Terence O'Brien, Governor, of the 9th February, 1891, and referred to by His Excellency the Governor in his Speech at the opening of the present Session, for the appointment by Her Majesty's Government of a Commission to enquire into various subjects pertaining to the condition and affairs of the Colony, and more particularly set forth in the said despatch.

"That the concurrence of the Honble. the Legislative Council in foregoing resolution be requested."

Hon. the Premier reminded the Committee that as far back as 1891 Her Majesty's Government had offered to send out a Commission to enquire into our agricultural and mining resources, the financial condition of the Colony, the French Treaty Rights and how far they had operated against us, and to report as to what remedies could be applied. The local Government of the day did not entertain this offer favorably, on account of certain conditions attached to the offer. There had since been two applications on our part for assistance from the Imperial Government, once after the fire in St. John's in 1892, and afterwards in 1894 after the suspension of our Local Banks. The present Government were of opinion that the time is now favorable for the renewal of this effort



to have our affairs placed before Her Majesty's Government in a proper manner. He (Hon. the Premier) was of this opinion because the statesman now in charge of the Colonial Office in England, Mr. Chamberlain, was a man whom he felt sure would take the most favorable view of our case, and would be willing to assist us in every way. It was fortunate for us that at this time such an able man filled the position of Secretary of State for the Colonies. It must, however, be understood that nothing should follow from these negotiations that would in any way seriously affect our own rights of Government. The Resolutions are entirely free from anything that can be construed as entertaining that which may take away or even limit the rights of self Government which the Colony now enjoys. The practical results of these negotiations will have to be submitted to this Legislature for their approval. He would therefore ask the Committee to assent to the proposals which were now before the chair.

Mr. Bond considered the matter before the chair to be a National rather than a Party question. He congratulated the Hon. the Premier on the able and dispassionate manner in which he had introduced these Resolutions. He desired to take the earliest opportunity of recording his support to the Resolutions, and he and those associated with him would wish "God Speed" to the Premier on his mission to the Imperial Government. There was good reason, and good hope, in our proposal to approach the Throne on the matter of assistance to develop our natural resources, because in the past England had always been willing to assist her Colonies. It was time, also, that our claims for the settlement of the Treaty Rights were enquired into, and the difficulties in connection therewith set at rest. Two things he would ask for, first, that no sanction on our part should be given to any Bill on the lines of that submitted in 1891, and second that we can consent to nothing that may lead to the abrogation of the Charter of the Colony. He again wished the Government every success in their mission, and believed the result of the negotiations would receive the unanimous sanction of the Legislature.

Hon. Receiver-General thought it a happy omen that this important matter should receive the hearty approval of every member of the House. So much had been said by the Hon. the Premier and the leader of the Opposition, that there was not much for him to touch upon, but he was pleased that we were all agreed that the best thing that could happen to the Colony at the present time was the coming of a Royal Commission. The good things that this Commission would have to say about our great natural resources must result in the immediate influx of capital, so that these resources may be developed, and employment of various kinds be given to our people. He (R.G.) believed the coming of the Commission would also result in our financial burdens being considerably lessened. Perhaps the most important matter for the Commission to deal with would be to take evidence and report upon the condition of the people on the French shore, and to ascertain in what particular respect the Treaty obligations of Great Britain and France may have operated to the prejudice of that portion of our population, and further to suggest remedies for the removal of these disadvantages. The more he (R.G.) thought of the matter, he considered our case was so strong that our claims could no longer be denied. We shall go to the Secretary of State for the Colonies with our colours nailed to the mast. We shall plead not only for sympathy but for justice. The present Head of the Colonial Office stands second to no man in the British Empire for ability and influence, and in granting us a full measure of assistance he (Mr. Chamberlain) would only be carrying out the policy he had always advocated. At the same time we can never assent to anything that may interfere with our rights of local self government. This was the position that he (R.G.) had always taken.

Mr. Morris desired to add a few words in support of the Resolutions before the chair. He was in accord with such proposals respecting a Royal Commission now because the Colony was never in a better condition to approach the British Government for assistance. By the recent railway contract we had decreased our National Debt by one million dollars, and we had converted what were liabilities to be assets of the Colony. He believed the Imperial Government could float a loan for us which would save us three hundred thousand dollars a year in interest alone. He hoped that the result of the negotiations would also include the settlement of the French shore question.

Mr. Donnelly supported the Resolutions, and was of opinion that our claims for sympathy and justice from the Motherland would receive far more favourable consideration from the hands of Mr. Chamberlain than could have been hoped for in 1891 from Lord Knutsford, who was Secretary of State for the Colonies at that time. He (Mr. D.) was especially anxious that the present condition of the people living on the French shore should be properly enquired into, but he agreed with the Leader of the Opposition that no

Treaty Bill such as that submitted in 1891 should be entertained. He was glad that the assurance was given that our rights as a self-governing Colony were in no way to be interfered with.

Mr. Gibbs also spoke in support of the Resolutions, after which the Chairman, Mr. Goodridge, reported the Resolutions to the House. The motion that the Report be received was carried unanimously, and the names of the members present were inscribed in the Minutes.

Hon. the Premier was granted leave to introduce a Bill relating to the Municipal Affairs of the town of St. John's. The Bill was read a first time, and ordered to be read a second time to-morrow.

The House then adjourned till to-morrow (Saturday) at 3 o'clock p.m.

No. 30.

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

SIR,

Downing Street, April 15, 1898.

I HAVE the honour to acknowledge the receipt of your despatch of the 16th ultimo,\* forwarding a report of the speech of the Receiver-General of Newfoundland on presenting the Budget of the Colony for 1898-99, and of your despatch of the 26th ultimo,† enclosing a copy of Resolutions passed by the House of Assembly, which were foreshadowed in that speech, in favour of the Colonial Government opening negotiations with Her Majesty's Government on the basis of the proposals contained in Lord Knutsford's despatch of 9th February, 1891, for the appointment by Her Majesty's Government of a Commission to enquire into the condition and affairs of the Colony. It appears from the report of the debate on the introduction of the Resolutions that it is contemplated that the issue of the Commission will lead to the grant of substantial aid to Newfoundland from the Imperial Government.

2. You will be good enough to point out to your Ministers that circumstances have greatly changed since 1890 and 1891. Then application was made for a guaranteed loan for the development of Newfoundland by building a railway or otherwise, and Her Majesty's Government were prepared to issue a Royal Commission with a view to such a loan if the report of the Commission were favourable. The Colonial Government of the day deliberately refrained from inviting the Legislature to apply for the Commission, and proceeded with the railway. Now, not only the railway so built but also most of the other substantial assets of the Colony have been alienated, and there is no practical object to gain in issuing a Royal Commission such as the Receiver-General suggests.

3. An application for a Commission at the present time is, therefore, only an application for financial assistance to enable the Colony to meet the obligations it has incurred, and which the Receiver-General declares it is unable to meet without aid. Such an application cannot for a moment be entertained, and I request that you will at once inform your Ministers that it is impossible for the Imperial Government to take any responsibility, or accord any financial assistance, in the case of a self-governing Colony, which has had full control of its own finance, and is solely responsible for its mismanagement.

I have, &c.,

J. CHAMBERLAIN.

No. 31.

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

(Received May 14, 1898.)

SIR,

Government House, St. John's, 30th April, 1898.

I HAVE this evening received from my Ministers their reply to your despatch of the 23rd ultimo.‡ They are anxious that I should send it by the mail which leaves to-morrow, and I send it accordingly; but they have taken so much time in framing their reply that I am not sure whether it will arrive in time for publication with the rest of the papers on the subject of the contract.

Minute of  
Council,  
30th April,  
1898.

\* No. 28.

† No. 29.

‡ No. 26.

2. It is hardly necessary that I should make any remarks on their reply.

I reassert the opinion which I expressed in my Despatch of the 25th February,\* that among the nominal supporters of the Bill, there was not that consensus of opinion in favour of the sale of the railway which the numbers alone who voted for it might lead one to think. I also reassert the statement that I made in the same despatch, that the supporters of the party had been informed that the Colony could not meet its engagements unless the proposals in the contract were accepted. I learnt this on the 24th February before the Receiver-General had informed the House of Assembly that the rejection of the contract meant "Confederation or a Crown Colony." The argument is the same, and, even if I had not heard that such was the case, it is hardly probable that an argument which was thus used in public had not been used at an earlier date in private.

3. I did not state in my Despatch of 2nd March† that "greater weight was to be given to the utterances of a clerical paper (Methodist), or to the opinion of the Bishop of St. John's (Roman Catholic), than to the opinion of men of business"; but I pointed out that such utterances showed that among educated and non-party men there was wanting that consensus of opinion which my Ministers still think exists in favour of the contract.

As to the Bishop's letter, I should have declined to produce it if it had been asked for, but as it was not asked for, "I did not decline to let Ministers see it."

4. I made no imputation against Mr. Morris. Any one with any experience is aware that a Member has to consider the interests of his constituents when dealing with a question of great importance to them, Mr. Morine stating in his speech "that it would result in the utmost benefit to the people of St. John's West."

5. I was in error in stating that of the five members of the Opposition who voted for the contract, three sat for St. John's West; two of them did so sit and vote. I made a mistake as to the third, there being two members of the same name—but with a slight difference in the spelling; one voted for, and the other, who sits for St. John's West, against the Bill.

6. As to the Opposition protest, I have only to observe as regards the proceedings of the Legislature, which are referred to in the 2nd paragraph of the reply to the memorial of the Opposition party, that the fact is that except upon the resolutions there was practically no discussion in the House of Assembly on the merits of the contract.

7. On Tuesday, February 22nd, Sir James Winter moved and explained the resolutions in a committee of the whole House. Mr. Bond asked for time to consider the contract till Friday the 25th. Sir James Winter agreed to give till Thursday the 24th. On that day a debate commenced which terminated the next day, when a division took place, no one speaking on the Ministerialist side except Sir James Winter and Mr. Morine.

8. On the afternoon of Thursday, the 3rd March, immediately after I had signed the contract, the Bill to carry the contract into effect was introduced by Sir James Winter. The Bill passed rapidly, in less than an hour, through all its stages that afternoon, and on the same afternoon it was sent up to the Legislative Council and there read a first time. It was read a second time on the 4th, and on Monday, the 7th March, it passed through Committee, and was read a third time without a division. The Honble. Mr. Knowling was the only Member who spoke against it.

I have, &c.,  
H. MURRAY,  
Governor.

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Enclosure in No. 31.

*Certified Copy of Minutes of the Honourable Executive Council approved by  
His Excellency the Governor on the 30th April, 1898.*

30th April, 1898.

Resolved,—That His Excellency the Governor be respectfully requested to transmit the accompanying Minute of the Committee of Council to the Right Honourable the Secretary of State for the Colonies.

J. ALEX. ROBINSON,  
Colonial Secretary.

With reference to certain statements made in a letter, dated February 25th, 1898, from His Excellency the Governor to the Right Honourable the Secretary of State for the Colonies :—

1. It is true that the supporters of the Government in the Legislature were not absolutely unanimous privately in their support of the purchase clause of the railway contract. One member of the Legislative Council supporting the Government—and one only—was opposed to it, though he did not vote against it. And one member of the Government party in the Assembly was privately opposed to the purchase clause, though he afterwards voted for the contract. Otherwise the accord of the supporters of the contract was unprecedentedly hearty, a heartiness and unanimity upon an important question greater than ever before witnessed by the most experienced of Ministers.

It is a further important fact that the support given to the measure by those who on general policy are political opponents of the Government, and especially the members of the Legislative Council, was hearty and unqualified, and the expression of a well-instructed and honest opinion upon the merits of the measure itself.

2. It is incorrect that the party supporting the Government were informed at a meeting that unless the contract were accepted the Colony could not meet its engagements on the 30th June next. Ministers desire to impress this fact, that with the exceptions just noted, the free, instructed, and conscientious opinion of the Government supporters in the Legislative Council and Assembly was from the outset in favour of the railway contract and all its details.

With reference to His Excellency's letter, dated 2nd March, 1898 :—

1. Ministers are not prepared to admit that greater weight should be given to the utterances of a "church paper" upon a matter of State than to expressions of ordinary newspapers, or to the opinion of a Bishop as to a railway contract, than to the opinions of men of business. A perusal of the article in the "church paper" referred to, and an examination of the contract, will show that its editor had not taken the precaution to read the contract; and as to the Bishop's letter, the Governor has declined to permit Ministers to see it.

2. The imputation that Mr. Morris and others voted for the contract because the district of St. John's will be specially benefitted by it is unfounded and unjust. Of the six members for St. John's, three voted against the contract, and the vote given by Mr. Morris was quite in accord with the previous policy of the Government of which he was a member. Ministers cannot admit that it is justifiable, upon conjecture, to attribute to members of the Legislature, with reference to their conduct as such, motives less broad than they themselves profess.

With reference to His Excellency's second letter of date March 2nd, 1898 :—

1. It is incorrect that "of the five members of the Opposition who voted for the contract, three sit for St. John's West." One sat for St. John's East (Mr. Fox), one for Ferryland (Mr. Cashin), and one for Carbonear (Mr. Duff). The Opposition does not contain men of greater standing, ability or experience than the members of that party who voted for the contract.

With reference to the Memorial of certain members of the Opposition party in the Assembly :—

1. Denunciation of land concessions made to R. G. Reid in 1893, under the late Government, was *not* a large factor in the political campaign which terminated in the defeat of that Government. In one district only—namely, in Twillingate, was it made prominent, and in that district the late Government was supported. No deductions as to the feeling of the people on the subject can be drawn from the result of the General Elections in 1897.

2. It is not correct that "only after a strenuous effort the Opposition succeeded in having 48 hours granted to them in which to consult and decide upon the question." Delay was granted immediately upon request for it, and abundant opportunity for discussion was given both upon the resolution authorising a contract, and upon the second reading of the Bill to confirm it; while upon the Committee stage of the Bill, the Opposition refrained from all discussion, to the surprise of the Government.

3. It is incorrect that the contract is "an absolute conveyance in fee simple of all the railways, the dock, telegraph lines, mineral, timber, and agricultural lands of the Colony." The recklessness or worse of such a statement should be sufficient proof as to the unreliability of the memorialists. The contract conveys about 1,500,000 acres of land, not one-tenth part probably of the mineral, timber, and agricultural lands of the Colony. Along the line of railway itself, the Colony will retain one-half of all the good land, and all the swamp or barren land. The dry dock and telegraph lines were amply

paid for, while it was the Colony's reversionary right in the railway, at the end of fifty years, which was sold, not the present fee simple.

4. It is incorrect that the land to be granted under the contract will be taken along the seaboard. Under the contract of 1893, Mr. Reid took blocks of land on both sides of the railway to a distance of 8 miles, but under the present contract he will take to a distance of 10 miles, so that he must receive a large portion of his land under the new contract in belts between 8 and 10 miles on either side of the railway. Large quantities of mineral land on the seaboard are already under lease to various parties, which leases will not be affected by the contract, and as to the remainder, if Mr. Reid discovers and works mines, the Colony can obtain from him that which it has never yet obtained from others, namely—a royalty upon all minerals mined.

5. It is untrue that "under the proposed conveyance, all ungranted lands are subject to be reserved to Mr. Reid for selection for the next three years." Such palpable misstatements require for their refutation merely a glance at the contract itself. A serious responsibility rests upon those who wilfully made so erroneous and damaging a statement.

6. It is incorrect that the contract includes "a monopoly for the next thirty years of the coastal carrying trade." Ministers submit that such wilfully misleading statements disentitle the memorialists to any consideration. The contract does not purport even to affect the coastal carrying trade, which is as free to the whole world as it has always been in the history of this Colony. Coastal steamers have been employed for many years to carry mails and passengers for subsidies granted for a term of years; and by the new contract, a better and cheaper system of steam boat communication than the Colony has ever possessed has been arranged for, but this does not affect the coastal carrying trade, which is conducted chiefly in sailing vessels.

With reference to the letter of the Right Honourable the Secretary of State for the Colonies, dated March 23rd, 1898, and to various comments made therein:—

(a) It is incorrect, and very, very far from the actual fact, that "under this contract (1898) 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." A glance at the contract of 1898 will show that one-half of all the land along the line of railway, and as much of the other half as the Contractor may reject as being marsh or barren, remains the property of the Colony, to be rendered more and more valuable by the enterprise of the Contractor or his successors on adjacent lands belonging to him or them. The total area of the Colony is 27,000,000 acres, of which 3,500,000 acres may be considered as lakes, ponds, &c., 500,000 acres as granted to various persons (not including land covered by timber licenses), leaving 23,000,000 acres from which to select the 3,500,000 acres to be granted to the Contractor under the two contracts 1893 and 1898. In addition, the area of Newfoundland Labrador, in which the Contractor may take some of his land, may be estimated at 70,000,000 acres.

(b) The contract of 1893 granted the contractor about 2,500,000 acres for operating the railway for seven years from its completion; not for "constructing" the railway. A glance will show that under that contract, the contractor would probably have procured all or almost all the good land along the line of railway for a depth of 8 miles on both sides. By a provision in the new contract, the contractor will obtain less of this land out of the larger total than he would have procured under the 1893 contract. Attention is especially called to the fact that in making the new contract, the then existing situation was the paramount consideration—not theoretical doctrines—and that the situation was this—that after seven years, with all the good land along the railway in the hands of the contractor, the total cost of operating the railway to develop those lands—a cost far greater than the revenue of the railway—would have fallen upon the Colony. It was necessary to provide, therefore, that the cost of operating the railway should fall upon the man who should own so much of the land. The Legislature had in 1898 to deal with things as they were—not as they might have been.

2. As to the telegraphs, it should be borne in mind that these were only, as it were, additions to the Anglo-American Company's system in this Colony, built by the Colony from time to time because the Company would not construct and operate them. They were never remunerative to the Colony, the expenditure upon their operation annually exceeding the income from them by 200 per cent. or more. A portion was already under the control of the contractor, under the contract of 1893. By the contract of 1898, the system of Government lines was consolidated, and a saving made by the Colony in the annual cost. It must be borne in mind that in this Colony—in North America, indeed—Governmental control of telegraphs is an anomaly, an accident, not part of a considered policy. All American or Canadian telegraphs are operated by companies, and nine-tenths

of the telegraph work of this Colony is done, and will continue to be done, by the Anglo-American Company. It was, furthermore, almost essential that the person operating the railway should also operate the general telegraphs, as the telegraph line for railway purposes is part of the system for general purposes.

3. We are at a loss to understand what is meant by the statement that "the postal service" is transferred to the Contractor. He has been given a contract to carry mails by various steamers, and by the contract of 1893 he was subsidized to carry mails by railway, as a matter of course, but he has not been given any control whatever over the postal service itself. Mails in this Colony have all along been carried by sea in steam boats under long time contracts, and the contract with Mr. Reid differs merely in this, that it is for a longer time than usual, for a better service, and for a cheaper rate. It is not exclusive—not a monopoly—and the Colony can employ other carriers when it pleases.

4. "Local sea communication" is a misleading phrase, when applied to the conditions of the contract as to "local steam communication." It is, perhaps, necessary to explain that the railway line passes by the heads of the great bays at places remote to the settlements in which the people reside, which places were formerly reached by sea in steamers known as "Coastal boats"; subsidized under long time contracts. This system of coastal boats has now been abandoned, in favor of a system of bay boats, connected with the railway system, and really a part thereof, extending to remote sections of the Colony the benefits conferred by the railway. This system of bay boats was essential to the railway; it was necessary to subsidize them, which was done by paying them for carrying mails, and, therefore, it is apparent that local steam communication and carrying the mails were matters concerning which it was essential that a contract should be made with the contractor for operating the railway.

5. The dry dock in St. John's was leased in 1890 to a local company. The interest on the amount for which the dock has been sold to contractor Reid is more than the annual rental previously received. The dock is built of wood, and likely to need considerable repairs in a few years. It is convenient as a railway terminus; in a contracted Harbour it is the only really good site for such a terminus. Its preferential use for Her Majesty's ships of war, and for Governmental purposes, has been reserved. The Colony is fortunate in getting rid of its care and expense. Such docks, when for commercial purposes only, are private concerns usually on this side of the Atlantic.

6. It is wholly incorrect to say "The colony is divested for ever of any control over, or power of influencing, its own development," and equally incorrect to say that the Colony is divested of "any direct interest in, or direct benefit from, that development." The Colony will for ever control freight rates, which can never exceed a specified maximum. The steamboat contracts are for thirty years only, the subsidy for carrying mails by rail for fifty years only. Half or more of all the land along the line of railway will continue to belong to the Colony, and vast areas elsewhere. The contractor can only profit by promoting development, and development cannot take place without interest and profit, direct and indirect, to the Colony. Only by the sale of its land to speculators, miners, and investors in industrial pursuits could the Colony ever profit from its lands; and now it has for the first time succeeded in vitally interesting a great capitalist in that development, which he must promote for his own financial safety and advantage.

a. It is a mistake—based upon a misconception of facts—to say that the Colony will not have "the guarantee for efficiency and improvement afforded by competition." Rates of freight by sea and land must at all times be controlled in this Colony by the competition of steamers and sailing vessels. In the season of open navigation freight rates are absolutely controlled by the incessant competition of sailing craft. By a condition of the contract it is provided that rates made to meet this competition cannot be increased in the season when navigation is closed. As to the telegraph service, that has never been open to competition here; but by the contract, the rate after 1904 is never to exceed half the present rate. No exclusive right is given to the contractor, and the Anglo-American company will, it is presumed, continue to operate its lines after that date. And generally, as to telegraphs, steamers, and even railways, it should be noted that the Government or private parties are free under the contract to compete where, how, and when they please.

7. The Government cannot concede that operating railways, telegraph, or dry dock, or carrying mail by rail or steamboat, are "functions of a Government," and that they have been "abdicated." Despite all that may be said of state control of these public services, theoretically, it is apparent that, in their initial stages at least, they are beyond the capacity of a small and poor Colony; and, furthermore, that for their successful operation by a Government as public services it is essential that a public spirit should exist such as cannot be found in small Colonies. The Government place upon record their

opinion, based upon observation and experience, that the operation of such public services by a Government tends inevitably to corruption and extravagance, to inefficiency and demoralization ; and that direct governmental operation of railways, in this Colony, would not only be attended by all these evils, but would also result in materially retarding the development of the Colony.

8. With all that has been said of the contractor's energy, capacity, and character, Ministers heartily concur. They do not, however, share in the misgivings as to the contract passing into the hands of persons less capable than contractor Reid, or with less interest in the Colony's development. It is understood that the contract is practically to be carried out under Messrs. William D. and Henry D. Reid—sons of the contractor ; the former of whom has been in charge of the construction of the entire railway, and the latter of whom has from the outset been foremost in the management of the contractor's general business here. These gentlemen propose to settle in the Colony, and to control the carrying out of the contract, and it is pleasant to know that they possess similar qualifications to those which have so justly made their father—contractor Reid—a man of marked importance.

With especial reference to the contention that the railway, telegraph, and dry dock are assets pledged to the Colony's bond-holders resident abroad (mentioned in the Opposition Memorial), it is only necessary to say that the revenue of the Colony is the bond-holders' actual and best security. Within 50 years—during which the contractor will operate the railway for a land subsidy—the operation must cost annually a greater sum than the income will amount to, and by the contract therefore an annual loss to the Colony's revenue is avoided, to the great advantage of the bond-holders.

Within 50 years the bonds of the Colony now floating will have been paid off, and, consequently, in the disposition of the reversionary right of the railway the present bond-holders have no concern. In the meantime their security has been increased, not only contingently by the evasion of a threatened burden on the revenue, but by a decrease in the total debt and interest charge of the Colony, from the appropriation of the purchase money paid by the contractor to the payment of bonds of the Colony now due, and now in course of payment.

In conclusion, Ministers desire to say that they consider the contract is not merely a defensible one, but a great one, a measure of which they are proud, and which they confidently believe will be attended by great benefits to the Colony, and thereby to the empire. They expect marked development of the Colony's resources to result, with advantage to the Colony and its people ; and they can at least most conscientiously add that the contract has from the outset seemed to them to embody the one great opportunity for a long looked for and much needed change in the industrial condition of the Colony.

As a reply to the suggestion made by the Opposition to the effect that an appeal should be made to the electorate upon the policy of this measure, it may be stated that a vacancy in one of the largest and most important districts in the Colony, viz., that of Trinity, has just been filled by the return of the Colonial Secretary, a new and untried candidate in the constituency, without opposition.

J. ALEX. ROBINSON,  
Colonial Secretary.

No. 32.

Mr. CHAMBERLAIN to GOVERNOR SIR H. H. MURRAY.

SIR, Downing Street, June 3, 1898.  
I HAVE the honour to acknowledge the receipt of your despatch of the 30th ultimo,\* transmitting to me the reply of your Ministers to your despatches, to the memorial of the Opposition members, and to my despatch of the 23rd of March,† on the subject of the sale of the Newfoundland Railway, and connected matters.

2. I have not found in this reply any reason to alter my general opinion of the contract made with Mr. Reid, and I notice that in some parts of their reply your Ministers do not quite accurately represent my comments.

\* No. 31.

† No. 26.

3. I observe that in paragraph 7 of their reply your Ministers substantially concur in the main conclusion at which I had arrived in regard to the contract and which was expressed in the 8th paragraph of my despatch and in these circumstances I do not consider that any useful purpose would be served by arguing the matter in detail ; and if the contract should result in the benefits to the colony which your Ministers anticipate, I need scarcely say that such a result will be most welcome to Her Majesty's Government.

4. I have added the reply and this despatch to the papers which are being presented to Parliament.

I have, &c.,

J. CHAMBERLAIN.

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