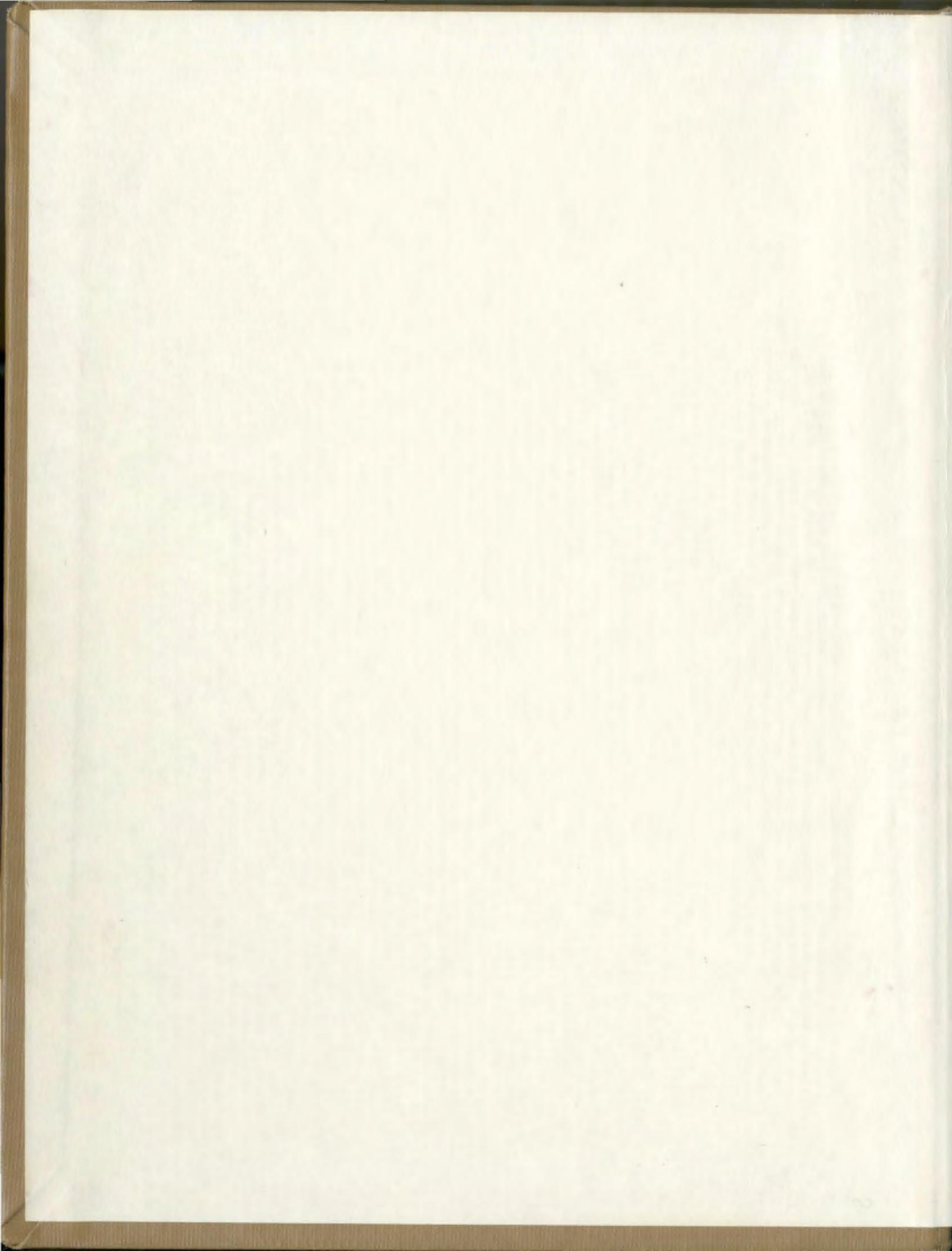


CENTRE FOR NEWFOUNDLAND STUDIES

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Construction  
of the  
Railway  
CARM



c. 2



# THE CONSTRUCTION OF THE NEWFOUNDLAND RAILWAY

1875 - 1898

## ABSTRACT

For hundreds of years after its discovery Newfoundland was a fishing community. The lack of an agricultural hinterland produced an environment of isolation, ignorance, poverty and a credit system which tended to produce a stagnant economy, and which was not conducive to industrial development. However, the pressure of a growing population, concentrated along the shoreline, combined with frequent failures in the fishery, caused widespread distress and hardship in the 1860's. It was under such conditions that the idea of a railway across Newfoundland was first seriously considered. The discovery of minerals and visions of international transportation and communication created an optimistic atmosphere in the Newfoundland Legislature, which led to a railway survey in 1875. The policy of the British Government because of the existence of the French Shore, however, forced the Government to postpone the commencement of construction for three years. The British prevented the construction of a terminus on the French Shore thus making the previous theories of international transportation inapplicable. In 1881 the Government signed a railway contract with the Newfoundland Railway Company for construction of a railway from St. John's to Halls Bay (Green Bay). However, the company declared itself bankrupt when the railway was completed

only as far as Whitbourne, with a branch line to Harbour Grace. Thorburn's administration (1885-89) was more conservative with respect to railway construction. It supervised the construction of a branch to Placentia, but was accused of building it merely to strengthen their majority in the House of Assembly. W.V. Whiteway returned to power in 1889 and in 1890 a contract was signed with R. Reid which provided for a railway from Placentia Junction to Halls Bay. In 1893 a new contract was signed with R. Reid which enabled him to continue construction as far as Port aux Basques. Construction was completed in the fall of 1897 and the first train operated over the line in June, 1898. However, the public debt accumulated through railway developments had become the main obstacle to confederation in the 1890's, and was to become the largest single cause of the financial collapse of 1934.

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### ERRATA

The following errors were made in the numbering of pages:

- (1) two pages both numbered 87  
(distinguished as 87a and 87b)
- (2) there is no page numbered 113.

## PREFACE

The construction of the Newfoundland Railway permeated Newfoundland politics during the final quarter of the nineteenth century. There has so far been little research with regard to the topic although it has had a profound effect upon the Island's destiny. No history of the building of the railway in Newfoundland has hitherto been written. This thesis, while presenting a chronological account of the building of the railway, is an attempt to discover and assess the effect of the various factors which brought about this great and expensive undertaking. It seeks to discover the relative importance of such elements in the situation as: the contracts, the French Shore, the opposition of particular social groups, the role of politics in certain developments, and particularly the attitudes of successive governments.

The year 1875 was chosen as a starting point because in that year the Legislature authorized the Government to carry out a survey to determine the possibility of constructing a railway across Newfoundland. 1898 is a natural closing point because in June of that year the first train operated over the line from St. John's to Port-aux-Basques. The findings of this thesis are based almost solely on official correspondence, consulted in the Newfoundland Archives and the University Library, Journals of the House of Assembly and of the Legislative Council, respectively, newspaper files located at the Gosling Memorial Library, St. John's.

I wish to acknowledge my gratitude to the Canada Council for awarding two pre-Master's Fellowships, without which I would not have been able to afford the time required to carry out my research and write this monograph. I would also like to thank the Librarians and staff at the University and the Gosling Memorial Libraries, respectively, who assisted me whenever possible in conducting my research. This thesis was prepared at Memorial University of Newfoundland under the supervision of Dr. G.O. Rothney.

Frank Cram,  
Memorial University of Newfoundland  
St. John's  
10, March, 1961.

## ABBREVIATIONS

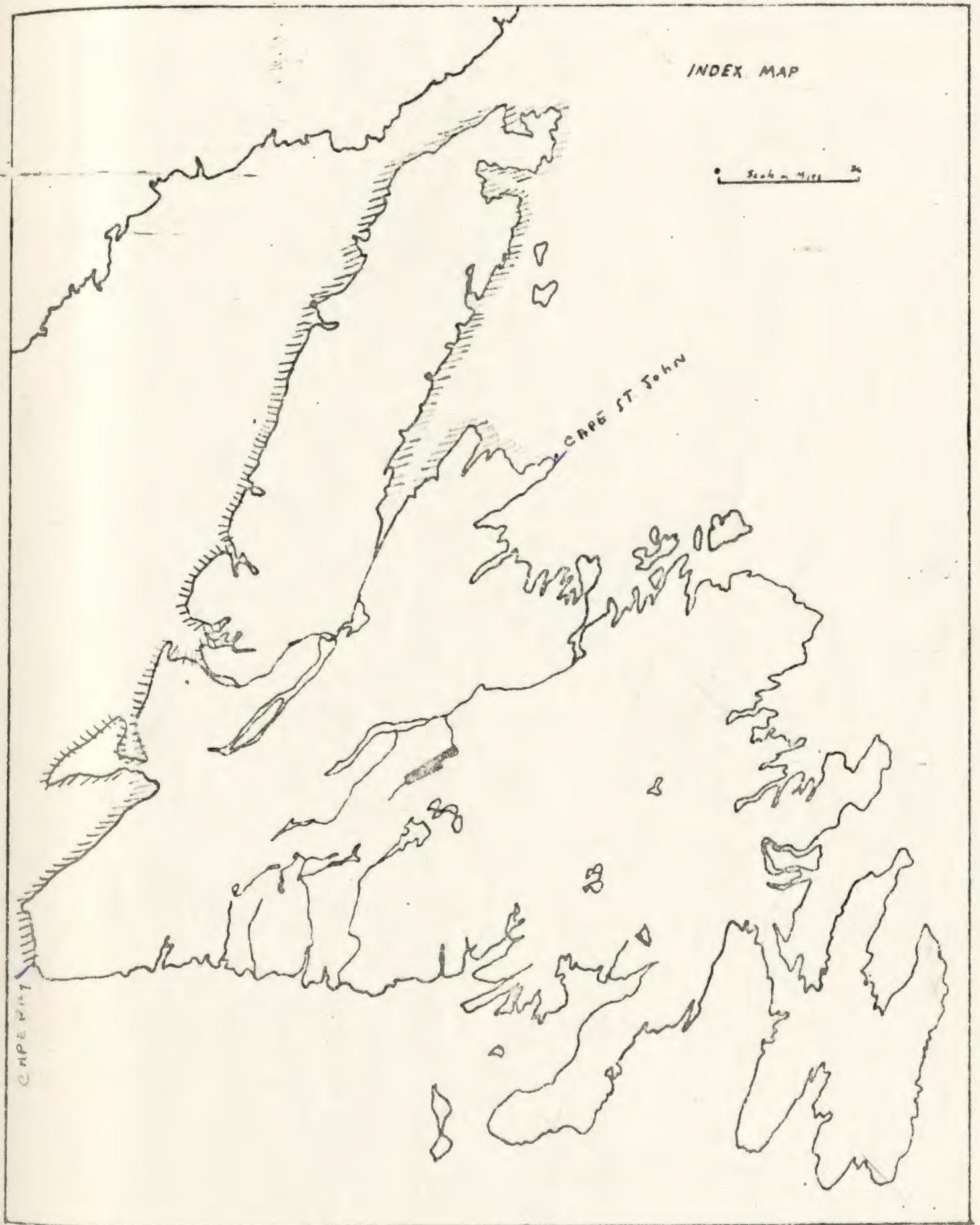
C.O. - Records in the Colonial Office series, Public  
Record Office, London, England.

N.A. - Newfoundland Archives, St. John's.

### Note

In order to assist the reader in identifying places and people referred to in this monograph, the name of the district in which a locality was located or which a person represented in the Legislature is frequently inserted in parenthesis. These electoral districts are not exactly the same as those existing today, but the inserted map will be sufficient for identification purposes.





FIGURE

The FRENCH SHORE AS IT EXISTED  
DURING THE PERIOD OF THE 18th C.

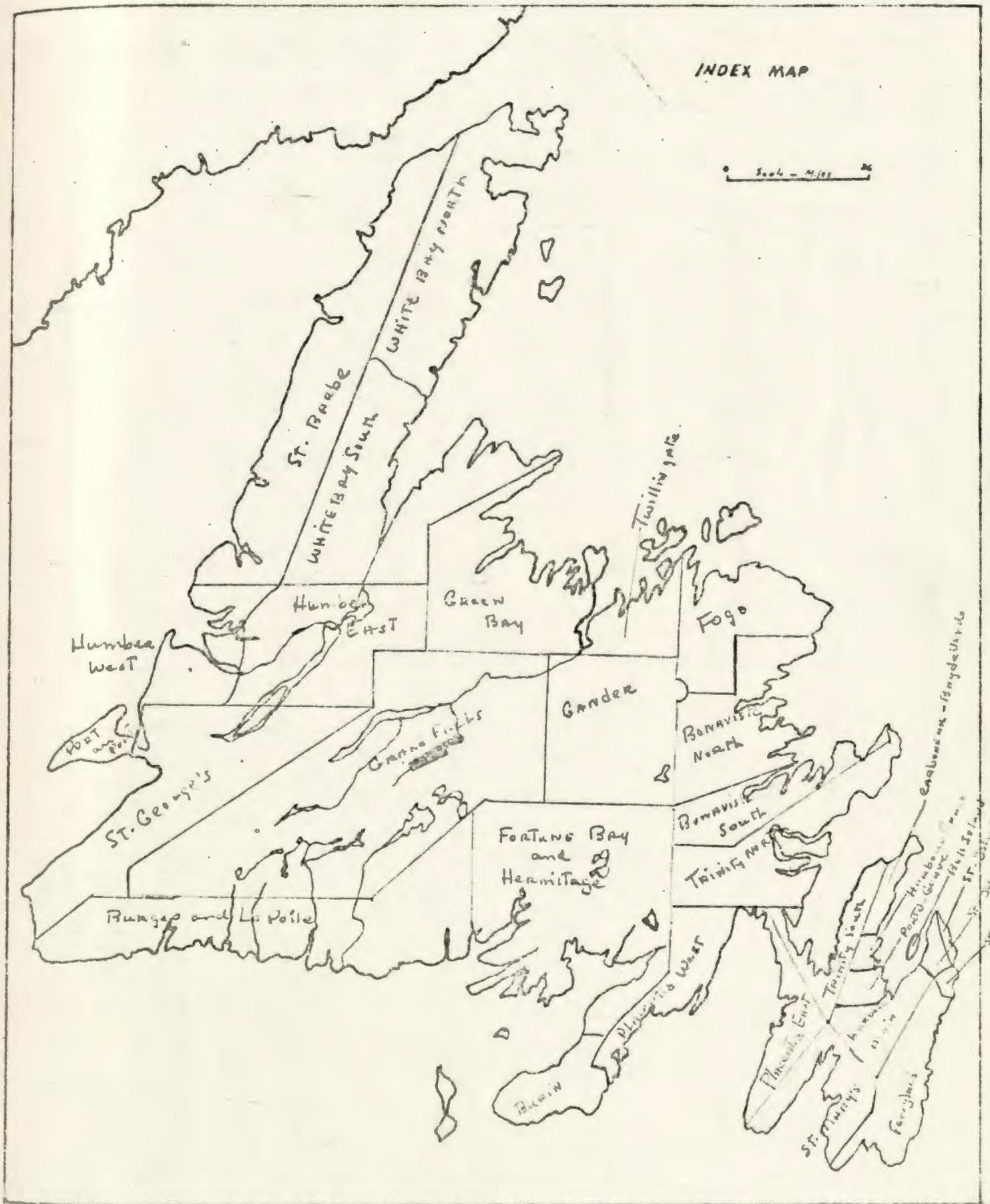


FIGURE Electronic Districts of Newfoundland  
(Provincial - 1960)

## CHAPTER I

### THE FIRST STEP-1875

The decision to build a railway across Newfoundland had as much indirect effect on the future of the island as had any previous decision made in the Newfoundland Legislature. The idea had already been disseminated by 1865 that a railway across Newfoundland from St. John's to St. George's Bay, as part of a great North American system, would afford the greatest facilities for establishing the shortest route of intercontinental communication between Europe and America. The subject had been discussed at some length by Sandford Fleming, the engineer entrusted with the building of the Intercolonial Railway between Nova Scotia and Lower Canada, in an appendix to a report which he had submitted to the Government of Canada.<sup>1</sup>

During the 1860's negotiations for Confederation had begun between the colonies of British North America. Nova Scotia and New Brunswick refused to be drawn into the union unless the proposed Intercolonial Railway linking Halifax with her Canadian hinterland was built. This was specifically provided for in 1867 by Section 145 of the British North America Act.<sup>2</sup> In 1871 British Columbia became a member of the federation with a similar understanding -- that a railway would be completed within a specified period which would link the newly formed province with the remainder of the country.

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1. C.O. 184/174. Musgrave to Cardwell, November 24, 1865. No. 12278.

2. Revised Statutes of Canada, 1952, VI, 91.

In 1873 Prince Edward Island joined the Dominion with the guarantee that a regular ferry service, linking her own railway with the growing railway system on the Canadian mainland, would be maintained.<sup>3</sup> Newfoundland during this period showed no real interest in railway building, and had rejected a possible source of capital for such a project when the voters in a general election held in 1869, had decided to continue their independent course rather than become politically tied to Canada. However, eight years after the British North America Act was passed and four years after British Columbia had made her decision on the issue, Newfoundland was making plans of her own for a railway across the island. The events described in this chapter will show how this change in attitude evolved.

In order fully to understand railway developments in Newfoundland during the 1870's it is necessary to consider previous conditions in the island as a result of which the population depended almost entirely on one source of income -- the fishery. In order to promote the fishery Britain's policy for many decades had been to keep the island as free from permanent settlement as possible. Governor Mark Milbanke, in 1789, had issued a proclamation which stated that:

His Majesty . . . has been pleased to command me not to suffer any buildings to be erected; except . . . such erections as shall be absolutely necessary for curing, salting, drying and husbanding of Fish . . . and . . . in case any buildings . . . should clearly appear to me to be a nuisance to the fishery the same shall be removed.<sup>4</sup>

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3. Ibid., 150

4. Colonial Records, 1789-1792, (N.A.) Proclamation by Governor M. Milbanke, 1789.

This long established policy, although not rigidly enforced, continued to exist until the early nineteenth century. Prior to 1824, however, the main reason for the island remaining underdeveloped was the rudimentary state of civil government which existed. This, combined with the interior barrenness of the island, was sufficient to keep the inhabitants scattered in isolated coves around the coastline. The traditional dependence on the sea had been so firmly established in Newfoundland that even as late as the 1930's the majority of the population continued to depend solely on the fishery for their survival.

The 1860's, however, were troubled times in Newfoundland. The population of the island had been rapidly increasing from approximately 58,000 in 1836 to 122,638 in 1857 and to 146,536 by 1869.<sup>5</sup> The total production of fish and fish products increased very little, the annual catch from 1840 to 1862 having been approximately one million quintals,<sup>6</sup> thus causing a drastic reduction in the per capita returns. The continuous failure of the fisheries during the early 1860's caused the applicants for relief to be so numerous that before long nearly a third of the entire revenue was being used for "dole" allowances.<sup>7</sup>

Although in Newfoundland the 1860's were mostly years of depression, because of the dependence on a one-crop economy,

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5. Abstract Census and Return of the Population &c of Newfoundland, 1836, 1857 and 1869.

6. Joseph Hatten and Moses Harvey, Newfoundland: The Oldest British Colony (London: Chapman and Hall, Limited, 1883) 117.

7. Ibid., 115-6

there appeared a faint ray of hope for future prosperity. In 1857 Smith Mackay had discovered copper ore at Tilt Cove in Green Bay. This mine was worked for the first time in 1864, and by 1879 it had yielded 50,000 tons of copper valued at \$1,572,154.00 and nickel valued at \$32,740.00.<sup>8</sup> The discovery of valuable minerals on Newfoundland's coastline caused considerable excitement and an immediate curiosity as to what secrets the unknown interior, if properly examined, could divulge. In 1864 the Newfoundland Government asked Sir William Logan, a Canadian geologist, to come to the colony and carry out a geological survey. Logan was unavailable but he nominated Alexander Murray, who had been his assistant for twenty years,<sup>9</sup> to take charge of the work.

Murray came to Newfoundland on May 31, 1864, and while waiting for the schooner, "A.M.W.", of Harbour Grace, to be refitted for his expedition to Notre Dame and Green Bays he explored the area around the capital. The survey party left St. John's on June 23 and proceeded to Green Bay, where, on June 30, the examination was begun in earnest at Terra Nova mine, in Little Bay, and was continued throughout northern Newfoundland until October 3, 1864.<sup>10</sup> Murray wrote a detailed report to Logan describing the geological formations in

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8. Moses Harvey, Newfoundland as it is in 1894 (St. John's, N.F. J.W. Withers, Queen's Printer, 1894) 47  
 9. Ibid., 46  
 10. A. Murray and J.P. Howley, Geological Survey of Newfoundland (London: Edward Stanford, 55 Charing Cross, S.W., 1871) Murray to Logan, April 11, 1865. p.4

11

Newfoundland and the potential there. Year by year Murray endeavoured systematically to survey the whole island and each report that he submitted revealed discoveries which contributed to a new feeling of optimism throughout Newfoundland. For the first time the resources and capabilities of the country were "examined and reported on by competent scientific men whose statements were thoroughly reliable".<sup>12</sup> Now that the people could discover the truth about their island home they gradually became aware of the rich forest lands and fertile valleys which lay ready for exploitation. According to Moses Harvey, a Presbyterian clergyman and amateur historian, who lived in Newfoundland during this era, the citizens of the colony began to ask themselves why they should live forever along the coast, depending on a precarious subsistence, when their huge territory of 42,000 square miles contained so much unexploited wealth?<sup>13</sup>

Slowly the idea of building a railway, which could be used to open up the country and thus help to support the rapidly increasing population, began to be formulated in the minds of some of Newfoundland's leading men. In 1868, during the Administration of F.B.T. Carter, who had formed a coalition of Roman Catholic Liberals and Protestant Conservatives in 1865, the House of Assembly resolved itself into a committee

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11. This report consists of 47 pages and gives a detailed description of the following geological formations:  
 1. Laurentian 2. Potsdam Group 3. Quebec Group 4. Upper Silurian  
 5. Devonian

12. Harvey, Newfoundland as it is in 1894, pp. 46-7

13. Ibid., 46

of the whole to discuss the question of constructing a rail-  
 way from St. John's to St. George's Bay. It adopted a  
 resolution stating that "in the event of a bona fide Company  
 being organized, and the said work entered on, to the satis-  
 faction of the Government of this Colony, within two years  
 from the first June next, the said Company shall be entitled  
 to receive grants in fee of the land on which the said line  
 of Railway is to be built, and also grants to the extent of  
 five miles on each side of said line, together with the Timber  
 and Minerals that may be found on or in the same." This  
 resolution was passed by the Legislative Council without  
 amendment, but no company came forward and the Carter Govern-  
 ment made no attempt to promote the project. That same year,  
 however, further interest in a Newfoundland railway was shown  
 by Sandford Fleming, who was then in charge of the construction  
 of the Intercolonial Railway. He sent Walter Bellairs, Esq.  
 to make a survey from the east to the west of Newfoundland  
 in order to ascertain what capabilities its interior contained  
 for the construction of a railway.

It would seem rather contradictory that Newfoundland,  
 being aware of the optimistic predictions regarding her  
 resources, should reject Confederation and the opportunity to  
 develop her forest and mineral wealth. Although the Newfound-  
 land Government entered into negotiations for Confederation

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14. Journal of the Assembly, April 27, 1868. n. 122  
 15. Ibid., 122-3  
 16. Journal of the Council, April 28, 1868. nn. 72-3  
 17. James Murphy, A Century of Events in Newfoundland  
 (compiled and published by J. Murphy, St. John's: October, 1924)  
 11. This apparently was a private venture by Sandford Fleming.

the emphasis was put on a coastal steam service and steam connections with Canada and Britain, rather than on aid for railway construction. Despite promises to this effect the pull of the Canadian mainland was not yet strong enough to change the course of Newfoundland's history. In the general election, held in 1869, the majority voted to remain independent of the rest of British North America. Successful fishery seasons in the early 1870's strengthened the Government's financial position, thus bringing the momentary gravitation towards the mainland to a halt.

The interest in railway building continued to prevail amongst some men. Their optimism was increased when the views of Sandford Fleming, who was later appointed Engineer-in-Chief to carry on the Canadian Pacific Railway survey (1871-80), became known. Fleming had published a paper regarding the possibility of a railway across the island. He maintained that the project would not be merely a local scheme for the development of the colony, but rather, it would be an important link in what Fleming believed to be the shortest and safest travel-route between America and England. The route in his opinion would be safer because it would avoid the fog-shrouded shores of southern Newfoundland, and frequent loss of shipping in the area. Fleming suggested that a fast line of steamers should sail the North Atlantic from Valentia, Ireland, to St. John's, Newfoundland, carrying only passengers, mail and light express matter. From St. John's he proposed that a railway be built to St. George's Bay where it would connect with another swift line of steamers to Shinogon, New Brunswick,

on the Bay of Chaleur. At this point the passengers could connect with Canadian or American railways and proceed to their destinations, anywhere on the continent. According to his calculations the ocean passage would not take over four days and a person could travel from London to New York in <sup>18</sup> seven days.

Newfoundlanders were unaccustomed to projects of such magnitude as the responsibility of building a railway across the island. A few years previous the majority would have shrunk from the proposal as a mere vision and out of the reach of a handful of people scattered around 6,000 miles of rugged <sup>19</sup> coastline. However, now that they had been made aware of the unexploited resources in the interior of the island, the continued postponement of railway development in Newfoundland would be difficult to imagine even though the view taken by the Legislature was far too optimistic and the results which they promised were never achieved.

During the period from 1869 to 1874 the anti-confederates, led by C.F. Bennett, were in control. They made no effort to promote railway development in Newfoundland. This negative approach to the railway project was probably adopted because a railway might mean connections with Canada and a step towards Confederation. However, the publication of Fleming's views and the continued geological surveys of Alexander Murray, renewed the railway hopes of P.B.T. Carter. When he resumed control of the Government the first definite move towards

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18. C.O. '94/174. Musgrave to Cardwell, No.12278.

19. Halton and Harvey, op. cit., 121.

railway construction in Newfoundland occurred; the initial resolutions regarding a railway across Newfoundland had been passed during his first term of office. Governor Stephen Hill in the Speech from the Throne at the opening of the Newfoundland Legislature in 1875 announced the Government's intention of planning a railway to the west coast, in the following words:

The period appears to have arrived when a question which has for some time engaged public discussion, viz: the construction of a Railway across the island to St. George's Bay, should receive a practical solution. Independently of the benefits to flow from opening up the great resources of the interior of Newfoundland to the industry of its people, there is a well-founded expectation that a line of Railway would attract to our shores the mail and passenger traffic of the Atlantic, for which this Island would afford the safest and most expeditious route between the Eastern and Western Hemispheres; and thus would be secured those vast commercial advantages which our geographical position manifestly entitles us to command. As a preliminary to this object, a proposition will be submitted to you for a thorough survey to ascertain the most eligible line, and with a view to the further inquiry whether the Colony does not possess within itself the means of inducing capitalists to undertake this great enterprise of progress. 21

Robert Alexander, a Government supporter representing Fortune Bay, speaking on the motion for an Address in reply to the Speech from the Throne, described in glowing terms the advantages which he was certain would come to Newfoundland from such a project. He explained that such an idea would have been premature a few years previous but said that:

Year by year, we have witnessed the gradual dissipation of that sceticism regarding the practicability of this enterprise . . . and the project is now viewed as presenting only such obstacles as can readily be surmounted by the ordinary appliances of practical engineering. 22

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20. Supra.

21. Journal of the Assembly, February 4, 1875. p. 45

22. The Public Ledger, February 6, 1875. Proceedings of the Assembly, February 4, 1875.

The Opposition papers, The Morning Chronicle and The Courier, in their comments on the Throne Speech were critical in regard to the Government's railway plans. The Morning Chronicle stated that the idea was an old one but until then "no Government has had the temerity to propose that the colony should undertake the responsibility of an enterprise of more than doubtful expediency."<sup>23</sup> It suggested that if, as the Government claimed, the project were essential to world communications, and likewise feasible, some overseas enterprise would have acted upon the idea long before. Its description of the proposition ranged from "absurd" to "reckless in the extreme".<sup>24</sup> The Morning Chronicle concluded its argument with the idea that, if Newfoundland did not become a link in the chain of international communications, the railway would be useless if used merely for local purposes. It prophesied, with some accuracy, that the result would be the saddling of the country with a homeless debt, causing financial ruin, from which Confederation with Canada would be inevitable.<sup>25</sup> The Courier expressed similar arguments against the survey.

The idea of a railway was fast becoming a topic of discussion among the general public. On February 9, 1875, Father Morris delivered a lecture at the Total Abstinence Hall on the railway project. The Public Ledger described the address as a masterly portrayal of the problems involved. Father Morris concluded by

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23. The Morning Chronicle, February 9, 1875.

24. Ibid.

25. Ibid.

expressing the hope . . . that in dealing with the subject political parties would "bury the hatchet" and, forgetting their differences, unite in an earnest endeavour to devise the best means of bringing about the consummation of a project so full of bright hopes for the future of the country. 26

In the House of Assembly there was general agreement among the members that a survey was necessary, if the colony could supply the necessary finances. The debate on the project continued for several days with the Government speakers presenting many forceful arguments, although some of their viewpoints were based on false assumptions. The Solicitor General, Hon. W.V. Whiteway, stated that according to Murray the railway would make accessible 92,162,000 feet of lumber annually for at least one hundred years, with a potential annual value of \$1,842,200.00.<sup>27</sup> Some Opposition members declared that the reference to the proposed railway was simply "a blind" behind which the Government could hide its shortcomings from the people. The Opposition suggested that if a company could be induced to build a railway in Newfoundland it would not accept the survey of the Government, therefore the proposed action would only be a waste of time and money;<sup>28</sup> a point of view which was scarcely logical as presumably a company would desire to have some detailed information on the topography of the island before it would consider any project. The Opposition member for St. John's East, Robert Parsons, stressed the danger of a railway drawing the colony

26. The Public Ledger, February 11, 1875.

27. Ibid., February 20, 1875. Proceedings of the Assembly, February 15, 1875.

28. Ibid., February 16, 1875. Proceedings of the Assembly, February 12, 1875.

into closer connection with Canada. His arguments, however, were mostly emotional, concerning self-government and Newfoundlanders' desire for independence.

The most forceful speech of the Session, newspaper clippings of which were sent to the Colonial Office by Governor Hill, was given in favour of the railway by the Hon. Ambrose Shea (Harbour Grace). Shea, who had led the Liberal Opposition before 1865, but who was now a member of Carter's Government, argued that Newfoundland should never attempt to follow the course of Prince Edward Island, where the Government had undertaken the building of a railway as its direct responsibility, but rather, that it should provide subsidies for foreign capitalists to carry out the undertaking. This was probably the better plan, because of the patronage and inefficiency connected with Government projects at that time. He believed that a monetary appeal to England would be successful due to the probable effect of the railway on mail and passenger service across the Atlantic. Shea stated that the colony could easily afford to pay subsidies because additional revenue from the west coast would soon be within the tax paying limits of the Newfoundland Government, as the franchise was to be extended to that area, and that the increased employment would considerably augment the flow of money through taxation into the Government's coffers. He continued to strengthen the Government's argument by showing that enterprising fishermen from all areas of the island would benefit greatly because

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29. *Ibid.*, February 20, 1875. Proceedings of the Assembly, February 16, 1875.

the valuable herring fisheries of Bonne Bay and Bay of Islands could be accessible to them, by way of the railway, during the months of November and December. The forests would also provide work for thousands of fishermen during the winter season. Shea argued, therefore, that the route of the railway was very important because it should pass through areas which were favourable to settlement, and in such a direction that populated areas could be linked by telegraph along the lines. Shea maintained that if, as the Opposition argued, Confederation could only be forced on the colony by financial embarrassment, then it was more likely to happen if the colony remained in its present state of development than it would under conditions created by a railway. He went on to explain that a failure in the fishery under the existing conditions would inevitably lead to union with Canada. He maintained that a railway would augment employment, create a wider basis of industry and relief from reliance solely on the fishery, thus strengthening the colony's independence and allowing it to deal with Confederation as it chose. This prediction by Shea that a railway would prevent Confederation proved true in 1895 but for a totally different reason. It was due to the huge proportion of public debt which had accumulated because of its existence that negotiations for union with Canada broke down in that year. In his argument Shea sometimes lost all sense of perspective in his zeal for the project. He even suggested that much of the labour would have to be imported. (despite the serious work shortage in the colony) which would most likely be drawn from some agricultural community. These labourers would

be ideal settlers and could no doubt be easily induced to settle along the railway line where, in his opinion, land equal to any in North America could be found. These people could then supply the agricultural needs of the island which was then importing annually one million dollars worth of agricultural produce from Nova Scotia.

C.F. Bennett, former Prime Minister and now Leader of the Opposition in the House of Assembly, was the chief critic of the Government both on the floor of the House and in the Press. In a letter to the editor of The Morning Chronicle Bennett endeavoured to show that very little time could be saved in a transatlantic journey by way of Newfoundland. He stated that from Shippegan to St. George's Bay was 200 nautical miles, which would require 18 hours sailing time for a ship making twelve knots. The journey across the island would require  $13\frac{1}{2}$  hours (an underestimation, no doubt) which in addition to loading time in both Newfoundland harbours would reach a total of  $41\frac{1}{2}$  hours. Improvements by mechanization, he admitted, could possibly reduce the journey to  $37\frac{1}{2}$  hours but during that time a ship which had left Shippegan, making 12 knots, and travelling eastward through the Cabot Strait would have travelled 450 nautical miles and would therefore be east of St. John's. He believed that even if some time could be saved, the majority of the passengers would prefer continuing the voyage by boat to the inconvenience of transferring. <sup>31</sup> The

30. C.O. 19b/190. Hill to Carneruon, March 2, 1875. No. 3182, or The Public Ledger, February 23, 1875. Proceedings of the Assembly, February 16, 1875.

31. The Morning Chronicle, February 25, 1875. Bennett to the Editor.

logic of his statements is verified by the fact that this scheme was never implemented.

Some newspapers which normally supported the Government and the idea of a railway survey agreed with Bennett on this point. The Telegraph suggested that if the Government were hopeful of attracting transatlantic traffic through the island they should plan a railway route directly from Trinity Bay to St. George's Bay and not the proposed route from St. John's by way of the heads of the bays on the northeast coast, to the west coast.<sup>32</sup> The Express condemned the circuitous route and declared that very little time could be saved, in a journey from Quebec to Liverpool, even if the most direct route across Newfoundland were utilized.<sup>33</sup>

The Newfoundland Legislature, however, regarded Sandford Fleming's ideas as the absolute truth and the decision in favour of a Government survey to determine the feasibility of constructing a railway across Newfoundland was made by the optimistic legislators. On April 14, 1875, the House resolved itself into a committee of the whole, on the Loan bill, in order to provide \$20,000 to defray the cost of a railway survey across the Island.<sup>34</sup> Similar arguments as had been previously expressed were repeated. An attempt by C.F. Bennett to amend the report of the Committee of the Whole agreeing to the bill was defeated by 19 to 3.<sup>35</sup> On the same day the bill was read a third time.

32. Editorial in The Telegraph, March 3, 1875.

33. Editorial in The Express, March 25, 1875.

34. Journal of the Assembly, April 14, 1875. n. 191.

35. Ibid., 191-2

Newfoundland had experienced a considerable change in attitude in less than a decade. The change did not occur suddenly but occurred gradually during a number of years, mainly as a direct effect of the almost complete dependence on the fishery as a means of subsistence. For several years there had been a relative decline in the fishery production. This decline had occurred because of the rapid increase in the number of people engaged in the industry and because of the increased foreign competition for the salt-fish market. The decision to commence railway planning can be attributed to this situation and to two reasons in particular: the need to provide employment for a rapidly increasing population by laying the basis for a diversified economy, and the fact that there was an optimistic expectation of becoming a major link in a system of world communication and transportation. The first reason proved sound only to the extent that employment was provided by the actual construction of the railway. However, any advantages have to be weighed against the huge amount of public debt which was accumulated as a result of railway construction, and, even sixty years later the majority of the island's population were still dependent on the fishery. The second reason was pure romanticism.

## CHAPTER II

### THE FIRST OBSTACLE: THE FRENCH SHORE

In 1875 the Newfoundland Legislature had decided that there were two main reasons why a railway should be built across Newfoundland -- to develop the island's natural resources and to reap the benefits (quicker mail deliveries, new employment opportunities, tourist travel, and the attraction of permanent settlers) which would be created as the island became important in international transportation and communication. This was the basis for Newfoundland's decision to commence a railway program. However in planning the project the Newfoundland Legislature had disregarded the rights of the French fishermen which had been established on a specific area of the Newfoundland coast by international treaties. This problem was a complex one and was to cause a three year delay in the commencement of railway construction in Newfoundland.

When the Legislature opened on February 3, 1876, Governor Stephen J. Hill informed the Legislature in the Speech from the Throne that the railway survey had been completed, except for fifteen miles, and that Alexander Murray's report gave assurance that the area would present no material obstacles to the construction of a railway.<sup>1</sup> Although Sandford Fleming, the Engineer-in-Chief of the Pacific Railway survey, had not given his personal supervision to the work, the survey had been carried out under his direction. This experienced railway engineer had been requested by the Newfoundland Government,

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1. Journal of the Assembly, February 3, 1876. p.10.

in March, 1875, to carry out the survey. He had, however, because of previous commitments, obtained the services of A.L. Light, an engineer with the Quebec Government, who, after hearing Fleming's views on the project, proceeded to Newfoundland to carry out the Government's proposal. Immediately after he had organized the various surveying parties and had given them detailed instructions, Light had been obliged to return to his duties in Quebec. His intention had been to return to Newfoundland later in 1875 but he had been unable to do so and the responsibility for the completion of the railway survey had fallen on the shoulders of Alexander Murray, whose familiarity with the Newfoundland interior made him well qualified for the task.<sup>2</sup> The survey report was detailed, for in addition to geographical data about each section, that is, distances, grades, the required masonry structure and a list of necessary bridges, it commented on the adaptability of the land for lumbering, farming and other occupations and suggested that the greatest advantage to Newfoundland, of a railway, would be in connection with transatlantic traffic.<sup>3</sup>

Railway affairs received considerable attention in the 1876 Session of the Newfoundland Legislature. The survey had cost \$40,000.00, which was \$20,000.00 more than had been voted for it, and the Opposition, led by C.F. Bennett, wanted some positive railway policy in return. The members of the Opposition

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2. Sanford Fleming, Newfoundland Railway: Report of Preliminary Survey and Explorations for 1875 (St. John's: Robert Winter, 1876), Fleming to Shea, April 11, 1875. v-viii

3. Ibid., vii. This report contains the detailed reports of each survey party plus tables for the above items.

were critical of the Carter Government because in carrying out the survey they had permitted so many outsiders to be brought into the island. These men also suggested that the Government were now afraid to carry out the railway scheme because the cost of the survey had indicated that the financial burden of constructing a railway would be overwhelming.<sup>4</sup> These statements however were merely "politicking" by the Opposition because at that time the Government had not seen the report of the 1875 survey.<sup>5</sup> Under such circumstances the Government could scarcely have been expected to make any concrete proposals. Therefore, as the Opposition stated, it was true that the Government had no definite plans for railway building to put forward during that Session. The vague and indecisive reference to railway affairs in the Address in reply to the Speech from the Throne, which was adopted by the House of Assembly on February 21, 1876, is evidence of this:

The accomplishment of the important work of the Railway Survey, authorized by the Act of last session, and the favourable accounts given by the Surveyors as to the feasibility of carrying on the work, will, we trust, lead to a speedy undertaking of this great enterprise, upon which the future prosperity of the Colony so largely depends. 6

During the Legislative Session of 1876 a somewhat different idea was proposed with regard to railway planning. An Opposition member, John J. Dearin, (St. John's East) moved that a select committee be appointed to inquire into the

4. The Public Ledger, March 7, 1876. Proceedings of the Assembly, February 18, 1876.

5. These reports did not arrive in St. John's until May, 1876: The Morning Chronicle, May 20, 1876.

6. Journal of the Assembly, February 21, 1876. p. 20.

feasibility of constructing a railway between St. John's and Harbour Grace,<sup>7</sup> in preference to the immediate construction of a railway across the island. Dearin was supported in this suggestion by a fellow Opposition member, Maurice Fenelon, (St. John's West) who listed the beneficial effects such a project would have for the residents of Conception Bay. This railway, in their opinion, could eventually become the precursor of a great railway across the island.<sup>8</sup> The committee, consisting of J. Dearin, M. Fenelon, The Surveyor General (John Warren), J. Winter and J. Steer, was appointed immediately<sup>9</sup> and it reported to the House on April 24, 1876.

This committee informed the House that they had sought the opinion of persons who were well qualified to speak intelligently on the subject and they had concluded that such a project should be undertaken. The report listed the advantages of the scheme and set forth a detailed account of the probable cost of and possible returns from such a project. The committee members could not agree on these figures which showed some doubtfulness as to the practicability of the scheme, even to populated areas. However, they did not submit a minority report.<sup>10</sup> The report was unanimously adopted by the House of Assembly and on April 25, 1876, an Address was presented to the Governor requesting that a survey for such a line be carried out during the coming summer in order to

7. Ibid., March 8, 1876. p. 30.

8. The Public Ledger, March 14, 1876. Proceedings of the Assembly, March 1, 1876.

9. Journal of the Assembly, March 8, 1876. p. 40

10. Ibid., April 24, 1876. pp. 163-168.

provide the information required for the introduction of a bill, during the next Session of the Legislature, for the implementation of these plans.<sup>11</sup> It would have been logical for the Newfoundland Government, having command of only a very small revenue, to have adopted this plan as an experiment. This would have shown the practical results before any vast commitments respecting a 450 mile railway were made when there was no satisfactory means of determining the possible returns.

By April 3, 1876, the Government had produced no concrete proposals regarding a railway across the island. The Opposition maintained that since \$40,000.00 had been spent some tangible results should be forthcoming. C.F. Bennett, a former Premier and now Leader of the Opposition, declared that the Government had been extravagant regarding the 1875 survey because they had spent twice the sum which the Legislature had allocated for the project. Every member of the Opposition spoke in support of their leader. Some of these members wanted to know why, if the Government had seriously intended to endeavour to attract ocean traffic, the survey had been carried out in the form of a huge horseshoe around the island, rather than over a direct route to the west coast.<sup>12</sup> This attack by the Opposition prompted a debate, which lasted for several days, on whether the colony could afford to support a cross-country railway, considering the economic condition in which it found itself. No conclusions were reached.

11. Ibid., April 25, 1876. n. 175.

12. The Public Ledger, April 11, 1876. Proceedings of the Assembly, April 3, 1876.

The survey of the island, however, had quickly attracted attention in other countries. On March 17, 1876, Nicholas Stubber, a resident of 2 Dorset St., Manchester Square, London, had written to Lord Carnarvon, the Secretary of State for the Colonies, concerning a railway through Newfoundland.<sup>13</sup> The Imperial Government had no power to deal directly with such a local matter and on March 23, 1876, Stubber's letter had been forwarded to the Governor of Newfoundland. In this letter to the Imperial Government, Stubber had stated that his proposed route to New York would only require seven days whereas the journey then took from ten to fourteen days. He informed Her Majesty's Government that he would be forming a company to carry out the project and:

I have humbly to request and pray that Her Majesty's Government will be pleased to grant me a concession for making a Railway through Newfoundland with such an amount of land on either side of it for the further remuneration of the Shareholders as Her Majesty's Government may in their discretion think proper.<sup>14</sup>

Stubber had explained that he would only expect these concessions if he were able to complete the railway within a specified period.

Realizing that the Imperial Government could be of little help to him, Stubber had written to the Newfoundland Government on March 26, 1876, explaining his scheme and expressing his astonishment that such a promising undertaking had escaped the attention of British and American capitalists for so long.

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13. Journal of the Assembly, 1876. Earl of Carnarvon to Governor Hill, March 23, 1876. App., 657.

14. Ibid., Nicholas Stubber to the Earl of Carnarvon, March 17, 1876. App., 658.

He stressed the importance of such a scheme to bankers, merchants, traders and the public in general, in the safe delivery of mail.<sup>15</sup> When these letters arrived in Newfoundland the House of Assembly had been prorogued for the year and no legislative decision could be taken at that time. Stubber, waiting patiently in London, had received no official word from the Newfoundland Government by November 9, 1876, but said, in a letter to the Colonial Office, that he had been advised by private letters from gentlemen in Newfoundland, (he does not mention any names), that the concessions which he had requested had been granted. The Colonial Office, however, not having been officially informed of the latest developments<sup>16</sup> in Newfoundland, could offer no assistance.

It would have appeared to a casual observer that the Carter Government, after the Legislature closed in 1876, had little or no interest in having a railway across the island. It had been in correspondence with a person who was interested in such a scheme and who would certainly have attempted to build a railway across Newfoundland, yet, in the Speech from the Throne at the opening of the General Assembly on February 2, 1877, Governor J.H. Glover made no mention whatsoever of the railway project.<sup>17</sup>

The Opposition however seized this opportunity and forced the Government into a discussion of railway policy.

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15. S2, 88 (N.A.) Nicholas Stubber to Newfoundland Government, March 28, 1876.

16. G1, 47 (N.A.) Carnarvon to Governor J.H. Glover, November 21, 1876. No. 86.

17. Journal of the Assembly, February 2, 1877. pp. 11-15.

They continued to complain about the excessive cost of the 1875 survey which as yet had produced no tangible results. J.J. Dearin again attempted to exert persuasive influence on the Government, with regard to their tentative railway plans, by expounding his belief that the population centers of Conception Bay were then in a position to support a railway while, in his opinion, central Newfoundland was not. For the present, he argued, a road should be built northward which could be converted into a railway when the need arose.<sup>18</sup> This would have been a more logical course for the Government to have taken.

In the Legislative Council the Government were asked to explain why such an important project had been omitted from the Throne Speech. The Colonial Secretary, Edward D. Shea, replied that the railway idea still occupied a place in the thoughts of the Government, and that sometime in the future they hoped to be in a position to make a substantive proposition with regard to it. He explained that the Leader of the Government, Attorney General, F.B.T. Carter, had been in London the previous summer and had been in contact with Nicholas Stubber. Carter had been convinced, after questioning Stubber on his views, that this was not the man to carry out such a tremendous task, and he had advised Stubber to get in contact with Alexander Murray but nothing further had developed. This shows caution and judgement on the part of

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18. The Public Ledger, February 20, 1877. Proceedings of the Assembly, February 13, 1877.

F.B.T. Carter which was not evident a few years later in Whiteway's dealings with A.L. Blackman.

The Colonial Secretary then disclosed that the Government had transferred the railway plans, resulting from the survey, to London where they would be more readily accessible to the class of people who would be attracted by such a proposal. According to him these railway plans had been examined by several interested people, amongst whom was Sandford Fleming, who seemed to have a special interest in the Newfoundland project. Fleming, who was in London, wrote to the Executive stating that in his opinion this was not the opportune moment for the project due to various factors operating in financial circles in Great Britain. He had suggested as did the Opposition that for the present a road should be built northward which in the future might be converted into a railway. <sup>19</sup> No further discussion of the railway project took place during the 1877 Session of the Legislature.

It appeared at first that the 1878 Session of the General Assembly would be similar to the two preceding gatherings, as no mention of the railway project was made in the Opening Throne Speech. <sup>20</sup> The Opposition continued to complain about the "useless" railway survey, and J.J. Dearn accused the Government of laying on the shelf a special address, unanimously passed by the House, on the subject of the feasibility of a railway to Harbour Grace simply because it suited their

19. Ibid., March 3, 1877. Proceedings of the Legislative Council, February 15, 1877.

20. Journal of the Assembly, February 7, 1878. pp. 7-10.

purpose to do so. He again argued, giving supporting figures, that a railway to that area, which would open up communication for from 70,000 to 80,000 people, would have sufficient traffic to defray the whole cost of constructing it. Dearin stated that under the existing circumstances the people of Conception Bay were isolated for an average of six months a year due to ice and storms. A railway, he maintained, would eliminate this and make it possible to ensure the immediate delivery of goods, all year around, from the Allan Steamers which called at St. John's, in their journey from Halifax to Liverpool. He stated that at that time delivery of goods from these steamers sometimes took three weeks. Dearin even believed that Topsail, near St. John's on Conception Bay, could be made into a resort area, with the presence of a railway. He then suggested, although this was not carried out, that in the coming election (which was held in the autumn of 1878) no candidate would be returned to represent a Conception Bay District unless he had pledged himself to support the cause of the Harbour Grace Railway.<sup>21</sup>

Later in the 1878 Session the Government did make some definite proposals for a railway, not to Harbour Grace but to St. George's Bay on the West Coast. However, then, as in all previous discussion on railway development in Newfoundland, the local Government seemed to choose to ignore the fact that the French possessed, whether logically or not, certain fishing

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21. The Public Ledger, March 14, 1878. Proceedings of the Assembly, March 1, 1878.

rights on the west coast of the island. The "French Shore" had been a source of discord since the eighteenth century. This source of discord had existed since the Treaty of Utrecht in 1713, when Britain had gained sovereignty over the whole island but had granted to the French fishermen the liberty to dry fish on a specified section of the coast. This specified section was changed somewhat by the Treaty of Versailles in 1783, to extend from Cape St. John, on the east coast, northward around the island and along the entire west coast as far as Cape Ray. The British Government had promised in 1783 to see that the English did not interrupt the French fishermen in the use of the shore, and that any settlements on that part of the coast would be removed. There was to be no permanent settlement on the "French Shore" by either nation. Although these liberties were automatically annulled during the Revolutionary and Napoleonic Wars, they were completely restored by the Treaties of Paris in 1814 and 1815. There were frequent clashes along the French Shore and as a result negotiations were carried on intermittently, but seldom with any success. In 1857 the British had been ready to make several further concessions to the French but bitter resentment in the colony and its refusal to ratify the convention prevented any loss of privileges by Newfoundland fishermen. By 1877, Britain had received some concessions for Newfoundland with regard to the French Shore and she had decided that this was a good time to continue further negotiations with France. The legislative

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22.  
22. R.A. Mackey (Ed.) Newfoundland: Economic, Political and Strategic Studies (Toronto: Oxford University Press, 1946), pp. 275-294.

session of 1878 was certainly an inopportune time to introduce legislation which would inhibit the Imperial Government in its negotiations.

Despite the existing situation, with respect to the French Shore and the warning by Sandford Fleming that conditions in the financial circles of Britain were not conducive to the commencement of the project at that time, the Solicitor General, Hon. W.V. Whitway, (Trinity) presented a set of railway resolutions to the House.<sup>23</sup> It was suggested in this set of resolutions that whereas a survey had proved that no serious physical obstacles would prevent the building of the railway and because it would be part of the shortest route between America and Britain, therefore the colony should aid in such an important international enterprise, while at the same time it would benefit from the opening up of its supposedly rich interior. In order to achieve its aim it was resolved by the House that (1) the Government should grant an annual subsidy of \$120,000 and liberal grants of land to any company which would construct and continue in operation a railway from St. John's to St. George's Bay, (2) the executive should take the necessary steps to attract attention to this offer by the Newfoundland Government, (3) additional surveys for lines of road to open up agricultural areas in the Humber Valley and Grand Lake districts should be carried out, and, (4) a survey should be made for a line to connect Carleton

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23. Journals of the Assembly, April 10, 1878. v. 144.

and Harbour Grace, on Conception Bay, with the main line<sup>24</sup> across the island.

The dedication, which was evident so many times in later years, of W.V. Whiteway to the railway project was clearly demonstrated during the debate on these resolutions. In opening the debate Whiteway declared that he so desired to have the resolutions passed that before making his decision:

he resolved upon bringing this subject before the House as an independent member apart from all Government or party associations, in the exercise of that privilege which he enjoyed as representative of the people of this country. 25

He promised that he would never cease agitating until by some means he attained his desired objective. Whiteway then proceeded to challenge the members of the Assembly, and the public in general, by describing the relatively small output of Newfoundland in relation to her natural resources in comparison with the increased production of countries all over the world. He asked the people if they wanted to continue forever importing products from the Maritimes, such as, coal, cattle, cereals and vegetables, which he said they could produce more cheaply at home. In his opinion a railway as the basic means of transportation would be sufficient to attract a flow of capital capable of developing the island. Although he repeated the argument for using the railway as a link in international communications he realized fully the disadvantages, in

24. Ibid., April 11, 1878. pp. 149-50.

25. The Public Ledger, May 4, 1878. Proceedings of the Assembly, April 10, 1878.

springtime, of Newfoundland's ice-bound shores and the problem of transference. Whiteway however was convinced that the assurance of a safer route, in addition to a shorter overall journey, would attract sufficient traffic to make the plan economically feasible. Great Britain, he reminded the House, had given grants to Canada to help build her railways, therefore, she would probably help Newfoundland, her "oldest possession", and, as Europe and America would also benefit they might be willing to make contributions if the colony would take the initiative. This could be done by offering an annual subsidy of \$120,000.00 in order to attract interested parties. Whiteway concluded his argument by listing products then being imported into Newfoundland which he maintained could be exported by the colony if a railway were suitably located. <sup>26</sup> In later years it can be seen that some of Whiteway's arguments were based on assumptions or theory which have since been proved false, but nevertheless it was provocative and stimulating. His speech challenged each member of the House, as a representative of the country, to give the Government his support in their attempt to produce a solution to the island's economic problems.

The next speaker in the debate was J. Dearin, who, although he was an Opposition member and had previously declared that central Newfoundland was not in a position to support a railway, gave Whiteway's proposals whole-hearted

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26. Ibid.

support when he said that he would steal to get the money as he believed the angel recording the deeds would drop tears at the thought and blot the words from the register.<sup>27</sup> Although the Leader of the Opposition continued to argue that time could not be saved by this route, nevertheless most of the members<sup>28</sup> of his party now supported Whiteway.

The Government members, as was to be expected, used almost every conceivable argument in favour of the resolutions. The Speaker, W. Kelligrew, (Twillingate and Fogo) while speaking in the Committee of the whole on the resolutions, gave a detailed description of a wholesome stimulating community life with its improved streets, public buildings, colleges, schools, museums and hospitals. He maintained that this could only be brought about by improving the island's economy which in turn would depend on whether or not a railway were provided as the basis for a diversified economy. His fantastic implication was that if Newfoundland had a railway the other things would materialize as if by magic. No consideration was given to the fact that the Government might be overburdened by such a project<sup>29</sup> and thus be forced to neglect civic development.

The resolutions were unanimously adopted after two days<sup>30</sup> of concentrated debate. According to The Public Ledger, however, C.F. Bennett refused to be a party to the resolutions

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27. Ibid., May 14, 1878. Proceedings of the Assembly, April 10, 1878.  
 28. Ibid., May 17, 1878. Proceedings of the Assembly, April 10, 1878.  
 29. Ibid., May 21, 1878. Proceedings of the Assembly, April 11, 1878.  
 30. Journals of the Assembly, April 11, 1878. p. 150.

because he did not think the financial condition of the colony justified the undertaking.<sup>31</sup>

The Morning Chronicle had been gradually changing its political views and as it became more and more a supporter of the Carter Government it was willing to argue in favour of a railway. However, at this time, it gave its support only to the idea of a railway to the towns on Conception Bay, not to one across the island.<sup>32</sup> The Morning Chronicle also argued that the Halifax Commission Award, 1877, had proportionally lessened the fear of financial ruin, but, it still warned the Government that they should be careful to avoid any policy<sup>33</sup> which might easily carry the country into Confederation.

The executive, although they now had the permission of the local Legislature were still not free to proceed with the project. The French Shore question which the Newfoundland Legislature had so conveniently disregarded was not to be pushed lightly aside at the Colonial Office. Sanford Fleming was in London in June 1878, and he had been authorized by Governor J. Glover, on behalf of the Newfoundland Government, after he had kindly volunteered his services as referee, to state that proposals for a railway system in Newfoundland were to be invited by public advertisement. He also had the responsibility of arranging for the access of interested parties to the railway plans being kept at the Colonial Office.

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31. The Public Ledger, May 24, 1878. Proceedings of the Assembly, April 11, 1878.

32. The Morning Chronicle, April 18, 1878.

33. Ibid., May 30, 1878.

The Imperial Government, however, felt that no advertisements should be published, in order that the French Government should not be alarmed, until Her Majesty's Government were in a position to explain these new plans, with regard to the liberties of the French fishermen.<sup>34</sup> On August 1, 1878, Fleming again wrote to the Colonial Office requesting permission to invite tenders for the construction of a railway in Newfoundland. He enclosed in his letter copies of prepared advertisements to "Contractors and Capitalists", which requested interested parties to submit their own terms and specifications for consideration, as well as a memorandum which stated the aims of the scheme and places where further information could be obtained.<sup>35</sup> The official answer from London, dated August 14, 1878, recommended an indefinite delay because misunderstanding with the French would probably arise if the project were immediately pressed forward by publishing the proposed advertisements.<sup>36</sup>

In the course of the correspondence between Governor J. Glover and the Imperial Government on this subject, the Governor stated that, in his opinion, the Newfoundland Government wished to withdraw from the railway scheme, and that the issue of the French Shore would be a convenient way to place the blame for the failure on Her Majesty's Government.<sup>37</sup> However, there is nothing to indicate that this was true: as a few years later they proceeded with their railway plans in

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34. C.O. 194/196. Sandford Fleming to Sir Michael Hicks Beach, June 24, 1878. No. 7838.

35. C.O. 194/196. Fleming to Hicks Beach, August 1, 1878. No. 9743.

36. C.O. 194/195. Governor J. Glover to Hicks Beach, August 6, 1878. No. 10,031.

37. ibid.

spite of Britain's refusal to help. Whiteway was deeply disappointed by the Imperial Government's decision and he informed them that he had been totally unprepared for such an objection from official sources. He assured the Secretary of State for the Colonies that the resolutions were a clear expression of the opinion of the Legislature. (This convinced the Secretary of State that Governor Glover had formed a wrong impression of Whiteway's Government.) Whiteway rather unreasonably expressed the hope that Her Majesty's Government would not admit that there were grounds for sustaining the French objections to a terminus on their coast. He warned the Colonial Office that if the Imperial Government adopted this principle, the part of the island known as the French Shore would become either solely French or neutral territory, to remain a wilderness. He pleaded with the Imperial Government to consider giving land grants in the area, as they had already granted permission for the appointment of magistrates on the French Shore, so that British subjects might exercise territorial rights necessary for developing mineral and agricultural projects in the area. This attitude of Whiteway was illogical because he knew that the French treaty rights could not be immediately abrogated by the Imperial Government.

Whiteway in his letter of August 21, 1878, to the Colonial Office, enclosed a letter from J. Harrison Ridley, of London, England, who complained that his friends, contractors who were in earnest regarding the Newfoundland railway, could not see

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38. C.O. 191/195. Governor Glover to Hicks Beach, August 22, 1878. No. 11,152.

the plans for the railway, at the Colonial Office, until international difficulties had been settled. According to the letter these contractors were willing to enter into a preliminary contract, with the Newfoundland Government, which would be based upon a perpetual annuity of \$120,000.00 and whatever land the Government decided to grant, and if their engineers, whom they would immediately send to the colony, reported favourably they would be prepared to make the contract definite.

The reply from the Colonial Office, on November 1, 1878, was not encouraging. The Imperial Government argued that the railway project was then only in the preliminary stage and a delay would be less serious then, than at a later date. Sir Michael Hicks Beach, the Secretary of State, explained that Britain had no intention of ceding any territorial rights to France but rather that it was anxiously endeavouring to bring the long-debated problem to a practical solution. Because negotiations were in progress the Imperial Government thought it very important that no hasty action should be taken which might possibly cause some misunderstanding and thus further postpone the date when the Newfoundland Government would have complete control over all the coast of Newfoundland.

Whiteway, on June 18, 1879, made a final appeal to the Colonial Office; not for Britain to revoke her statements regarding the French Shore, but for a subsidy to help the local Government build a railway to develop "one of the most

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39. Ibid.

40. Ibid.

valuable of Her Majesty's Colonies". He maintained that from Newfoundland's brisk economy tremendous wealth was being gained by England, through branch firms located in the colony, and he suggested that the present circumstances, where there were isolated communities and an underdeveloped interior, could be a result of Britain's earlier anti-colonization laws. In his opinion the loyal and energetic people of Newfoundland were pouring wealth into Britain and desired only to solicit a fair consideration.<sup>41</sup>

This time Newfoundland had been ready to go ahead with her railway plans if circumstances had allowed it but the mother country had exercised her power of veto. In Britain the Government, and the Foreign Office in particular, were strongly criticized by the Pall Mall Gazette. Its criticism was based on the fact that a colony could not utilize its natural resources because of the inability of the Foreign Office to solve a very simple international problem.<sup>42</sup> The Gazette, a Liberal paper which later supported Home Rule, however was merely oversimplifying the facts and Britain had no intention of letting Newfoundland's plans for a railway interfere with the opportunity to settle, what she considered, and rightly so, a thorny international problem. Britain's stand was the only logical one because successful negotiations would have brought about a situation in which Newfoundland could have made any plans that she desired. It was this

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<sup>41</sup> C.O. 194/196. Whiteway to Hicks Beach, June 18, 1879. No. 9864.

<sup>42</sup> The Morning Chronicle, November 30, 1878.

decision which brought the colony's plans for speedy development to a standstill until 1881, but only because the colony had ignored the fact of the situation while planning its project.

The Newfoundland Government continued to pretend that the French had no rights in Newfoundland, but nevertheless they were unable to continue with their railway plans. They could no longer argue that a railway across Newfoundland would be a link in world communications, or that it might be possible to attract aid from America and Britain because of the advantages to them of the proposed railway, as it was no longer possible to plan a railway across the island due to the Imperial Government's decision that no terminus could be legally established on the west coast. Half of the Government's argument had been removed and at that time it was difficult to tell whether the Government would proceed any farther. In fact it was three years later before actual construction began.

The Newfoundland Government later severely criticized the Imperial Government for the stand which it had taken on the railway issue. However it would seem that if the Newfoundland Government had seriously considered the problem which they faced, with regard to the French Shore they would have realized, as had Governor A. Musgrave in 1865, that while the old arrangements existed it would be impossible to build a railway to the west coast;<sup>43</sup> and if they had objectively considered the

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<sup>43</sup>. C.O. 194/174. Musgrave to Cardwell, November 24, 1865. No. 12,278.

island's possibilities, with regard to the part it might play in transatlantic transportation, railway development in Newfoundland could have commenced earlier and been more practically planned -- a railway to link St. John's with the population centers on Conception Bay.

## CHAPTER 111

### CONSTRUCTION BEGINS: THE 1881 CONTRACT

The Newfoundland Government's plan for a railway across the island had been delayed because of the existence of the French Shore. This temporary setback should have clearly demonstrated the possibility of unexpected obstacles in carrying out such a scheme. It would have been wise for a country that had had no previous experience with railway construction or operation to have made its plans on a small scale so that practical experience could have been gained. This was especially true when it was somewhat doubtful that the overall results of such a project would be beneficial. However, the Newfoundland Government, led by W.V. Whiteway, were determined, despite one major delay, to build a large scale railway system across the island.

The Newfoundland Legislature opened on February 6, 1879, with the recently re-elected Government in control. In the Throne Speech no mention was made of the railway developments resulting from the plans which had been formulated by the Legislature in the previous session.<sup>1</sup> The British Government's recommendation of indefinite delay concerning the construction of a railway to the west coast had come after the dissolution of the Newfoundland Legislature in 1878. The Opposition, feeling that it was justified in receiving a complete explanation from the

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1. Journal of the Assembly, February 6, 1879, p. 12.

executive, demanded to know why a subject which was to have revolutionized the country was passed over - unnoticed.<sup>2</sup> One by one the Opposition members attacked the Government because no definite plans for railway construction had been made, especially after the Opposition had supported the Government's resolutions.<sup>3</sup> The speakers from the Government benches, however, at first avoided any reference to the railway situation.

On March 14, 1879, the Hon. Ambrose Shea, in committee of ways and means, explained the official position of the Government. He placed the blame for the delay on the Imperial Government's interpretation of the treaties with France:

No one would have contemplated that the French shore would have come between us and the fruition of our hopes in this most important and desirable project.<sup>4</sup>

A year later the Newfoundland Legislature again debated the possibilities of building a railway for Newfoundland. In the House of Assembly, on March 4, 1880, the Attorney General and Leader of the Government, W.V. Whiteway, gave notice that he would:

move the appointment of a Select Committee to consider and report as to the practicability of constructing a Railway through the Province (sic) of Avalon, upon the basis of the survey made in 1875, with extension to ports in Conception Bay without any increase of our present fiscal charges,

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2. The Public Ledger, February 11, 1879. Proceedings of the Assembly, February 6, 1879.  
 3. Ibid., February 14 to 16, 1879. Proceedings of the Assembly, February 11 and 12.  
 4. Ibid., March 22, 1879. Proceedings of the Assembly, March 14, 1879.

and further to report as to the extension of the said Railway north and west, if within the means of the Colony.<sup>5</sup>

Whiteway stated that in his opinion, with the colony's comparatively light taxation and freedom from debt, the burden of building a line, even as far as the Exploits River in central Newfoundland, would not be of such magnitude as to preclude further study of the suggestion by a committee.<sup>6</sup> One week later a message was sent to the Legislative Council asking that body to appoint a similar committee.<sup>7</sup> This Joint Committee gave serious study to conditions in Newfoundland and produced a report which was favourable to railway advancements in the colony.<sup>8</sup> Although many of the things which were prophesied by this committee were never fulfilled, they deserved repetition because the report was a direct cause of the optimism which prevailed at the time the Newfoundland railway was constructed.

The committee was composed of P.G. Tessier, C.R. Ayre and R. Thorburn from the Legislative Council and Messrs. Shea, Rorke, Little, Kent, Mackay and Whiteway, from the House of Assembly. They reported that the only solution for Newfoundland's pauperism, due to periodic failures in a one-product economy, lay in varied and extensive

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5. Journal of the Assembly, March 4, 1880, p.43.

6. The Public Ledger, March 20, 1880.

7. Journal of the Assembly, March 4, 1880, p. 43.

8. Report, Newfoundland Royal Commission, 1933 (London: His Majesty's Stationery Office, 1933), 19. This report describes the committee's report as containing a reasonable appreciation of the conditions in the island. See Appendix.

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pursuits. The committee regarded a future mining industry in the island as "an established fact" because of the presence of large areas of geological formations similar to those then being worked. It stated that Newfoundland not only had the capacity to develop a large agricultural industry but that it also had a large and growing market. Regarding livestock the committee suggested that as the colony's suppliers could now do better in England, the colony might soon have to depend on its own home supply. The committee was of the opinion that not only could the colony meet its own needs, but, it could even export livestock to Britain if it were properly developed. These elements of wealth did not exist while they continued to be neglected, therefore, the committee maintained that the Government was failing in their duty if they did not provide adequate means of exploitation, and, that this exploitation could be most effectively carried out by means of a railway. These men were well aware of the financial obligations involved in such a scheme but they considered that ample compensation would result from the general improvement in the country's economy. The committee did not look upon the railway per se as an enterprise which would pay, but "as the promotion of the well-being" of a people. It reported that the financial conditions of the colony at the time made it a favourable moment for entering on the project and that it could be undertaken under conditions which would not press unduly on the island's resources. The committee suggested that a narrow gauge

railway would be well adopted to the circumstances in the colony and that it could be constructed at a moderate cost. No survey would be necessary as the survey of 1875 would be sufficient for preliminary purposes. After reporting these findings the committee recommended that the Government pass an Act to raise a loan for the amount required to construct the railway, in sums not exceeding \$500,000.00 per year, and that the Executive Government apply to Her Majesty's Government requesting it to pay the interest on the bonds of the colony for the amount of money necessary to construct the railway. The committee felt sure that a favourable response would follow when the Imperial Government became aware of the sound state of the colony's finances.<sup>9</sup>

In 1880 the public debt of Newfoundland was very small - \$1,350,508.29.<sup>10</sup> The committee's suggestions, although never implemented exactly, were to cause in subsequent years a continuous increase in the public debt which led within a little over half a century to the first voluntary abandonment of responsible government in British colonial history. Although the immediate effects of railway construction were beneficial the long run effect of financing a railway was to be disastrous.

The Newfoundland Government however had a tendency to see only the good and to disregard any other arguments. Whiteway read this report in the House of Assembly and

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<sup>9</sup>. Journal of the Assembly, April 2, 1880, pp. 125-129.  
<sup>10</sup>. Blue Books - Newfoundland Assembly - 1881. (N.A.)  
pp. 40-1.

immediately moved the first reading of a bill for the purpose of raising by loan a sum of money for the construction of a railway in Newfoundland.<sup>11</sup> The bill limited the total amount of money to be raised to \$5,000,000.00 and Hon. A. Shea (Harbour Grace) explained that the bill had stipulations which insured caution on the part of the Government. Shea also maintained that a guarantee of the colony's bonds by the Imperial Government would give a tone to the undertaking which would certainly eliminate problems of financing.<sup>12</sup> Although there was general agreement on the principle of the bill, some members of the House were of the opinion that Newfoundland could not afford it, especially if the Imperial Government did not guarantee the loan. After minor disagreement the bill was unanimously passed by both Houses of the Legislature and received the Royal assent on April 17, 1880.<sup>13</sup> The Newfoundland Government however received another setback when the Imperial Government informed them that after careful consideration they had decided that as the undertaking was strictly of local importance, having no direct effect on Imperial interest, they would be unable to entertain the request by the Newfoundland Government for an Imperial guarantee for the colony's bonds.<sup>14</sup>

However the Newfoundland Government were determined,

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11. Journal of the Assembly, April 7, 1880, p. 138.  
 12. The Public Ledger, April 20, 1880. Proceedings of the Assembly, April 7, 1880.  
 13. Journal of the Assembly, 1880. p. 145, 159, 185.  
 No. 13, June 13, 1880.

despite a first setback in 1876 with regard to the French Shore and the refusal by the Imperial Government to give them monetary aid, to continue with their plans. They were so overwhelmed by a blind optimism concerning the great future of their island that they disregarded the fact that the small Newfoundland population would have to bear the whole cost of the project, and accepted the total responsibility for constructing a railway across the island. It was a tremendous undertaking.

On June 15, 1880, as provided in the Loan bill, Railway Commissioners were appointed and they immediately began inquiries regarding the most efficient means of providing for a survey for the proposed line. They decided on the firm of Knipple and Morris of London, England,<sup>15</sup> and on July 8, 1880, about twenty officers who had been employed to carry out a new railway survey, arrived in St. John's on board the S.S. "Nova Scotia". These men were ready to commence work immediately and they expected to complete the survey in seven weeks.<sup>16</sup> The Opposition immediately complained because in their opinion Newfoundlanders were qualified to carry out the work, if the survey were really necessary.<sup>17</sup>

This survey caused a disturbance in Conception Bay which has been referred to in Newfoundland history as the "Battle of Foxtrap". According to the Ledger a disturbance occurred in the vicinity of Kelligrews, near St. John's on

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15. Journal of the Assembly, 1881, App., 417.  
16. The Public Ledger, July 10, 1880.  
17. The Evening Telegram, July 10, 1880.

Conception Bay, on Saturday, July 24, 1880, between the railway surveyors and the people of the locality. The trouble began because the railway men were passing, of necessity, through the people's vegetable gardens and were thus ruining some of the crops, which, for those families, would probably be the chief source of food for the coming winter. The people objected and the disturbance grew to such proportions that it was necessary for the Government, on Sunday morning, to dispatch Judge Prowse and a posse of police to the scene.<sup>18</sup>

A detailed description of the event was given by The Morning Chronicle. According to this account Judge Prowse was forced to remain in the area for nearly a week in order to protect a party of railway surveyors who were obstructed in their work by threats of violence from the people of the locality. At first the Judge was able to restore order by going quietly amongst the people and explaining to them that their fears were based on false assumptions, that none of their property was to be taken away from them, that if any crops were accidentally destroyed, they would be liberally paid for, and, that if any of their land were required for the railway it would be purchased after a fair evaluation had been made. By repeating this argument in the different communities along the Shore he seemed thoroughly to satisfy the people concerned. After travelling to Holyrood, however, the Judge returned to Foxtrap and Upper Gullies and found crowds of excited men

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18. The Public Ledger. July 27, 1880.

and women threatening violence if the surveyors dared to proceed. These people would not listen to Judge Prowse's reasoning at this time because, they explained, two gentlemen from St. John's had advised them to drive off the surveyors because a railway would mean union with Canada. They had been convinced that such an event would result in their beds being taken for taxes and a toll gate being built outside St. John's, which would force everybody to use the railway. These uneducated people in the area, believed that the red flag used for surveying purposes was the Canadian flag and that once it had been set up and measurements taken. the land could no longer be their own.

The Church of England minister, Rev. Mr. Colley, pleaded with them to listen to reason and Judge Prowse read a letter from their district representative, Joseph Little, hoping to dispel their fears. These efforts were unsuccessful for the people preferred to believe the story which they had heard from the St. John's merchants. The Judge later spoke to the crowd for three hours in an attempt to get permission for the survey party to proceed. His efforts were in vain for as soon as he withdrew from the scene a large mob of men and women, armed with pitchforks, sticks and stones, attacked the party of surveyors and succeeded in carrying off the surveying instruments. The situation gradually became worse and developed into a crisis when six hundred people, some men carrying guns and the women carrying aprons full of stones, gathered at Foxtrap from the surrounding settlements, and worked themselves

into a frenzy. The ringleader, Charles Andrews, was seized by a quick bayonet charge on the part of the police and taken to St. John's. The crowd quickly subsided and the police successfully recovered the surveying instruments and captured the principal people concerned with the theft, although while searching the houses they were met with much foul abuse.<sup>19</sup> Following this, the survey proceeded through the area and was completed without further violence.

The Public Ledger in an editorial about the incident stated that the Government could have easily avoided the disturbance if they had informed the residents that any damage sustained would have been compensated for.<sup>20</sup> In the opinion of the editor, the surveyors should have been forewarned of the character of the people with whom they might come into contact.<sup>21</sup>

The survey having been completed as far as Spread Eagle Rock, in the vicinity of Whitbourne, Trinity South, with a branch line to Harbour Grace and an alternative line to Brigus, and the results tabulated, the Whiteway Government were ready to make concrete proposals during the 1881 Session of the Legislature. In the opening Speech from the Throne the Government announced that they hoped

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19. The Morning Chronical, July 29, 1880. Judge Prowse in his History of Newfoundland contradicts this account in one instance. In a footnote on page 512 he states that there was only one St. John's merchant who had exploited the people's ignorance.

20. The Public Ledger, July 27, 1880.

21. Ibid., July 30, 1880.

to be enabled speedily to place the report of this survey in your hands. Propositions very lately made to the Government by representatives of capitalists for the construction of the Railway are now under consideration, the result of which will be duly communicated to you.<sup>22</sup>

Joseph Little, Opposition member for the district of Harbour Main, in the debate on the motion for an Address in Reply to the Speech from the Throne, accused the Government of being extravagant, of not having consulted public opinion. This drew sharp castigation from the Premier who declared that the Government's action had been above reproach.<sup>23</sup> However, other Opposition members spoke in support of Little.<sup>24</sup>

On February 24, 1881, Premier Whiteway, submitted to the House of Assembly propositions regarding the Newfoundland railway which had been forwarded on February 11, by E.M. Plunkett, representing a group of Canadians, and on February 14, by H.L. Blackman, representing an American Syndicate. These two proposals were somewhat similar. Both propositions stated that the Government must provide the right of way, that they must admit construction and operating materials free of duty, that the Government must give a fee simple grant of 5000 acres of land for each one mile of railway completed and operated, (though Blackman had at first asked for more), and, the Government

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22. Journal of the Assembly, February 17, 1881, p. 11.

23. The Public Ledger, February 22, 1881. Proceedings of the Assembly, February 17, 1881.

24. Ibid., March 1, 1881. Proceedings of the Assembly, February 22, 1881.

would have the right to purchase all property and rights of the company after a lapse of a specified number of years. The Blackman tender insisted that the Government make the necessary provisions to encourage immigration, while Plunkett required that as the railway was completed to the heads of the various bays the Government would provide suitable steamers to bring the traffic to the line. With respect to a monetary subsidy Blackman required that the Government pay \$252,000.00 per annum, to be payable proportionally as the railway was completed and operated in five mile sections, for a thirty-five year period. Plunkett's proposal stated that unless the Government desired to finance the undertaking themselves, or to pay a certain proportion of the cost, the company would guarantee that the colony would not be called upon to assume in any one year more than the following liability - 1881, \$50,000.00; 1882, \$100,000.00, (including previous year); 1883, \$175,000.00; 1884, \$250,000.00 - during which time the company would build the railway as far as the Exploits River.<sup>25</sup> The Government could limit the maximum liability at \$250,000.00 per year, by giving six months notice to the company any time during 1884. Plunkett later agreed to go as far as Halls Bay if his submission were accepted.<sup>26</sup>

Later in the year the Government received another railway

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25. Journal of the Assembly, 1881. Plunkett's proposals. pp. 475-83. Blackman's proposal. pp. 450-2.

26. Ibid., p. 489.

proposal from J.N. Greene, of Saint John, New Brunswick. This proposal was similar in principle to the previous ones and requested an annual subsidy of \$246,000.00 for thirty-four years.<sup>27</sup> However, it received very little consideration in the Newfoundland Legislature.<sup>28</sup>

The Opposition papers immediately began to attack these proposals. The Evening Telegram denounced Plunkett's proposition as being "simply preposterous" and that of Blackman as being similar.<sup>29</sup> Arguments, some emotional and some reasonably valid, such as the following, appeared on its editorial page: the Government would be giving away all the people's valuable land to a foreign company;<sup>30</sup> the Government were about to make an attempt to rob the people of their independence (supposedly a confederation scheme);<sup>31</sup> that all influential people wanted the issue to be debated before the voters and for judgement on the issue to be made by them through a general election;<sup>32</sup> and, an American company already had huge mining grants in the colony, and now the Government would give the Americans control of a railway and more lands, thus placing them in a position where they could control the most valuable portions of the whole island and where by combining companies they could have a damaging effect on the island's future. The Government in order to create this situation would give

27. Ibid., 1881. App., 490-4

28. Ibid., March 23, 1881. p. 76.

29. The Evening Telegram, March 1, 1881.

30. Ibid., March 4, 1881.

31. Ibid., March 5, 1881.

32. Ibid., March 7, 1881.

one third of the colony's revenue for years to come.<sup>33</sup>  
The Evening Telegram had previously published clippings,  
from The Montreal Witness, a temperance and free trade  
paper which was edited by John Dougall and was very  
influential with "evangelicals", warning the public of the  
danger of creating railway monopolies and describing the  
efforts being made in the United States to dissolve such  
associations.<sup>34</sup>

The St. John's Chamber of Commerce also expressed  
their objections to the railway proposals. This caused  
an attack on them by the editor of The Public Ledger, who  
viciously criticised those people whose ancestors had  
"vampirelike" sucked fortunes out of the country and  
then moved silently away.<sup>35</sup>

Despite this opposition from different sources,  
Whiteway presented a set of resolutions before the House  
on March 10, 1881, which stated that if a suitable proposal  
could be obtained the Government should contract with a  
company for the building, maintaining and operation of the  
railway in return for a cash subsidy and land grants. This  
idea was to be substituted for the Railway Act of 1880  
whereby the Government would have taken the total responsibility  
for building, financing and operating the railway.<sup>36</sup>

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33. Ibid., March 9, 1881.

34. Ibid., February 10, 1881.

35. The Public Ledger, March 4, 1881.

36. Ibid., March 11, 1881. Exact copies of the  
Resolutions may be found in the Journal of the Assembly,  
March 24, 1881, pp. 78-80.

The House then resolved itself into a Committee of the whole for the further consideration of the railway propositions. Premier Whiteway, the leading speaker in the debate, attempted to refute the arguments which had emanated from opposition sources. The Premier repeated the standard arguments about the economic decline of the colony which in his opinion could only be solved by industrial development. He also maintained that a railway would help break the strangle hold in which the merchants in Newfoundland held the fishermen because of the credit system. The Premier agreed that the railway would cause a tax increase but that under the circumstances created by it the people would more easily be able to pay taxes. He also agreed that the aim of whichever company should get the contract would be to make money but he suggested that in order to do so it would have to develop the colony, whereby the people would indirectly benefit. Regarding the subsidy, the Premier explained that for the first five years the Government could, if necessary, borrow the money while they let the interest accumulate on the Halifax Fishery Award (\$1,000,000.00), and then after six years the colony could pay off all railway debts. By this date the company would be forced to operate the line in order to receive the subsidy and operating expenses would force the company to exploit the material resources of its land grants and at a moderate estimate the revenue of the colony would increase by 100%. Such a means of financing the railway,

if possible, was never attempted by the Newfoundland Government. Whiteway had set forth a strong, but theoretical, argument in favour of the contract and according to the Ledger he received enthusiastic applause as he resumed his seat.<sup>37</sup>

His theory, however, was never fulfilled by practical events.

During the discussion on the railway resolutions in the House of Assembly, a memorial signed by seventy-five influential people of St. John's, including former Premier C.F. Bennett and several prominent merchants, was presented to the Legislative Council. This memorial stated that as the question had not been submitted to the people in a general election, and as the proposal under consideration was widely different from the 1880 Act, which had referred to the project as "the construction of a railway within the means of the colony and without increase in the fiscal charges", further proceedings with regard to the matter should be postponed until after a general election had been called.<sup>38</sup> The Newfoundland Government, however, were determined to continue immediately.

On March 16, 1881, Whiteway informed the House that there had been important modifications in Blackman's proposal. The Company would now construct the railway for an annual subsidy of \$180,000.00 instead of the original \$252,000.00, and as previously mentioned it would now accept 5,000 acres of land per mile as against the 6,400 acres

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37. Ibid., March 15, 1881. Proceedings of the Assembly, March 10, 1881.

38. Ibid., March 22, 1881. Proceedings of the Council, March 15, 1881.

which had been demanded earlier.<sup>39</sup> This timely offer, which represented a considerable saving, most likely won the contract for the American Blackman Syndicate.

Discussions over the advantages and disadvantages of a narrow gauge railway and arguments over detail resulted in a long drawn-out debate. Both Plunkett and Blackman appeared before the Legislative Council to explain the details of their proposals.<sup>40</sup> Finally resolutions were passed unanimously by both Houses of the Legislature, after minor amendments in the Legislative Council.<sup>41</sup> These resolutions stated that (1) it was more desirable for a company to build and operate the railway than for the Government to do so, (2) Blackman's proposition presented the most favourable basis for a contract, (3) a Joint Committee<sup>42</sup> of both Houses should be appointed to negotiate the terms and details of the contract with the company and if failure resulted the committee would be empowered to invite other tenders, and (4) all action was to be subject to the approval of the Legislature.<sup>43</sup>

The dispatches of Governor J.H. Glover in relation to the railway contract are particularly interesting. He

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39. Ibid., March 22, 1881. Proceedings of the Assembly, March 16, 1881.

40. Ibid., March 31, 1881. Proceedings of the Assembly, March 23, 1881.

41. Journal of the Assembly, April 1, 1881. p.113.

42. Hon. W.V. Whiteaway, Hon. A. Shea, Hon. J. Horke, Messrs Kent, Little and Mackay from the House of Assembly and Messrs Harvey, Tessier and Ayre from the Legislative Council.

43. Journal of the Assembly, March 24, 1881. pp. 79-80.

stated that

the capitalists represented by Mr. Blackman are to a great extent those who compose the Americal Syndicate that have purchased the Betts Cove Mining Company's properties in Newfoundland. ..hose financial position 'a very doubtful one' is described ... in enclosure No. 3.<sup>44</sup>

He suspected whiteway of having strong leanings towards the United States and went on to describe what would be the vast extent of the American holdings in Newfoundland if the railway contract were signed.<sup>45</sup>

Governor Glover later sent clippings, from The Evening Telegram, to the Colonial Office which were an all out attack on Premier whiteway. The article sarcastically described him as honourable, upright and self-sacrificing while simultaneously accusing him of trying to make a final haul out of the taxpayers. It suggested that whiteway was probably acting similarly to a previous occasion when the American Mining Company, of which whiteway coincidently had become a director, had purchased Betts Cove mine for one million dollars and was now going to sell shares for the same property for three million dollars. The article accused the Blackman Syndicate, (it being similar in composition to the Betts Cove Mining Company) of attempting to build a railway to its own mines at the expense of the Newfoundland Government.<sup>46</sup> Although whiteway was a director

<sup>44</sup>. C.O. 194/201. Glover to Kimberley, "Confidential", March 8, 1881. No. 5178.

<sup>45</sup>. Ibid.

<sup>46</sup>. C.O. 194/201. Glover to Kimberley, March 21, 1881. No. 6536.

of the American company operating in the Baie Verte area there is no actual proof to substantiate the accusations of the Telegram.

Another clipping sent to the Colonial Office by Governor Glover was an article by C.F. Bennett, a former Premier and Opposition Leader, which appeared in The Evening Telegram, denouncing the railway project. He maintained that Newfoundlanders, to meet their needs, only required roads leading one mile inland from each settlement. Bennett insisted that as the original reason for the railway (international communications) was no longer applicable, it was now being built, not to accomodate fishermen, as the Government suggested, but to benefit the mining companies in Green Bay.<sup>47</sup> There is no evidence to support this accusation, for in fact the route was later diverted from Green Bay by Whiteway and his associates.

Governor Glover was very suspicious because, according to him, Whiteway, a sympathizer of the United States, had prepared the resolutions unaided. He maintained that Whiteway should be suspected because as a director of the American Mining Company he was automatically interested in the private notions of those against whom it should be his duty to guard native interests. The Governor wrote to the Colonial Office that the Premier's position was resulting

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<sup>47</sup>. Ibid.

in public expression against him.<sup>48</sup> Glover informed Whiteway that his positions as Attorney General and director of a company were incompatible but the Premier replied that under the circumstances he could not withdraw from his business position.<sup>49</sup> The Governor, at the same time, complained to the Imperial Government that he had no disinterested law officers of the crown to advise him on matters of Imperial or local interest in regard to the French Shore or railway issues.<sup>50</sup> However, under Responsible Government the Imperial Government could do very little about this.

Meanwhile, as the Joint Select Committee was negotiating the contract, the Government decided to repeal the 'aliens clause' in the Crown Land Act of Newfoundland. The Governor, who recommended against this, suggested to the Colonial Office that they already had enough trouble with the French without giving more aliens the monopoly of a large portion of the mineral lands.<sup>51</sup> However the Secretary of State for the Colonies, The Earl of Kimberley, advised Governor Glover that as aliens could hold lands in the United Kingdom without restriction he could find no logical reason for recommending disallowance of a similar law in Newfoundland.<sup>52</sup>

48. C.O. 194/201, Glover to Kimberley, March 21, 1881, No. 6536.

49. C.O. 194/201, Glover to Kimberley, March 22, 1881, No. 6537.

50. C.O. 194/201, Glover to Kimberley, April 2, 1881, No. 6543.

51. C.O. 194/201, Glover to Kimberley, March 21, 1881, No. 6535.

52. G2, 3. (N.A.), Kimberley to Glover, "confidential", July 10, 1881.

The Imperial Government even decided, because of the previous inconvenience caused to Newfoundland, that land grants could be made on the French Shore, subject to any rules applicable to the area as a result of the English and French Treaties.<sup>53</sup>

On April 20, 1881, the Joint Select Committee of the Legislative Council and House of Assembly presented a report of their negotiations with the company, which stated that, (1) the company had agreed to extend its branch line to Carbonear in return for a subsidy which would be payable half-yearly during the efficient maintenance and operation of the road - this agreement probably came as a result of a petition from that place listing the advantages of Carbonear over Harbour Grace as a terminus and by the people's threat to vote against the Government in the forthcoming election,<sup>54</sup> (2) ample provision had been made for the Government to reserve the amount of land throughout the island required for fishing and other needs of the people, (3) after thirty-five years the Government would have the power to pre-empt the rights and property of the company, (4) the Government would not be required to advance anything and would cease to pay the subsidy if the company failed to operate the road, (5) road construction was to be completed within five years, (6) wages were to be payable monthly, and, although this was not officially included in the contract, (7) the understanding was given that local labourers

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53. G2, 3. (N.A.) Kimberley to Glover "Confidential" August 26, 1881.

54. The Public Ledger, April 5, 1881.

would be given preference. Because the Government had no risk of outlay, the committee suggested that the company should be left as free as possible from interference or restraint except what was necessary to insure the safety of the travelling public.<sup>55</sup>

That same day a bill to implement the Blackman contract was read for the first time.<sup>56</sup> The bill covered the company's obligations with regard to location, construction, gauge, rails, cross ties, bridging and trestling, masonry and culverts, ballast, stock gaps, rolling stock, operating, mail, time limit for completion and the Government's obligations regarding payment of subsidy, company exemption from taxation, encouragement of immigration and the admission free of duty of all articles used in the construction and maintenance of the railway.<sup>57</sup> The introduction of this bill was followed immediately by the presentation of a Charter of Incorporation. This Charter would set up an elected Board of Directors, of five people or more, who would keep a full and truthful record of all proceedings of the company. The Charter, which would grant to the company the power necessary to carry out the schedule of the railway contract, was for a ninety-nine year existence but would be amended or repealed upon request. It also set forth the limit regarding passenger rates, freight charges, expressed materials and baggage allowances.<sup>58</sup>

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55. Journal of the Assembly, April 20, 1881, pp.161-66.  
 56. Ibid., 166.  
 57. Ibid., 1881, App. 495-508.  
 58. Ibid., App., 509-21.

Debate on the contract was prolonged for a week with every clause receiving considerable attention. Section 'B' was amended so that work was to be commenced within three months from the passage of the bill, or the contract would become null and void through default.<sup>59</sup>

On April 30, 1881, Hon. J.S. Winter, Government member for Burin, moved an amendment, seconded by the Governor General, J. Donnelly, to the motion that the bill be read a third time. They objected because in their opinion the bill was a departure in fundamental and vitally important points from the terms of Blackman's proposal which had been used by the Select Committee as a basis for the contract; the departure from the original was against the interest of the colony and entirely in favour of the contractors; the contract provided no sufficient security for the due performance of the contract by the company, in return for the heavy subsidies and land granted by the colony; accepting the contract would entail certain heavy burdens upon the colony against only speculative advantage; the Charter of Incorporation was a violation of the spirit of all wise legislation, calculated to facilitate fraudulent speculations and defeat the ends of justice; the immediate and unqualified acceptance of the contract would be unjustifiable; and, large and important constituencies away from St. John's which would be greatly

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59. The Public Ledger, April 30, 1881.

affected by the decision had not been given the time to express their opinion in relation to the contract. Therefore, it was suggested, for the purpose of final action a postponed sitting of the Legislature should be held later, at a convenient time.<sup>60</sup> Some of the prophecies expressed in this motion were to be later fulfilled and might have been avoided but the Legislature unhesitatingly defeated the motion, mainly on a party vote, twenty to six.<sup>61</sup>

During the debate a procession, with music and flags, had marched through the city to the House of Assembly to present a petition in support of the railway.<sup>62</sup> Finally on April 30, 1881, the Newfoundland Railway bill was passed by the House of Assembly, by a vote of twenty to six<sup>63</sup> and on May 6 it was passed by a six to four vote, without amendment, by the Legislative Council.<sup>64</sup>

Once the bill had been enacted by the Legislature there were many Newfoundlanders who expected to be employed immediately. Even before the bill became law many people who were in need of work were not willing to engage in the ordinary occupations which were available because of their preference for railway work where they expected higher wages.<sup>65</sup> In fact, Justice Pinsent had to warn the people of Conception Bay, who had planned to quit

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60. Journal of the Assembly, April 30, 1881. pp. 179-80.

61. Ibid., 181.

62. Ibid., April 28, 1881.

63. Journal of the Assembly, April 30, 1881. pp. 181-2

64. Journal of the Council, May 6, 1881. pp. 70

65. C.O. 194/201. Glover to Kimberley, April 24, 1881.

their jobs in order to work on the railway, that employment would not immediately follow the passing of the Railway Act.<sup>66</sup>

Immediately following the passage of the bill several rumours, regarding the financial instability of the company, however, circulated throughout the colony. The Public Ledger, which usually attempted to disprove such rumors, now expressed serious doubt over the ability of the American Syndicate to implement the terms of the contract. The main rumour was that the Syndicate had failed to negotiate its stock in the European markets and therefore would be unable to begin construction within the specified time. The Public Ledger was suspicious as to why a purely American Company, with an entirely American directorate should attempt to float its whole stock on the European market.<sup>67</sup> Therefore it concluded that the two substantive men, of the six who formed the Syndicate, were merely figure-heads and it accepted the rumours, even expressing its regret because the scheme had failed.<sup>68</sup>

The rumours however were without foundation for on August 6, 1881, the money required as a guarantee of security from the Railway Syndicate for completion of the road was deposited in the National Bank of Commerce, New

66. The Evening Telegram, May 10, 1881.

67. One reason might have been that the American State Department had warned American investors not to risk their capital on an enterprise situated on the Treaty Shore. Therefore capital raising for any project in Newfoundland might tend to be difficult. See R.A. Mackay. (ed), Newfoundland: Economic, Diplomatic and Strategic Studies. (Toronto: Oxford University Press, 1946)

68. The Public Ledger, July 15, 1881.

York, to the credit of the Colony.<sup>69</sup> H. Bolland, the Chief-engineer, arrived in St. John's on August 11, 1881, from England and the remainder of the staff were due to arrive from the United States within a few days.<sup>70</sup> Large numbers of men immediately forgot the previous rumours and clamoured for work. Actual railway operations were begun on August 16, 1881, when Mrs. William Whiteway turned the first sod and fifty men were employed, to the rear of Belvedere Cemetery, in central St. John's, opening up grounds for the new track (now Empire Avenue) eastward to King's Bridge near the main docks of the harbour.<sup>71</sup>

The feeling of at least some citizens towards railway building was disclosed when W.V. Whiteway arrived in St. John's, on September 7, 1881. An Address presented to him at this time offered sincere congratulations and stated that:

We have received with deep concern and sincere gratification the efforts put forth by you for its [Newfoundland's] advancement, and in particular the manly energy, independence, and ability displayed by you in initiating and vigorously prosecuting the work of Railway construction in Newfoundland. We assure you that in this grand project, so essential and so certainly calculated to promote all the best interests of our common country, you possess the confidence, sympathy, and hearty cooperation [of] all reflecting men.<sup>72</sup>

The Newfoundland Government, six years after the railway survey of 1875, had finally launched its railway

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69. St. J. (N.A.) Minutes of the Executive Council, September 10, 1881.

70. The Public Ledger, August 12, 1881.

71. The Public Ledger, August 19, 1881.

72. Ibid., September 11, 1881. This Address was signed by H. Monro, M. Harvey, A.M. Mackay, R.T. Parsons, W. Pilot and some others.

project. The Government and the newspapers supporting it had convinced the majority of the Newfoundland people, by their visionary presentation of the island's future, that only good could result from the Blackman railway contract. This, however, was proved to be far from the truth for the Government, in signing the railway contract, did not inquire sufficiently into the background of the company, which was to declare itself bankrupt before one hundred miles of track had been laid. The Government could certainly have exercised more caution in their choice of a contractor and thus have avoided a costly mistake. The failure of the company caused considerable delay in northern expansion and forced the Government finally to buy out the company at a cost of over one and a half million dollars in order that they could effectively use their northern railway which was later constructed. Each year after 1881 the public debt of the island was to continue increasing, mainly as a result of this railway plan and others which succeeded it, until it finally reached a point where the colony could no longer bear its burden and was even forced to give up responsible government.

## CHAPTER IV

### THE FAILURE OF THE NEWFOUNDLAND RAILWAY COMPANY, 1882-1885

In 1881 the Whiteway Government had signed a contract with the Newfoundland Railway Company for the construction of a railway from St. John's to Halls Bay, with a branch line to Harbour Grace and Clarke's Beach or Brigus. However, there had not been a wide selection of contractors to choose from and it remained to be seen whether Blackman's company could faithfully carry out the contract. The Newfoundland Government had already committed a considerable portion of its future revenue to this local railway scheme. The following year, (1882), the Government were again faced with the possibility of becoming a link in the chain of international communication and transportation.

During the 1882 Session of the Legislature Newfoundlanders became aware of a proposed new railway scheme for Newfoundland. A. J. Blackman, on behalf of the Short Line Railway Company, which was composed mainly of the directors of the Newfoundland Railway Company, submitted a proposition for the Government to consider. This proposal stated that the "Great American and European Short Line Railway" was a corporation under a statute recently passed in Nova Scotia, that Nova Scotia strongly approved of the proposal to construct an intercolonial and international railway across their territory to connect with a proposed line to be constructed in Newfoundland, that the company had received some assistance and grants from the Nova Scotia Legislature and assurances of substantial aid from

the Dominion Government, that legislation for money to construct the necessary steamships for the line was in a very forward stage, and that the company had entered into negotiations with connecting lines, which were not specified, for a consolidated traffic arrangement which would ensure a reliable and steady exchange of traffic, capable of sustaining the line once it was established. The proposal continued by stating that as Newfoundland would greatly benefit by the completion of the line, the company urged the Government to assist it, not only in the usual way, with land grants and subsidies, but also by guaranteeing first mortgage bonds, amounting to approximately \$5,000,000.00. In return the company was willing to give the Government satisfactory security for the completion of the railway within four years after the date of commencement.

The company planned that the line would run from some point on the east or south-east coast of Newfoundland to the west or south-west coast of the island. No consideration seems to have been given to French fishing rights on the west coast, despite Britain's policy in 1876, with respect to a cross-country railway. As the directors of the company mostly held positions with the Newfoundland Railway Company also, they requested in their petition to the Newfoundland Government the right to acquire

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1. Journal of the Council. 1882. Blackman to Shea, March 24, 1882. App., 388-9.

by purchase, lease, or amalgamation, any Railway or portion of Railway already projected or constructed, or partially constructed, that may be useful as part of said Railway Line and for other purposes in connection therewith, with all powers necessary therefor. 2

On March 25, 1882, the Colonial Secretary, E.D. Shea, replied to Blackman that the Newfoundland Government fully appreciated the magnitude of the project in which the Short Line Company was about to engage. However, due to weighty claims on their funds, the foremost of these being the obligation to the Newfoundland Railway Company, the Government could not recommend to the Legislature the acceptance of the proposition for the endorsement of the company's bonds. He informed Blackman that the Legislature would be prepared to approve the other concessions which the Short Line Company had requested.<sup>3</sup> Blackman, in an interview with the Executive Council on March 29, 1882, reduced his original request for endorsement of bonds for the proposed "Short Line" to a minimum of \$3,000,000.<sup>4</sup> The Government did not intend to change their decision. They realized that the existing financial burden on the people of Newfoundland was sufficient, without any additional commitments. The Colonial Secretary informed Blackman that despite his reduction in demand the Government could not recommend that the Legislature assume this extra liability.<sup>5</sup>

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2. Ibid., Petition by A.L. Blackman, Esq., and others. App., 626-7.  
 3. Ibid., Shea to Blackman, March 25, 1882. App., 389-90.  
 4. Ibid., Shea to Blackman, April 3, 1882. App., 391.  
 5. Ibid.

It was suggested by some people that the issue should be decided by the electorate. However Whiteway resolved to thrash the issue out in the Legislature. A Select Committee had been appointed on March 7, 1882, and Blackman appeared before it to give evidence. He expounded in considerable detail his company's plans and the potential benefit to Newfoundland of new immigrants who would be attracted, of the agricultural areas on the west coast which would be opened up, of employment to be provided and of anticipated increased Government revenue.<sup>6</sup> Following this appearance Blackman again endeavoured to change the Government's attitude by a long persuasive letter requesting once again that the Government endorse the company's bonds.<sup>7</sup> However, the Legislature refused and Blackman was persuaded to accept a charter whereby the Government would grant to the company 5,000 acres of land per mile of finished railway, admit free of duty all articles used in the construction and maintenance of the railway, grant an exclusive right of traffic to the company for forty years and grant a free roadway where the railway passed through crown lands.<sup>8</sup> The Act to Incorporate the Short Line Railway Company was read a third time on May 6, 1882.<sup>9</sup> The Newfoundland Government had wisely refused to increase further the financial burden of the Newfoundland people.

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6. Journal of the Assembly, 1882. Evidence given by A.I. Blackman before a Select Committee. App., 624-30.  
 7. 52, 124 (N.A.) Blackman to Whiteway. April 13, 1882.  
 8. Statutes of Newfoundland (Law Library) VII, 1877-1882. 45 Victoria can.4.  
 9. Journal of the Assembly, May 6, 1882. p.228.

Blackman accepted the Government's proposal because, according to him, he had already entered into negotiations concerning the line with the Nova Scotian and Dominion Governments, in the belief that Newfoundland would readily respond to the proposals and grant the support requested by the company. To refuse acceptance meant that he would have to withdraw from negotiations elsewhere and therefore he acquiesced in the hope that upon mature reflection the Government would offer further substantial assistance. <sup>10</sup> Actually the Legislature was enthusiastic over the proposal, if the report of the Select Committee can be considered as representing the feeling of the House. This committee expressed their regret that they could not, because of previous financial commitments, recommend a more substantial offer, for in their <sup>11</sup> opinion the idea was worthy of all possible encouragement.

However once again the Newfoundland Government had failed to consider the effect of British policy with respect to the French Shore. Mr. Justice F.B.T. Carter, the Administrator of Newfoundland, forwarded the Acts of the Legislature to the Colonial Office on September 11, 1882. The Colonial Office before recommending royal assent to the Railway Act requested <sup>12</sup> more information concerning the western terminus. Carter wrote the Secretary of State on December 16, 1882, enclosing a letter from A.L. Blackman which stated that a terminus would

10. Ibid., Blackman to Whiteway, April 28, 1882. App., 632-3.

11. Ibid., April 28, 1882. pp.212-216.

12. C.O. 19h/20h. Carter to Kimberly, September 11, 1882. No. 16835.

be erected on the French Shore. Carter, in stating his opinion, said that he felt sure the railway would never be commenced because the new company, being composed chiefly of the same people as was the Newfoundland Railway Company, would be unable to undertake the project because of lack of funds.<sup>13</sup> The Colonial Office was prepared to disallow such a scheme but upon receipt of the Governor's information they decided to "defer the final confirmation of the Act pending the present Newfoundland fishery negotiations".<sup>14</sup> There is no evidence in the available records of the Colonial Office or the Governor's Office to indicate whether or not the Act was finally assented to or disallowed. One thing is certain: the charter was not carried out.

Even one year later, although no work had commenced, some Government supporters were convinced that the project would be successful. On June 2, 1883, The Evening Mercury reported that the project was now regarded as quite within the range of probability and that in the course of time the Blackman route would be consummated link by link and Newfoundland would play an important part in transatlantic travel. This paper quoted Sir Charles Tupper, the Canadian Minister of Railways, as saying, "I think I am in a position to state that whatever work they will engage in they will carry it through".<sup>15</sup> However, the Short Line Company never did start work in Newfoundland.

13. C.O. 194/204. Carter to Kimberley, December 16, 1882. No. 22326.

14. Ibid.

15. The Evening Mercury, June 2, 1883.

Following these decisions on railway policy, Whiteway called a general election in the fall of 1882. The Evening Telegram, the chief organ of the Opposition party, staged a spectacular anti-railway, anti-government campaign. Its arguments ranged from emotional description of terrible railway accidents in some distant country to the fact that the Newfoundland Railway Company was already experiencing financial difficulty. For several months before the November election the Telegram tried to give the impression that nearly everyone in the island would vote against the Government. Carter was also of the opinion that Whiteway would have very strong opposition because of the effect of his railway policy among the mercantile community. However, the election results gave Whiteway a clear mandate to continue with his previous policy.

One direct result of the election was an agreement between the Newfoundland Railway Company and the Government for the extension of the railway from Harbour Grace to Carbonear. The pressure exerted by the people of Carbonear probably brought about this development. Early in 1882 these people had complained because the Government, when planning the Conception Bay railway, had apparently overlooked the important geographical position of their community. On July 25, 1882, at a public meeting held at Carbonear, the people had demanded a definite answer, in writing, regarding the railway extension from Harbour Grace to Carbonear. They had suggested that the Government's decision would play an important part in the

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16. C.O. 194/204. Carter to Kimberly, "Confidential". October 10, 1882. No. 18322.

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coming election. Apparently the Government had promised to comply with these people's wishes for Carbonear had supported Whiteway in the 1882 election.

Their objective was realized on December 16, 1882, when the Government signed a contract with the Newfoundland Railway Company, for the construction of a railway to Carbonear. The Government agreed to pay the company a subsidy of \$5,247.50 per annum for 35 years and to grant in fee simple 5,000 acres of land for each mile of railway completed. The subsidy, however, would not be conditional upon the continuous operation of that portion of the line, if the main line were completed from St. John's to Harbour Grace. If the company failed to complete the main line no subsidy would be paid. Before the contract had been signed the Government had done some grading on the Carbonear line. However, after the agreement was made work was not resumed because of the company's difficulty in obtaining the necessary capital. A further agreement was entered into on May 27, 1884. Even this agreement was not carried out.

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Despite the electorate's overwhelming approval of Whiteway's Government, there was increasing evidence of changing attitudes amongst the general public towards the Newfoundland Railway Company. There was a good reason for this reaction. According to W.J. Croasdale, the Government engineer inspecting the company's work, the progress in

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17. The Evening Telegram, July 26, 1882.  
18. Journal of the Assembly, 1883. The contract for the Carbonear Railway. App., 636-8.  
19. Ibid., 1886. App., 590.

construction was very slow considering the number of men (four hundred) and horses that were employed. The ties that were being laid were too small, spikes were too short, and incompetent people were in charge. <sup>20</sup> It had been nearly five months after construction had commenced before Croasdale would accept the first five miles of track. He did so then only on condition that the company engineers would guarantee that the section would not be a precedent for future works and that culverts would be put in as soon as possible. However, he expressed his confidence in the company's engineer-in-chief, Mason Loomis, who seemed determined to carry out the contract successfully. <sup>21</sup>

The company, as payment for its first five mile section, had chosen six lots of land on the north side of Halls Bay (Green Bay District) and two lots in the interior of the island. The Twillingate Sun complained because the Newfoundland Railway Company had been given land in the Halls Bay area which Newfoundlanders had applied for but could not get. This paper maintained that virtually all land in the area was closed to any poor men who wished to settle there. Local fishermen, it said, were being sacrificed for the benefit of foreigners. <sup>22</sup> Even The Public Ledger, which described itself as strongly pro-railway, admitted that the general public had very little confidence in either the Newfoundland Railway Company or its agents. <sup>23</sup>

20. S.2, 124. (N.A.) Croasdale to the Colonial Secretary, December 12, 1881.

21. Ibid., Croasdale to the Colonial Secretary, December 20, 1881.

22. The Evening Telegram, September 12, 1882.

23. The Public Ledger, May 19, 1882.

On May 2, 1882, the labourers working on the railway had staged a strike for \$1.50 per day because the company had stated that they were the best workers in the world, yet they were being paid very low wages. <sup>24</sup> As a result of this disturbance two railway strikers were sent to jail. <sup>25</sup> Later in the year a deliberate attempt to wreck a train was made when some people tied a chain across the railway track, but fortunately the train smashed it without suffering any damage. <sup>26</sup> However, the increasing violence led to the passing of the Railway Trains Obstruction bill on April 4, 1884. <sup>27</sup> This Act stated that upon conviction an offender was to be imprisoned and condemned to hard labour for a term not exceeding one year. <sup>28</sup>

There was considerable opposition to the Newfoundland Railway Company from two of the three major religious groups in the island also. By mid-summer, 1883, Sunday excursion trains were becoming very popular in the St. John's area. The Newfoundland Conference of the Methodist Church of Canada, at its annual session in Carbonear on July 19, 1883, discussed this question and resolved:

That whereas we have the solemn command in God's Word, to Remember the Sabbath Day to keep it holy and Whereas the managers of the Newfoundland Railway have repeatedly, in opposition to the most enlightened human law, run Excursion Trains on the Lord's Day, very much to the moral detriment of the people, therefore

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24. The Evening Telegram, May 2, 1882.  
 25. Ibid., May 5, 1882.  
 26. Ibid., September 11, 1882.  
 27. Journal of the Council, April 4, 1884. p.50.  
 28. The Consolidated Statutes of Newfoundland (Second series) 1892. Chapter 70, p.664.

Resolved that this Conference hereby enter its SOLEMN PROTEST against this violation of Divine Law, and would most respectfully, but, at the same time, urgently request that His Excellency in Council take such steps, as will lead to the suppression of this evil. 29

The Conference further resolved that a petition be drafted, to this effect, and be signed by as many people as possible. 30

This resolution, which was later accompanied by two petitions from approximately two hundred and sixty-five St. John's residents, was submitted to the Newfoundland Government praying that it would enact such a measure as would effectively carry out the principle of the resolution. 31 The Diocesan Synod of Newfoundland forwarded a similar petition to the Colonial Secretary on July 21, 1883. 32

A copy of each resolution was forwarded to the directors of the Newfoundland Railway Company, who replied that their contract obligated them to provide all the trains necessary for the accommodation of the public, and that they had been repeatedly urged by large numbers of the people in the city, including many prominent and representative men, to run trains on Sunday. The directors maintained that the company had merely complied with the request of the people and that they were not aware that they had violated any law. To accede to the wishes of the petitioners would be depriving a large number of people, of what they considered a public benefit. Therefore

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29. Minutes Newfoundland Conference 1875-84, Minutes of the Newfoundland Conference of the Methodist Church of Canada, 1883. p.36.

30. Ibid.

31. Journal of the Assembly, March 11, 1884. pp.64-8.

32. Ibid., Ann., 781-2.

the directors argued, in their petition to the Government, that any restrictive legislation of the sort proposed would be a violation of their chartered rights.<sup>33</sup>

Undeterred, representatives of two strongly Methodist districts, J. Peters (Burin) and E. Garland (Bay de Verde) proposed a motion for second reading of a bill to restrict the operation of trains on the Sabbath Day. The motion was defeated by a vote of nineteen to eleven, largely by the votes of Roman Catholic and Anglican members.<sup>34</sup>

It became more and more obvious as time passed that the company was not as reliable as the people had thought. Slowly its popularity waned. Letters to the Telegram complained that it would take six years to make the road that was then being built safe for travel.<sup>35</sup> Similar observations were made by the government engineer, W.J. Croasdale, who in his report of March 11, 1884, stated that the cars were never inspected and were definitely unsafe. The locomotives, according to him, were constantly giving way because few repairs were made to them. Nobody on the line, Croasdale continued, knew anything about a locomotive and with one exception the present drivers had been locomotive firemen only twelve months previously.<sup>36</sup> On March 12, 1884, the Government were forced to warn D.E. Davenport, a subcontractor with the Newfoundland

33. Journal of the Assembly, March 11, 1884. p. 64.

34. Ibid., March 12, 1884. p. 74.

35. The Evening Telegram, March 8, 1884.

36. S2, 124. (N.A.) Croasdale to Shea, March 11, 1884.

Railway Company, that the line was not being operated in accordance with the contract (although the particular violation was not stated) and consequently in case of accident he would be liable for civil or criminal prosecution.<sup>37</sup>

Labourers on the railway were also experiencing considerable difficulty over payment of wages.<sup>38</sup> During the legislative session of 1884 the Opposition introduced a bill which would make it easier for labourers, workmen and artificers to secure their wages from the sub-contractors employed by the Newfoundland Railway Company. The bill however was defeated on the motion for second reading by a vote of nineteen to six.<sup>39</sup> Complaints from labourers continued to be heard. The Evening Mercury, a staunch supporter of the Government, complained because the Government allowed sub-contractors to pay for labour in goods, which meant that the poorer a man's family was the more likely that he would be overcharged for his food. It was, the paper emphasized, the duty of the Government to force monthly payments in cash.<sup>40</sup> However, the Government did not act upon this advise.

The main reason for this deterioration with regard to the railway was that the company was experiencing financial difficulties. The first indication of this had come after the 1882 election. On December 16, of that year, the Newfoundland Railway Company, in reporting to the Government,

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37. S1, 58, (N.A.) Shea to Davenport, March 12, 1884.  
 38. S1, 58, (N.A.) Shea to Davenport, December 13, 1884.  
 39. Journal of the Assembly, March 4, 1884. p.37.  
 40. The Evening Mercury, August 12, 1884.

stated that it had completed 45 miles of track and had imported enough stock for 120 additional miles. The company had invested one million dollars in the colony and in the opinion of the directors it had laid a groundwork sufficient for solid security. Because of this the directors submitted that the \$100,000.00 placed in the Union Bank by the company was no longer necessary as security for the fulfillment of the contract, and therefore the company wished to be allowed to withdraw it for current uses in Newfoundland. If necessary they were willing to replace the security by a mortgage on the whole property of the company in the colony. This mortgage would be of very little value as the company had already issued £400,000 of First Mortgage Bonds upon the southern section of the Newfoundland Railway. The company would also agree to restore the guarantee fund (\$100,000.00) on receiving three-months notice.

The Executive, however, decided to grant the company its request. During the next session, after questioning by the Opposition, the House was informed of this. The Opposition later declared that the Government had violated the contract and that due to the shortness of the line the mortgage which had been accented was worthless. This agreement apparently helped the Newfoundland Railway Company to some extent, for they continued construction for more than a year.

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41. The Evening Telegram, July 31, 1882.  
 42. S2, 124. (N.A.) Hobbs to Shea, December 16, 1882.  
 43. S4, 6, (N.A.) Minutes of the Executive Council.  
 December 16, 1882. pp. 331-2.  
 44. The Evening Mercury, March 16, 1883. Proceedings of  
 the Assembly, March 14, 1883.

The Evening Telegram was the first to realize the impending financial collapse of the company and to say so publicly.

On March 22, 1884, it stated that C. Hobbs, a director of the Newfoundland Railway Company, had arrived in St. John's to inform the Legislature that his company was no longer in a position to pursue operations on the railway. <sup>45</sup> The Evening Telegram complained bitterly because the Government had allowed the company to use the \$100,000 which had originally been deposited as security for the performance of the work and which, if available at that time, would enable the Government to complete the road to Harbour Grace. On <sup>46</sup> May 22, 1884, the Telegram further informed its readers that Hobbs, after a brief visit to the United States, was again back in Newfoundland, this time to report to the Government that the Newfoundland Railway Company was bankrupt, having completed only a small portion of the amount of work for which they had contracted. <sup>47</sup> This was not exactly true but the company was approaching the end of its resources.

The company in July, 1884, attempted to reestablish its financial stability by trying to persuade the Government to revise its contract. The directors now suggested that (1) instead of a subsidy per mile, the Government would issue <sup>48</sup> bonds for fifty years, the existing mortgage bonds to be exchanged for government bonds, (2) the lands accruing to the company would be hypothecated to protect the government bonds and proceeds of sales would be used for the redemption of bonds,

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45. The Evening Telegram, March 22, 1884.  
 46. Ibid., April 6, 1884.  
 47. Ibid., May 22, 1884.

and that (3) one half of the net earnings of the road would be paid to the Government until all the Government bonds had been redeemed, after which all earnings of the road and unsold property would belong to the company. The Newfoundland Government, however, did not accede to these proposals. On December 2, 1884, Frank Evans, the newly appointed receiver of the bankrupt company made similar proposals concerning the issuing of bonds.<sup>48</sup> The Newfoundland Government in its reply to Evans did not give him any definite answer.

The company, despite its critical financial difficulties, completed the railway from St. John's to Harbour Grace in the fall of 1884,<sup>49</sup> and on November 22, 1884 the first trains operated over this route.<sup>50</sup> According to A.B. Morine, a contemporary newspaper editor, politician, and amateur historian, the last spike in this section of the railway was driven by a midshipman serving in the North Atlantic Squadron, who later became King George V.<sup>51</sup>

The railway company was unable to continue further construction. Frank Evans, the receiver of the company, asserted that the financial difficulties of the Newfoundland Railway Company had been caused by the action of the Newfoundland Government. On February 10, 1885, he wrote to the Earl of Derby, the Secretary of State for the Colonies, explaining the events which had led to the present difficulties of the company. He stated that after its incorporation the company

48. S4, 7. (N.A.) Minutes of the Executive Council, December 20, 1884. pp. 56-7.

49. Journal of the Assembly, February 12, 1885. p. 12.

50. The Evening Telegram, December 24, 1884.

51. Draft history of A.B. Morine, (N.A.). However, this does not seem probable for according to The Dictionary of National Biography, 1931-1940, George V returned to Great Britain in July, 1884.

had borrowed the sum of £400,000 in London and had pledged the cash subsidy, payable by the Newfoundland Government, as partial security. The Government on July 1, 1863 had failed to pay the subsidy due to the company because the company's president had refused to pay certain liabilities of the company in St. John's. This had caused a temporary stoppage in the company's operations. Evans, who was in St. John's at the time investigating the stoppage of work, on behalf of the shareholders, met with the Executive Council and told them that in his opinion the action of withholding the subsidy was a breach of faith on their part. The Government at first refused to pay but after Evans explained to them that he would telegraph London, advising that no more money be sent, they consented to do so. Consequently the balance of the money, £100,000, was forwarded to Newfoundland as the company required it, and the subsidies due on January 1, 1884 and July 1, 1884 were promptly paid. The railway was completed to Harbour Grace in Newfoundland of that year and the Government refused to pay the subsidy due on January 1, 1885. Evans accused the Government of having paid the previous two subsidies only because the non-payment of them would cut off the supply of funds from Britain. Evans also stated that the Government claims, over the money owed by the company because of the cost of the right of way, were in dispute. He further believed that this argument over claims was merely an excuse because the Government had not mentioned this fact in 1883-84 when they had paid the subsidy. Evans besought the Earl of Derby to try to induce Newfoundland to act in an objective manner and

to maintain its reputation and good faith.<sup>52</sup> Whether this action by the Newfoundland Government was an important factor in the company's financial collapse is difficult to say. However it can be stated that the failure to pay subsidies was not conditional upon other financial arrangements.

These difficulties were overcome during 1885 by the Whiteway Government. As agreed in the contract the Government could withhold \$90,000.00 from the annual subsidy for the cost of private property for the right of way. Any cost over \$90,000.00 was to be borne by the company. However the company had not made these payments and the Government had been forced to do so, whereupon it had refused to pay the Newfoundland Railway Company any further subsidy. It was agreed on March 30, 1885, that the company would pay \$84,000.00 in ten equal yearly payments beginning October 1, 1890, and the remaining \$39,000.00 (total cost had been \$123,000.00) at the expiration of the thirty-five year term of contract. The company was also to pay interest on the \$84,000.00, beginning April 1, 1886. In return for this the Government agreed to pay the subsidy which had fallen due on January 1, 1885 as well as those instalments due on July 1, 1885 and January 1, 1886.<sup>53</sup> This agreement however was not carried out by the Thorburn Government which came to power in the fall of 1885.<sup>?</sup> The payments made by the Whiteway Government, under this agreement, totaling :

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52. C.O. 194/208. Evans to the Earl of Derby. February 10, 1885. No. 2372.

53. S4, 7. (N.A.) Minutes of the Executive Council, April 11, 1885. pp. 71-72.

\$360,000.00, were not sufficient to reestablish the economic stability of the Newfoundland Railway Company. This company played no further part in the construction of the Newfoundland railway.

It would have been difficult to predict the results of the next election if the campaign had been fought over the success of the railway project, for in a little over three years the optimistic predictions of W.V. Whiteway, instead of being fulfilled, were nearly as far from actual materialization as ever. The syndicate which the Government had chosen to construct Newfoundland's railway had very quickly become involved in financial difficulties which had resulted in bankruptcy with the railway completed only as far as Harbour Grace. A charter, which had been signed by the Government with the Short Line Railway Company, had not been implemented. The expression of public opinion in opposition to the Newfoundland Railway Company from newspapers, churches and labourers, had also been very strong. However sectarian riots in Harbour Grace led to the calling of a general election after only three years of the existing General Assembly of Newfoundland. The 1885 election was fought over a purely religious issue. The question of a railway, for the time being, faded into the background.

## CHAPTER V

### THE THORBURN ADMINISTRATION AND THE RAILWAY, 1885-9

The sectarian riots of 1884, in Harbour Grace, had serious repercussions in the Newfoundland Legislature. Disputes over the wording of the Throne Speech caused the re-alignment, mainly on a religious basis, of Newfoundland's political parties and the resignation of W.V. Whiteway as Premier. Robert Thorburn, who had been a member of the Legislative Council for fifteen years, became the Leader of the Newfoundland Government on October 12, 1885,<sup>1</sup> just two weeks before a general election was held. He was chosen because under William Whiteway's leadership a strong Government could not be formed. Thorburn succeeded in re-uniting the Protestant factions, including the previously hostile commercial class, led by W.R. Grieve and A.F. Goodridge. Whiteway's party had almost completely disintegrated. The railway policies of his administration had been a dismal failure. The Newfoundland Railway Company, which had been recommended to the people as a cure for all their ills, had declared itself bankrupt after having completed only a small proportion of the work called for by its contract. Robert Thorburn, however, would have to be more cautious, with respect to railway policy, because of the composition of his party. The merchants who supported

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1. C.O. 194/208. Carter to Stanley, October 12, 1885. No. 18503.

him might not be enthusiastic over the idea of railway expansion.

In the election of October 31, 1885, Thorburn's "Reform Party", which campaigned under the slogan "No amalgamation with the Roman Catholics", was returned with a majority of twenty-two to fourteen. The Legislature opened on February 12, 1886 and no mention was made of railway policy in the Throne Speech. The Opposition criticized the Government on this basis. Their main argument was that railway construction had enabled many Newfoundlanders to earn a living. They assumed that further railway construction was being planned as it was necessary to prevent wholesale poverty.<sup>2</sup> However their argument was weak because no consideration was given to possible long-term detrimental results.

On March 19, 1886, Sir Ambrose Shea, a former supporter of Whiteway's Government, and now Leader of the Opposition (St. John's East), introduced a set of railway resolutions in the House of Assembly. He reminded the House that in 1880 it had unanimously authorized the raising of a loan of one million pounds sterling for railway construction, and that in the election of 1882 the voters had emphatically endorsed the railway project. He maintained that the increased destitution of large numbers of people made it

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2. The Evening Mercury, February 19 and 20, 1886.  
Proceedings of the Assembly, February 18, 1886.

necessary to have a policy of railway expansion to meet their needs. Therefore, Shea argued, the Government should attempt to remove the difficulties resulting from the failure of the Newfoundland Railway Company, and continue construction as planned in 1881. He also felt that a branch line to Placentia should be part of the scheme. Shea maintained that despite the failure of the Newfoundland Railway Company the money circulated by it had been a tremendous boon to Newfoundlanders. Therefore he moved a resolution calling upon the Government, at the earliest possible time in the 1886 Session, to submit a bill for the carrying out of the project on the best terms which could be arranged.<sup>3</sup> Shea felt that thousands of poor people awaited the Government's decision, and if it were negative many of them would be forced to leave the country because poor relief would be the only alternative.<sup>4</sup> Apparently the only real reason many of the legislators had for advocating railway expansion was to provide employment for the destitute.

Thorburn argued in reply that Shea had disregarded the existing world depression and its effect on Newfoundland. He stated that the failure of former railway projects clearly indicated that the railway policy had not created the benefits which had been hoped for. (This statement however was somewhat misleading because the railway had

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3. Ibid., March 23 and 24, 1886. Proceedings of the Assembly, March 19, 1886. For a copy of these resolutions see the Journal of the Assembly, March 26, 1886. pp. 82-3.

4. Ibid., March 24, 1886. Proceedings of the Assembly, March 19, 1886.

not been built to the location that the designers of the scheme had planned). Thorburn then proceeded to show the tremendous financial burden which railway construction had already placed upon the colony. In his opinion, the Government should concentrate instead on the encouragement of agriculture as the best way to improve the island's economy.<sup>5</sup> The Opposition members retaliated with the argument that several select committees had agreed that the best way to promote agriculture would be to build railways. The Opposition continued by asking Thorburn why he had changed his opinion, reminding him that he had voted in favour of railway construction in 1880.<sup>6</sup> But, the Government spokesmen replied that they were the representatives of public opinion as it was in 1885, and not as it had been in 1882. The election of 1885, they maintained, had been a demonstration against the former Government and its railway policy. The debates continued for several days. The Opposition members again described the benefits that had been brought to Newfoundland even by limited railway developments. The Government supporters repeatedly criticized the former Government's policy. Thorburn declared that the sole reason the Opposition had for placing the resolutions before the House was to attempt to embarrass the Government.<sup>7</sup>

On March 26, 1886, the House of Assembly voted on the

5. Ibid.

6. Ibid., The Evening Mercury, March 24, 1886.  
Proceedings of the Assembly, March 19, 1886.

7. Ibid., April 2, 1886. Proceedings of the Assembly, March 24, 1886.

resolutions and they were defeated by a party vote of eighteen to fifteen; three future Prime Ministers, D.J. Green, Robert Bond and Edward P. Morris (later Lord Morris) being amongst the minority.<sup>8</sup> These resolutions were replaced by a set of Government resolutions which stated that the emergencies occasioned by the failure of the Newfoundland Railway Company could best be met by the promotion of agricultural operations and by the inauguration, upon a liberal scale, of the construction of roads throughout the island.<sup>9</sup> These Government resolutions were carried "on a similar division".<sup>10</sup>

Despite this seemingly definite anti-railway stand and its denunciation of the former Government and the Newfoundland Railway Company, the Thorburn administration began correspondence with Frank Evans, the receiver of the Newfoundland Railway Company, concerning the possibility of a new contract for the northward continuation of the railway. On April 14, 1886, Evans informed the Government that the company was not in a position to enter into a new contract and could only undertake to complete the Carbonear branch.<sup>11</sup> (Several contracts by the company to carry out this project had not been fulfilled.<sup>12</sup>) However, two days later Evans suggested that the company would undertake to build a line from Harbour Grace Junction to Placentia, under either one of the three proposals which he submitted, if a separate contract for operating that

8. Journal of the Assembly, March 26, 1886, p. 84.

9. Ibid., pp. 80-2.

10. Ibid., p. 84.

11. 82, 124. (H.A.) Evans to Thorburn, April 14, 1886.

12. Journal of the Assembly, 1886. App., 589-92.

branch could be negotiated. He also said that the company would consider building northward if the Government would offer increased aid.<sup>13</sup>

Evans further informed J.S. Winter, the Attorney General, that railway progress could best be furthered by selling the property of the Newfoundland Railway Company and forming a new company. This was necessary because, as the receiver of the bankrupt company, Evans had to consult "the court" in England even for the slightest deviation from a general contract. The new company would then (1) construct the Placentia branch for \$3,700.00 per mile, payable in 4% government bonds, (2) operate the Harbour Grace railway and Placentia line free of cost to the Government, while at the same time giving them 20% of the gross earnings of their lines, and, (3) construct an extension northward for \$16,000.00 per mile, unless special difficulties arose, and operate it for \$500.00 per mile, per annum - such a subsidy never to exceed \$30,000.00 per year and to cease absolutely three years after the railway had reached the Exploits River, and not to be paid for more than five years duration.<sup>14</sup>

On April 22, 1886, E.D. Shea, a Roman Catholic member of the Legislative Council who held the post of Colonial Secretary from January 21, 1874 to July 26, 1886, wrote to Evans informing him that the Government were unable to

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13. S2, 124 (N.A.) Evans to Thorburn, April 16, 1886.  
 14. S2, 124 (N.A.) Evans to Winter, April 17, 1886.

recommend to the Legislature the adoption of any of the propositions which he had submitted and that at that time there was no basis for further negotiation.<sup>15</sup> Evans replied to Thorburn, complaining that he was entirely uninformed as to what the Government desired and requested the opportunity to discuss his proposals with the Government in order to arrange modifications so that his propositions might be acceptable. He reminded the Premier that the English shareholders were expecting all possible assistance in order to make good their investment because in his opinion the Newfoundland Government had been responsible for the financial difficulties of the company.<sup>16</sup> The Newfoundland Government however, discontinued correspondence with Evans.

The Evening Mercury, a Liberal paper and a former advocate of Whitway, supported the Government by describing Evans' proposals as too extravagant to be accepted even by the most optimistic of railway supporters. This was far from true because both previous and subsequent railway contracts were more extravagant, and it later cost the Government far more to build the Placentia branch under its own supervision. The editor warned his readers that Evans' position was merely a "Trustee of Insolvency" and that he controlled no capital. Therefore, in his opinion, despite the island's need for a railway the Government should be careful in its negotiations and not allow the

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15. 81, 58. (H.A.) Shea to Evans, April 22, 1886.  
 16. 82, 124. (H.A.) Evans to Thorburn, April 26, 1886.

country to be forced into any monetary difficulties which would destroy its financial stability.<sup>17</sup> This was a reasonable warning and it was the course which the Government followed.

A further development in the railway story came on April 27, 1886. On that day G.H. Emerson, Opposition member for Placentia and St. Mary's, moved the appointment of a select committee to examine into and report "as to the feasibility and practical effectuation" of a branch line to Placentia.<sup>18</sup> In the debate on this motion Emerson stressed the possible benefits to his district and to the general trade of the country. He suggested Placentia as the terminus because due to its location a railway could be built there inexpensively and at the same time it would benefit the whole south coast.<sup>19</sup> The committee suggested by Emerson was formed immediately,<sup>20</sup> but during the 1886 Session it reached no definite decision. It is to be noted that a Roman Catholic Opposition member's suggestion was accepted by the Protestant Government and that he then supported the Thorburn administration for the remainder of its term.

Even though no definite decision had been made concerning the Placentia Railway, in the 1886 Session of the Legislature,

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17. The Evening Mercury, April 24, 1886.

18. Journal of the Assembly, April 27, 1886. p. 145

19. The Evening Mercury, April 30, 1886. Proceedings of the Assembly, April 27, 1886.

20. Journal of the Assembly, 1886. Composition of this Committee, p. 145.

the Government undertook preliminary work on the project. The decision to survey a road from Harbour Grace Junction to Placentia was made on August 18, 1886, by the Executive Council.<sup>21</sup> By October the survey of the line was nearing completion and work commenced on October 14, 1886.<sup>22</sup> By November 9, 1886, according to the Mercury, twelve hundred and fifty men were employed on the construction of the line.<sup>23</sup>

The Placentia line aroused considerable suspicion. The Government were openly accused of building the line merely as a means of paying for the support of the Opposition members from Placentia and St. Mary's. In the previous election the official manifesto of the Reform Party had been, "No Amalgamation with the Roman Catholics".<sup>24</sup> However, in July, 1886, when Sir Ambrose Shea, the leader of the Roman Catholic group in the Legislature, was in England, Thorburn had approached some members of the Opposition with a view to amalgamation.<sup>25</sup> Roman Catholics has been invited to fill the posts of Colonial Secretary, Receiver General and Speaker.<sup>26</sup> The post of Receiver General was filled on July 26, 1886, by W.J. Donnelly, a Roman Catholic representative of Placentia and St. Mary's. The same day Maurice Fenelon, was appointed to the

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21. St. 7 (N.A.) Minutes of the Executive Council, August 18, 1886. p. 154.

22. The Evening Mercury, October 25, 1886.

23. Ibid., November 9, 1886.

24. W.L. Senior "The Origin and Political Activities of the Orange Order in Newfoundland, 1863-1890". An unpublished Master's thesis, Memorial University of Newfoundland Library, 1959. p. 202.

25. Ibid.,

26. Ibid., p. 203

Legislative Council and was given the post of Colonial Secretary.<sup>27</sup> However, a Protestant, A.J.W. McNeily remained as Speaker. The Government received the support of two members from Placentia and St. Mary's (Donnelly and Emerson), but, James McGrath, the remaining member from that district did not support the Government consistently. However, the members from Placentia and St. Mary's were not the only Roman Catholics to line up with the Government. There is strong evidence to support the accusations but it cannot be definitely stated that they were true.

Although construction work had begun by mid-October, 1886, the Placentia project was officially regarded by the Government only as an ordinary road. On November 17, 1886, the question of a railway was 'openly' discussed by the Executive Council and it was decided that because a program of public works was desirable, and the Placentia Bay line was gradually being regarded with public favour, the Government would go ahead and build a road which could be easily adopted as a railway when the need arose.<sup>28</sup>

The plan was proceeded with but by mid-December The Evening Telegram was charging the Government with gross mismanagement in carrying out their "political expedient" railway scheme. It charged that despite the huge numbers of men who had been employed for two months, only two miles of the line had been graded and that at a cost of \$30,000.00.

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27. The Blue Book (N.A.) 1886.  
 28. 34, 7. (G.A.) Minutes of the Executive Council, November 17, 1886, p. 165.  
 29. The Evening Telegram, December 16, 1886.

Meanwhile the Government's attitude towards the Newfoundland Railway Company became more severe. The Newfoundland Railway Company had had a profitable year from the operations of the Harbour Grace Railway. It had been able to use its subsidy to pay the bondholders their interest.<sup>30</sup> However, it turned out that for several years to follow the company would not be able to do this as the Government refused to pay any further subsidy. The first indication that this situation would develop had come on May 10, 1886, during discussions in Committee of the whole on certain liabilities of the colony. The Speaker, Alex. J.W. McNeily, referred to an agreement made by the Whiteway Government on March 30, 1885, which allowed the company to postpone the repayment of its loan for the purchase of a right of way. The agreement had been made outside the Legislature and McNeily accused the former Government of making unlawful advances to the company, which he was unwilling to support.<sup>31</sup>

Further indication of a changing policy came on May 17, 1886, when the Legislative Council decided that whereas the contract with the Newfoundland Railway Company called for completion of the line to Halls Bay within five years and whereas the five year period had expired and the company had failed to fulfill its contract, therefore the Government would be justified in refusing

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30. The Evening Mercury, January 22, 1887.  
 31. Ibid., May 15, 1886. Proceedings of the Assembly, May 10, 1886.

to pay any further subsidy.<sup>32</sup> The Executive Council took a similar stand. On July 2, 1886, E.D. Shea, the Colonial Secretary informed R.J. Kent, the Opposition member for St. John's East and the legal advisor to the Newfoundland Railway Company in Newfoundland, that as the company had failed to fulfill the conditions of the contract the Government did not recognize any obligations to continue payment of the subsidy.<sup>33</sup>

On January 1, 1887, when the company's subsidy was due, the Government refused to pay. Two days later, R.J. Kent, on behalf of the Railway Company, requested that the Government immediately pay the subsidy due to the company. The Government refused and the Railway Company brought its case before the Newfoundland Supreme Court. Judge Pinsent, who had been on the bench of the Supreme Court for eight years, heard the evidence and passed judgement. The company's representative argued that according to the contract the completion of the whole line was not necessary for the payment of proportional subsidies. To support their position, their solicitor, R.J. Kent, reminded the court that the Newfoundland Government had paid the subsidy previous to January 1, 1887. The Government argued that the subsidy was indivisible and that the previous ministry had been paying the subsidy, proportionally and separately, as a result of error. Judge Pinsent thought differently. In handing down

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32. Journal of the Council, May 17, 1886. p. 87.  
33. SI, 58. (N.A.) Shea to Kent, July 2, 1886.

his judgement he said the decision had been an easy one to make. He maintained that the real promoters of the Newfoundland Railway Company had been the Government who had been seeking contractors that would supply or secure the necessary funds, if "aided" by the subsidy. In his opinion the qualifying terms, "such annual subsidy to attach in proportional parts", was inserted for some purpose and could only have one meaning - once a section (five miles) had been completed and approved the Government must pay the subsidy and continue to pay it as long as that portion of the line was operated. As he understood the contract, it was obvious that the subsidy was divisible because if not the Government had agreed to pay the whole subsidy from the date when the contract was signed. He further suggested that the Government should pay the subsidy in order to sustain the good name and credit of the colony. The Judge also ruled that the Government had no right of counter-claim for damage against the Trustees of the bondholders for the failure of the company to complete the line.<sup>34</sup> The Thorburn administration refused to acquiesce and appealed (through the Queen) to the Privy Council in Westminster. The Newfoundland Legislature was informed of this in the Throne Speech on February 17, 1887.<sup>35</sup>

In the 1887 Session of the Legislature the Government

34. Newfoundland Law Reports, 1884-1896. The Newfoundland Railway Company and Evans and Adamson vs the Government of Newfoundland. January 1887.

35. Journal of the Assembly, February 17, 1887. p. 6.

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received severe criticism with regard to the Placentia Railway. Robert Bond, (Fortune Bay) a supporter of Whiteway, and A.B. Morine, (Bonavista) an independent, accused the Thorburn administration of neglecting the northern districts.<sup>36</sup> The Attorney General, J.S. Winter, attempted to justify the Placentia line by saying that there had been an immediate necessity to provide employment. The Placentia Railway had been considered to be the best means of doing so while at the same time bringing profitable returns to the country.<sup>37</sup> The Government however, did not explain why they had forgotten their recommendations regarding roads and agriculture.

A short time later Robert Bond again attacked the Government's policy. He quoted appropriate passages from speeches made by Government supporters in opposition to the Placentia project. For example, the Attorney General had said a few months before the Placentia line had been started, "that we cannot afford for the sake of affording employment to comparatively few of the populace to lay so heavy a burden upon the majority." Bond could see no reason for the reversal of opinion unless the railway scheme had been part of the "Amalgamation agreement." In his view this meant that everyone in the island would be paying heavier taxes in order to bolster the Government's majority for a short while. He attempted to arouse the

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36. The Evening Mercury, February 24, 1887, Proceedings of the Assembly, February 22, 1887.

37. Ibid., February 25, 1887. Proceedings of the Assembly, February 22, 1887.

northern members and those from Carbonear and Brigus against the Government because of its breach of promise to these districts. Bond moved an amendment to the proposed address in reply to the Speech from the Throne to the effect that the railway had not been started to provide employment, but mainly to strengthen the Government's position.<sup>38</sup> Morine seconded the amendment and continued the attack on the Government. The Government supporters in debating the amendment attacked the Newfoundland Railway Company but did not discuss the charge contained in the motion. It is worth noting that although the amendment was defeated by a vote of sixteen to five, James McGrath, (Placentia and St. Mary's) supported it.<sup>39</sup>

The debate on the railway question continued at intervals for several days. On March 30, 1887, A.B. Morine moved that an Address on railway matters be presented to the Governor. This Address would have recommended that work on the Placentia Railway be discontinued until a northern railway had been provided for. This motion however was defeated by a vote of twenty to three.<sup>40</sup>

On April 12, 1887, G.H. Emerson, a member from Placentia and St. Mary's who had taken part in the Amalgamation agreement, moved the adoption of a set of railway resolutions. These resolutions stated that the project had been undertaken in order to provide remunerative

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38. Ibid., March 1 and 2, 1887, Proceedings of the Assembly, February 28, 1887.

39. Journal of the Assembly, March 4, 1887. p. 39.

40. Journal of the Assembly, March 30, 1887. pp. 78-9.

employment because the road could easily be converted into a railway. He felt that the House should support the Government's policy and provide it with the necessary money. A vote was taken and the Government's action was sanctioned by a vote of nineteen to two.<sup>41</sup> James McGrath, a Roman Catholic member from Placentia and St. Mary's who had not been involved in the Amalgamation agreement, supported the Government on this motion probably because the work would be beneficial to his district. The skilfulness of the Government in not officially referring to the project as a railway until the Legislature had sanctioned it was a very adroit political manoeuvre.

On May 7, 1887, the Placentia Railway bill was read for a second time. Bond and Morine continued to oppose the bill, by moving amendments to the motion that the bill be read a second time, by accusing the Government of using dictatorial methods and by repeating previous arguments about amalgamation.<sup>42</sup> The efforts of the two-man team were of no avail and the motion for a second reading of the Placentia Railway bill was passed by a vote of nineteen to three.<sup>43</sup> This was followed by the passage of the Loan bill on May 10, 1887,<sup>44</sup> which made possible the construction of the railway by the Government.

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<sup>41</sup>. Ibid., April 12, 1887. pp. 96-7.

<sup>42</sup>. The Evening Mercury, May 13 and 14, 1887, Proceedings of the Assembly, May 9, 1887.

<sup>43</sup>. Journal of the Assembly, May 9, 1887. pp. 215-6.

<sup>44</sup>. Ibid., May 10, 1887. p. 218.

In the debate on the railway bill in the Legislative Council, C.R. Ayre, a member of the Executive Council, moved an amendment to the motion that the bill be read a second time. The amendment proposed that the bill be read "this day six months." Ayre then proceeded to denounce the proposals by censuring in severe terms the Premier's action and by making disparaging remarks regarding Thorburn's qualifications for his office. He also said that his colleagues of the Executive had "a desire or intention to exercise improper coercion or pressure towards the Legislative Council . . . for the purpose of attaining the consent of that Body to the said measure." The other members of the Executive Council who were present stated that further cooperation with Ayre would be impossible, after such a violation of the principles of the cabinet system.<sup>45</sup> Ayre resigned his seat on the Executive Council on May 14, but remained a member of the Legislative Council. The bill became law the same day, after the President of the Legislative Council had cast a tie-breaking vote in favour of the proposal.<sup>46</sup>

The 1887 Legislative Session ended on May 18, and His Excellency, G.W. Des Voeux, in his closing speech summed up the Government's hopes regarding the Placentia Branch:

I confidently trust that the facilities of this new and improved means of communication between

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45. St., 7. (N.A.) Minutes of the Executive Council, May 13, 1887. p. 189.

46. Journal of the Council, May 14, 1887. p. 146.

the eastern and western portions of the Colony, will confer large benefits upon commerce, while appreciably promoting the convenience of the travelling public, and that lumbering and mining operations, will derive from this agency a new and invigorating impetus.<sup>47</sup>

Work continued on the Placentia Railway during the annual recess of the Legislature and in the Throne Speech opening the Legislature on February 16, 1888, the Government informed the House that construction on the line was progressing satisfactorily, "as regards efficiency, cost and the rapidity of execution", and that it might be necessary during the coming session to make some legislative provision for operating the line.<sup>48</sup> By this time it would have been illogical for Morine and Bond to attack the Placentia Railway scheme. Morine, therefore, moved in amendment to the proposed Address in Reply to the Speech from the Throne, that construction of the Halls Bay Railway should be commenced without delay and continued as rapidly as the revenue of the colony would permit, with due regard for judicious economy.<sup>49</sup> Following the usual pattern this amendment was defeated.<sup>50</sup> The House of Assembly, as previously announced, resolved itself into Committee of the whole on a bill to provide for the operation of the Placentia Railway. There was very little opposition to this bill. It was unanimously passed on May 2, 1888.<sup>51</sup>

47. Journal of the Assembly, May 18, 1887. p. 246.

48. Ibid., February 16, 1888. p. 16.

49. Journal of the Assembly, February 28, 1888. pp. 26-7.

50. Ibid.; May 27, 1888. p. 174.

51. Ibid.; May 2, 1888.

Meanwhile, early in March the Judicial Committee of the Privy Council had handed down its judgment on the appeal by the Thorburn Government with respect to the decision of the Newfoundland Supreme Court. The Privy Council decided that the Newfoundland Supreme Court had been correct in its judgement regarding the payment of subsidies but that the Newfoundland Government had the right to counterclaim for damages because of a breach of contract.<sup>52</sup> The Thorburn administration took advantage of this decision and refused to pay any subsidies pending judgement in regard to the counterclaim.<sup>53</sup>

R.J. Kent, the legal representative of the Newfoundland Railway Company in the colony, wrote to the Colonial Secretary on April 16, 1888, complaining that the Government had not carried out its agreement of March 30, 1885. By this agreement the Government had promised to grant, as soon as possible, after they had made a survey of the line, all the land due to the railway company. Kent maintained that the failure of the Government to carry out the three-year-old agreement had caused a positive loss to the company as well as having been an impediment to the management of the line.<sup>54</sup> The Government, however, took no immediate action and on April 28, 1888, Frank Evans wrote to Thorburn reminding him that the company had applied

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52. Newfoundland Law Reports, 1884-1896. Newfoundland Railway Company vs. The Government of Newfoundland, January, 1889.

53. Ibid.

54. 32, 128. (N.A.) Kent to H. Feneton, April 16, 1888.

for 250,000 acres of land and requesting that these be granted with the least possible delay in order that he could make the necessary arrangements before he returned to England.<sup>55</sup> The Thorburn Government did not reply to Evans' correspondence. That the contract had been poorly worded was not a sufficient reason for the Government to act in this manner. The result was the creation of an antagonistic attitude between the Newfoundland Government and the Newfoundland Railway Company which placed obstacles in the way of smooth railway extension.

With the Placentia Railway nearing completion, interest in further railway expansion began to grow. On April 18, 1885, D.E. Davenport, who had been a contractor for the Newfoundland Railway Company, stated in a letter to the Government that if they decided to expand the railway system northward he would be willing to make specific proposals as soon as he knew what the Government required.<sup>56</sup>

After receiving correspondence from the Government informing him that they planned to expand their system he submitted "Articles of Agreement" under which he would construct a road northward if the Government would pay \$20,000. per mile, in cash. However the Government did not seriously consider Davenport's proposal.<sup>57</sup>

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55. S2, 128. (N.A.) Evans to Thorburn, April 28, 1888.

56. S2, 128. (N.A.) Davenport to the Colonial Secretary, April 18, 1888.

57. S2, 128. (N.A.) Davenport to M. Fenelon, August 30, 1888.

Regarding northern expansion from Placentia Junction, the presence of the Newfoundland Railway Company's line presented a problem for the Newfoundland Government, considering the unamicable relationship which existed between them. The company's line was so located that it could render a northern railway almost useless, except at the enormous cost of laying a parallel line from St. John's to Harbour Grace Junction. The situation however, was somewhat encouraging in October 1888, when H. Burchell, the government engineer, reported that after two interviews the general manager of the company had agreed to make the necessary arrangements for the sale of through tickets and the billing of through freight.<sup>58</sup> Apparently the Thorburn Government were afraid to trust the Newfoundland Railway Company, for they began to give serious thought to purchasing its property. The government engineer was assigned the task of evaluating the assets of the company. In his estimation they were worth \$1,797,000.00.<sup>59</sup> The idea, however, was carried no further during Thorburn's term of office because no agreement could be reached on prices.

The Government, despite its difficulties with the Newfoundland Railway Company, began to give serious thought to the idea of northern expansion. On December 21, 1888, the Government invited tenders for the construction of a

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58. S2, 130. (N.A.) Burchell to The Colonial Secretary, October 13, 1888.

59. S2, 130. (N.A.) Memos 1, 2 and 3, by H. Burchell, November 14, 1888.

railway north-westward to Halls Bay. However, the minutes of the Executive Council disclosed that these tenders were not invited solely to obtain information, so that definite plans could be made, but also in order to procure evidence to improve the Government's case against the Newfoundland Railway Company.<sup>60</sup>

Even though northern expansion had not yet begun, some people were already envisaging a system of branch lines. On December 3, 1888, The Evening Mercury informed the public that a railway conference, attended by four hundred and fifty people from the area, including the three representatives for the Trinity District in the House of Assembly, had been held at Heart's Content. At this conference a resolution was passed which stated in unequivocal terms that there was a necessity for a railway from Harbour Grace to Heart's Content. These people argued that a railway terminal at that place could be of tremendous benefit to the northern district if a system of roads were built in Bonavista Bay and a ferry system inaugurated across Trinity Bay to Random.<sup>61</sup> As it turned out, however, the railway was to be completed across Newfoundland before a branch line to Heart's Content was constructed.

During 1888, according to the Throne Speech on February 14, 1889, the Placentia line had been "completed to within

60. 34, 7. (H.C.) Minutes of the Executive Council, December 21, 1888. p. 303.

61. The Evening Mercury, December 3, 1888.

a short distance of the Placentia terminus" and had been "in regular, through limited operation since November (sic)" 1888. A pier had been erected at Placentia to establish connection with ships on Placentia Bay. The Government stated in the Throne Speech that the volume of traffic over the line had been such as to establish, with certainty, the future value of the project.<sup>62</sup> The Government also informed the House that because of the failure of the Newfoundland Railway Company the Government considered that it was their duty to ascertain means for the completion of the railway. They stated that they were aware of the difficulties which might arise but because of the tremendous importance of the project they felt it was a necessity, and should be carefully planned.<sup>63</sup>

In the debate on the railway project, Robert Bond accused the Government of being insincere; of having one aim - to gain evidence to carry on the "worse than senseless litigation." From his viewpoint their motive was obvious because of the suddenness with which they had changed their minds. In order to dramatize his argument and humiliate the Government, Bond proceeded to read excerpts from previous speeches where Government members had expressed completely anti-railway views.<sup>64</sup> In order to prove his point Bond later quoted from an affidavit, dated January 7, 1889, "made in the cause of" Sir J.S. Winter, the Attorney General:

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62. Journal of the Assembly, February 14, 1889. p. 5.

63. Ibid., 6-7.

64. The Evening Mercury, February 22, 1889. Proceedings of the Assembly 20, 1889.

That deponent (Sir James S. Winter) has learned from said Solicitor's council [sic] and from those whose evidence it is intended to take, that the information and data at present procurable are not a sufficient basis for positive and definite statement as to the amount or extent of the loss or damage sustained by the Government by reason and in consequence of the failure on the part of the Plaintiff Company in the performance of their contract, and that it is necessary . . . to make . . . survey of the proposed line of railway and acquire other necessary information in relation to all matters affecting the cost of construction and operation of the proposed railway on the one hand and the sources and prospects of traffic in the other. That the Government are unable to . . . take any steps without Legislative authority to procure or authorize the procuring of such information or evidence.<sup>65</sup>

There can be little doubt that the desire to win the lawsuit against the Newfoundland Railway Company was a major reason why the Government called tenders for northern expansion.

Earlier in the year, the Attorney General had endeavoured to explain the Government's attitude toward the railway company. He had said that the estimated loss to the Government as a result of the failure was more than the value of the whole line from Harbour Grace to St. John's. The claim if awarded would be used for construction of the Halls Bay line, and therefore the Government were going to insist, to the utmost of their power, on the payment for damages.<sup>66</sup> The Government however by consuming so much time in estimating their counterclaim had lost some of the advantages which they had possessed. In January, 1889,

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65. Ibid., June 3, 1889, Proceedings of the Assembly, May 15, 1889.

66. Ibid., March 5, 1889. Proceedings of the Assembly, February 25, 1889.

the Supreme Court of Newfoundland had held that, because the Government had had a reasonable amount of time in which to prepare their case, they were to pay all arrears of the subsidy until final adjudication. It ruled that the company's motion to strike out the counterclaim be disallowed.<sup>67</sup>

The Government continued with their plans despite the criticism. Early in May the Government presented a further set of railway resolutions to the House. The resolutions proposed, in brief, that over a ten-year period the railway should be completed to Halls Bay by the contract similar to that of 1881, and that the Government should be given the authority to raise \$4,250,000 in ten annual amounts not exceeding \$425,000 each. The resolutions further proposed that a survey would be carried out the following summer, after which tenders for the construction and operation of the line should be called for, but in the meantime a limited amount of work should be carried out under the management of the Government. In the debate which followed the majority of the members spoke strongly in favour of railway extension although W.B.Grieve (Trinity) was afraid that the financial burden would be too heavy for the colony.<sup>68</sup> One member, Edward Morris, (later Lord

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67. Newfoundland Law Reports, (1884-1896.) The Newfoundland Railway Company vs The Newfoundland Government, January, 1889.

68. The Evening Mercury, May 18, 1889. Proceedings of the Assembly, May 13, 1889.

Morris) of St. John's West, felt that the line should be continued to the west coast. He logically concluded that Confederation was certain to come eventually, so the Government should immediately accept the inevitable and make as good a bargain as possible with regard to the railway.<sup>69</sup>

The debate continued at intervals for nine days after which the committee passed the resolutions.<sup>70</sup> However when it was moved that the report of the committee be adopted Bond moved an amendment to the motion. The amendment stated (1) the Government were carrying out the plan simply to sustain their lawsuit against the company, (2) such a project should not be commenced until all relative information had been laid before the House, and (3) a railway could only be beneficial if accompanied by a well considered plan for settling the agricultural land along the line.<sup>71</sup> This amendment was easily defeated by a vote of thirty to two.<sup>72</sup> Following this vote W.B. Grieve moved an amendment which stated that, as no correct estimate of the cost of the scheme had been formed and as no means had been shown whereby the inevitable deficit could be met, the House considered that revenue necessary to meet the required expenditure would not be within the means of the colony. Therefore, the Government should only carry out a survey and invite tenders which would be

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69. Ibid., May 27, 1889. Proceedings of the Assembly, May 13, 1889.

70. Journal of the Assembly, May 17, 1889. p. 190.

71. Ibid., 192-3.

72. Ibid., 194.

considered at the next session.<sup>73</sup> Although this amendment received more support it was defeated by a vote of twenty-six to six, after which the original motion to adopt the Government's resolutions was passed "on a similar division."<sup>74</sup>

Hopes were high for considerable attention from foreign capitalists as the Government had received inquiries regarding tenders from firms in New York, Boston and Chicago.<sup>75</sup> The Government began their survey on July 13, 1889, under the direction of H.C. Burchell,<sup>76</sup> and by September 26, railway construction had begun on a small scale, northward from Placentia Junction.<sup>77</sup> However, the Thorburn administration would not have the opportunity to complete this scheme. The term of the existing General Assembly had expired.

During its four years in office the Thorburn administration seemed more conservative with respect to railway developments, than Whiteways's Governments. This was most likely because the merchants who supported Thorburn were not in favour of railway expansion. The Government had supervised the construction of a branch line from Harbour Grace Junction to Placentia.

73. Ibid., 194-5.

74. Ibid., 195-6.

75. On January 3, 1889, from Miller Bros., on January 22 from J.E. Barry and Company and on April 15, from William McGibbon.

76. The Evening Mercury, July 15, 1889.

77. Ibid., September 26, 1889.

However, the accusation had been made that the Thorburn Government built this line to pay for the political support of the Roman Catholic members from Placentia and St. Mary's. There is scarcely any direct evidence regarding this but before construction on the road commenced two of the members from the constituency of Placentia and St. Mary's began to support the Government and one of them (Donnelly) received a cabinet post. The third member of that District, James McGrath, supported an amendment proposed by Robert Bond to the effect that "the immense outlay of money, ... particularly upon the so-called Placentia Branch Railway, was not, as ostensibly set forth, for the purpose of relieving distress, . . . "75

However, there were other Roman Catholics, not directly affected by the Placentia Railway, who supported the Thorburn Government after 1886.

Thorburn's administration also initiated what proved to be a very costly lawsuit against the Newfoundland Railway Company. The Government gained nothing through this action, but rather, created considerable antagonism which, according to subsequent Newfoundland Governments, caused much inconvenience with regard to the proposed development of the island. Indirectly, the lawsuit was one of the major reasons why the Government, in its final year of office, became interested in northern expansion.

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75. Journal of the Assembly, March 14, 1887. p. 37.

Seemingly with such plans for expansion disclosed, Thorburn's Party would be returned to power. However after the election held in the autumn of 1889, W.V. Whiteway's party commanded a large majority in the House of Assembly. The whole Executive Council of the Thorburn Government was defeated in what Lieutenant Governor Terence O'Brien described "as a revolt against the merchants who had hitherto ruled Newfoundland in their own interest."<sup>79</sup> Whiteway once again took over control, on December 17, 1889, and it could be assumed that during his subsequent term of office he would embark on a vigorous railway policy.

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79. C.O. 194/212. O'Brien to Knutsford. November 13, 1889. No. 22152.

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## CHAPTER VI

### WHITEWAY: WESTWARD HO! 1889-1893

In the fall of 1889 the Newfoundland electorate had returned William V. Whiteway to power. He was a firm believer in Newfoundland's potential and was convinced that the best way to develop the country was by means of a railway. It was fairly certain when Whiteway resumed office on December 17, 1889, that he would continue his previous railway policy even though the resulting public debt would mean a phenomenal burden for the Newfoundland people. He believed that the returns from such a project would outbalance the losses. However, railway expansion across the island was likely again to cause trouble with the Imperial Government because of the French Shore. This was a major problem for the Whiteway administration to face as it took office determined to build a line across Newfoundland to the west coast.

The Throne Speech, which was read at the opening of the Legislature on March 7, 1890, clearly indicated that Sir William Whiteway intended to take up once more the railway policy which he had initiated in 1881. The Speech announced that a bill relating to railway extension north and west would be submitted for the deliberation of the House. The survey for which the Thorburn Government had provided had been completed from Placentia Junction to Halls Bay in December 1889 and the government engineer had stated that the line could be constructed

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1. Journal of the Assembly, March 7, 1890. p.10.

at a moderate cost.<sup>2</sup> The survey had cost the Government \$57,823.54<sup>3</sup> but it enabled the Whitway administration to draw up specific plans for immediate railway expansion.

There was general agreement in the House that northern expansion was a good idea. However, some members raised certain objections. Alfred B. Morine, the Leader of the Opposition, charged that the Government had hired a large number of men, and paid \$1.25 per day, only in order to win by-elections. In his opinion subsequent discharge of these workers, which had caused confusion and poverty, illustrated the insincerity of the Government.<sup>4</sup> Morine was intent on keeping the Government constantly reminded of the railway promises made in the Throne Speech.

On March 28, 1890, he gave notice that on the following day he would ask the Government whether tenders had been invited in the United States, Canada and England, by public advertisement.<sup>5</sup> On March 31, he requested further details in this connection, such as, the names of the newspapers, the number of advertisements, the date of insertion and whether any tenders had been received.<sup>6</sup> The information that advertisements had been published in seven newspapers in these countries on March 3, 1890, and that tenders had been received, was readily supplied on April 1, 1890, by Robert Bond, the Colonial Secretary.<sup>7</sup>

2. Ibid., H.C. Burchell's report for 1889 in re Hall's Bay Railway. Ann., 339.

3. Ibid., Ann., 340.

4. The Evening Telegram, March 8, 1890. Proceedings of the Assembly, March 7, 1890.

5. Journal of the Assembly, March 28, 1890. p.48.

6. Ibid., March 31, 1890. p. 50.

7. The Evening Telegram, April 8, 1890. Proceedings of the Assembly, April 1, 1890.

Gradually, in response to the Government's advertisements, tenders for construction of a railway to Halls Bay (Green Bay District) were received. By May 7, 1890, the Government had received eight tenders<sup>8</sup> and on that day they were laid on the table of the House.<sup>9</sup> The Opposition immediately questioned the Government regarding the amount of security which it required from the applicants and whether anyone had shown a readiness to provide such a deposit.<sup>10</sup> The House was informed that the security demanded was \$250,000.00 and that some applicants had made the deposits. On June 4, 1890, the Premier introduced a bill entitled "An Act to make provisions for the construction of a line of railway to Halls Bay, and for other purposes."<sup>11</sup> It was read that day for the first time.

During the discussion on the motion for the second reading of the bill the Premier explained that the bill was intended to amend the act of the previous year. This act had provided for \$1,250,000.00, to be borrowed upon the credit of the colony, in order to build a northern railway. The Whiteway executive, after consultation with the government engineer, H.C. Burchell, had decided to make certain alterations in the proposals of the previous administration so that the scope of the project would be narrowed in order to avoid useless expenditure: wharves had been eliminated from the specifications; the specifications for the proposed elaborate railway

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8. Journal of the Assembly, 1890. Ann., 360-75.  
Copies of Tenders.

9. The Evening Telegram, May 9, 1890. Proceedings of the Assembly, May 7, 1890.

10. Journal of the Assembly, June 2, 1890. p.186.

11. Ibid., June 4, 1890. p.187.

stations had been altered; and, because of the statutory rights of the Anglo-American Telegraph Company, the erection of a telegraph line had been omitted from the stipulations. The Government, after making these alterations, had again called for tenders which in their opinion were more in accord with the needs of the country. The Premier also informed the House that the Government had submitted one extra condition to the contractors (which was accepted) that they would operate the Placentia Railway free, during the five year period of construction to Halls Bay, if they yielded it to the Government in good order at the end of that period.<sup>12</sup> Actually this was a liability to the contractor because the net loss of operating this railway in the previous year had been \$14,359.47.<sup>13</sup>

Whiteway explained that Messrs. Middleton and Reid, two well known Canadian contractors, had deposited the necessary \$250,000.00 in the bank as security. He also assured the House that the most satisfactory testimonials regarding the status of these men, who had performed many railway contracts to the satisfaction of the other parties concerned,<sup>14</sup> had been received.

12. The Evening Telegram, June 20, 1890. Proceedings of the Assembly, June 5, 1890.

13. Journal of the Assembly, 1890. Report for 1889 in re Placentia Railway. App., 33.

14. S2, 138. (N.A.) Recommendations were forwarded by W.C. Van Horne, Sanford Fleming and Collingwood Schreiber, chief Engineer of Government Railway, Ottawa.

Robert G. Reid, Canadian contractor and engineer, was born at Coupar Angus, Perthshire, 1842. He came to America in 1871 and at once made a reputation by building the International Bridge across the Niagara River at Buffalo. He supervised construction of the Canadian Pacific Railway around the almost impassable northern coast of Lake Superior. Newfoundland, however, was the scene of Reid's most varied activities. After the 1898 Contract he controlled Newfoundland's railway system, the St. John's dry dock, the telegraph system and 4,500,000 acres of land. These concessions were somewhat reduced in 1901 but Reid continued to be able to exert a powerful influence over Newfoundland's economy.

In comparing the other tenders which had been submitted the Premier stated that with respect to the only other low tender, called "Murphy's tender", the Government were dissatisfied. In connection with the security deposits the Government preferred to deal directly with the contractor, rather than through a mediator (The Merchant's Bank in Halifax). The Premier maintained that the tender of Middleton and Reid was unquestionably the lowest and he suggested that the tender be accepted by the Legislature. Although the details had not been arranged the Premier asked for the consent of the House in order that the Government could carry out the project. <sup>15</sup> The bill was read a second time, passed through the committee stage, read a third time and sent to the Legislative Council in one afternoon. <sup>16</sup> It is astonishing that such an important bill should have been dealt with so quickly.

The choice of a contractor brought immediate complaint from the people who had submitted Murphy's tender. In a letter to The Evening Telegram, Leslie G. Mackay, one of this group, stated that he and his associates, in Tender No. 3, had deposited the necessary security in the Merchant's Bank in Halifax. (Actually this money was only to have been deposited by the Bank if the tender had been accepted.) He stated, also, that their tender (\$14,500 per mile) had been the lowest from the first bidding to the last. Mackay maintained that when the tenders were first opened the lowest should have been chosen

15. The Evening Telegram, loc-cit.  
 16. Journal of the Assembly, June 6, 1890. pp. 192-3.

at once. Instead, the Government had published the tenders, thus saving \$750,000.00 by forcing the contractors to bid against each other.<sup>17</sup> It was too late, however, for Mackay's letter to have any effect as the railway bill had already been enacted.

The contract between Middleton and Reid, and the Government was signed on July 18, 1890, providing for a railway from Whitbourne to Halls Bay. The contract included the following provisions: (1) the contractors would provide at their own expense all labour, materials and machinery required for the execution of the contract, (2) the Government would provide land for the right of way and for stations, (3) the Government could make any changes it deemed necessary in the grades, alignment, location or position of the works; (4) the contractors were to keep a competent superintendent on the ground during working hours to receive orders of the government engineer, (5) the government engineer would have the power, with the Government's consent, to require the contractors to employ or provide the additional men, machinery and materials necessary to make the progress required by the Government, (6) if the contractors became insolvent the Government could take the work out of their hands and complete the line by an arrangement suitable to them (the Government) and that in such case the contractors should have no claim to further payments but would be liable for loss or damage which might be suffered by the

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17. The Evening Telegram, June 6, 1890. L.G. Mackay to the Editor.

Government, due to the company's failure, (7) the contractors could not make any assignment of their contract without sanction in writing from the Government, (8) time was deemed to be the essence of the contract, (9) if wages were not paid the Government could warn the company after which the Government itself could pay and charge it to the company's account, (10) wages would not be less than \$1.00 per day, (11) the company would be paid \$15,600 per mile, payable every five miles, on the written certificate of the government engineer, (12) the Government could suspend operations periodically if they thought it necessary, (13) no liquor could be sold on or near the works, (14) there would be no Sunday work, (15) the contractors would operate the Placentia Railway during the period of the contract and would not exceed the rate then being charged, and, (16) the contractor had to deposit \$250,000.00 as security for the execution of the contract.

This contract was obviously much better than that of 1881. The Government had taken precautions against the effects of financial ruin of the contractors. The workers were well protected, by several clauses, from exploitation. The Government had more direct control over the manner in which the operations were carried out. The Government had learnt through previous mistakes and had now negotiated a suitable contract for the completion of the Halls Bay Line.

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18. Journal of the Assembly, 1891. App., 407-19. Copy of the Contract.

George Middleton arrived in St. John's early in August and announced that railway construction would commence between the tenth and the fifteenth of September, 1890.<sup>19</sup> However, railway construction had not started by October 17 and the Telegram said that the unforeseen delay was due to the financial bungling of the former administration.<sup>20</sup> A few days later construction was begun and, according to a letter to the editor of the Telegram, signed by Arthur O'Neil of Freshwater, two hundred and fifty men were employed by October 26, 1890, at the rate of one dollar per day.<sup>21</sup> Presumably Middleton was doing a commendable job.

Whiteway had arranged for a successful commencement of cross-country railway operations. However by January, 1891, the Telegram, which was now a staunch supporter of the Government, admitted that some complaints about the contractors were too serious to be overlooked. It informed the Government that according to reliable sources the contractors were not paying due attention to the comfort of the labourers they had employed. Sleeping accommodations had been described as "outrageously poor", with snow often piling on the beds as men slept. The Evening Telegram however was confident that conditions would improve because the Government had sent G.W. Gushue, who was later Minister of Public Works in the Bond Government, to the scene as an overseer to insure that the men would be properly

19. The Evening Telegram, August 11, 1890.

20. Ibid., October 17, 1890.

21. Ibid., October 29, 1890. Letter to the Editor.

fed and housed without being overcharged.

When the Legislature reopened on February 12, 1891, the Government had already given considerable thought to the idea of changing its plans with regard to the location of the western terminus. It was stated in the Throne Speech that another survey for a line of railway to the west coast had been undertaken. This survey, through the valleys of Deer Lake and Harry's Brook, had been made with a view to ascertaining definitely whether that route would present more favourable features than the one already surveyed through the barren interior around Red Indian Lake. The Government stated that they were now in a position to determine the best route if and when the decision were made to extend the line westward from the Exploits River.<sup>23</sup> However no further action, concerning this project, was taken during the 1891 Session.

Although no plans were made for further railway extension, railway matters nevertheless received considerable attention during that legislative session. On May 4, 1891, the House of Assembly discussed certain resolutions respecting an amendment to the Railway Act of 1890. The Colonial Secretary explained that the aim of these resolutions was to give the Government the power to purchase the property of the Newfoundland Railway Company. He maintained that this was necessary because the Newfoundland Railway Company charged high rates for its services, which tended to ruin many new enterprises along the line. This obstacle prevented the Government from building a

22. Ibid., January 29, 1891.

23. Journal of the Assembly, February 12, 1891. pp.6-7.

branch line to Brigus and furthermore, Bond stated, the company had given no inducements for the encouragement of agricultural pursuits. Bond was of the opinion that to continue to press the lawsuit against the company would be useless as \$20,577.00 had already been spent upon it without producing any results. He felt that as the Government needed the complete control of the cross-country line, in order to develop the island's resources, the Legislature should grant the necessary authority for the Government to purchase that section operated by the Newfoundland Railway Company.<sup>24</sup>

Some members however strongly opposed the resolutions. Joseph Greene (Ferryland) suggested that the Government should continue the lawsuit and force the company out of operation, without having to buy them out.<sup>25</sup> However the majority of the members supported the resolutions which gave the Governor-in-Council the authority to enter into an agreement to purchase the Newfoundland Railway, to raise by loan, upon the credit of the colony, a sum of money sufficient for the purchase of the railway, and, to give, if it seemed desirable to him, in payment one or more debentures for the amount of the purchase money. The resolutions also gave the Receiver General the power to raise the money in Great Britain and Ireland and provided for a bill to give effect to these suggestions.<sup>26</sup>

The bill was brought before the House almost immediately. On May 6, 1891, during the committee stage, the Opposition

<sup>24</sup>. Ibid., May 21, 1891. Proceedings of the Assembly, May 11, 1891.

<sup>25</sup>. Ibid.

<sup>26</sup>. Journal of the Assembly, May 4, 1891. pp.178-9.

raised objection to the bill because the amount of money which the transaction would involve was not specified. They felt that the Legislature could not be justified in giving the Government such a blank cheque. The Government merely retaliated with an irrelevant argument about the Thorburn administration. <sup>27</sup> The bill was then quickly passed through the committee stage without amendment. <sup>28</sup>

The Opposition, however, did not resign themselves to the Government's wishes. On the motion that the bill be read a third time, George Shea (Ferryland) persisted with the Opposition's argument and moved a resolution in amendment to the motion for third reading. In effect, this resolution stated that giving the executive the power to increase the public debt without limits or obligations was in excess of the proper authority and function of the Government, and in derogation of the constitutional right and privileges of the Legislature, especially the Assembly, which supposedly controlled all fiscal matters. The resolution also stated that no reason existed for such a departure from the fundamental rules and practices of the constitution. <sup>29</sup> The House divided on the amendment and defeated it by a vote of fourteen to five and then passed the original motion for third reading "on a similar division". <sup>30</sup>

On June 1, 1891, when Governor Terence O'Brien informed the Colonial Office of the passage of the bill he enclosed

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27. The Evening Telegram, May 7, 1891. Proceedings of the Assembly, May 6, 1891.  
 28. Journal of the Assembly, May 6, 1891. p.184.  
 29. Ibid., May 7, 1891, pp.187-8.  
 30. Ibid., 188.

with his correspondence a letter of protest against it, signed by seven members of the House of Assembly and two from the Legislative Council. These people were protesting against what they considered to be the unconstitutional transfer of power to the executive without reserving the right of sanction to the Legislature. They also complained because the executive could withhold from the Legislature the information relating to the terms of the proposals. This, in their opinion, was not promoting or securing the interests of the colony. In addition they stated that this action was a plain and direct violation of what they called the fundamental principle of responsible government, which gave the Assembly the authority and control over all fiscal matters. Therefore it was "entirely unconstitutional and without precedent". These men admitted that they were fully aware of their departure from ordinary constitutional practice but in their opinion the exceptional 31 circumstance warranted the exceptional course they had taken.

The Governor had previously forwarded the same correspondence to the Acting Attorney General, S.P. Morris, who had advised him that there was no legal reason for the Governor to withhold his assent from the bill. <sup>32</sup> The Secretary of State concurred with this view and informed O'Brien that he had acted correctly because all the responsibility for action to be taken on the basis of this legislation rested with his advisers. <sup>33</sup> The protests, however, proved to be unnecessary because, as no

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31. C.O. 191/218. O'Brien to Lord Knutsford, June 1, 1891. No. 12222.

32. Ibid.

33. Ibid.

agreement could be reached on the value of the line, the scheme failed.

Meanwhile railway construction was progressing favourably in 1891. On September 3, five members of the Legislature accompanied Robert Reid and the government engineer on an inspection of the thirty miles of track which had been completed. The nine hundred men who were employed were reported to be contented and happy and were receiving approximately \$14,000.00 per month in wages. Winter work was also favourable as reports from Bonavista Bay stated that one party had contracted to cut \$15,000.00 worth of sleepers, and there was at that time an entire absence of poverty in that area, although this was probably only partly due to the railway work. The year 1891 had been a year of progress in railway extension.

When the Legislature opened in 1892, sixty-five miles of the line had been completed and the Government predicted that the settlement of Gambo, on Bonavista Bay, would be reached that year. The Government also disclosed that they considered it advisable to carry out another survey to the west coast, the following summer, by way of Grand Lake, so that tenders could be called at an early date for construction of a line to the west coast. It seemed that the Government were determined to reach the French Shore, whether it was legal to do so or not.

A feeling of optimism pervaded the Legislature. Several members expressed their confidence that beneficial results

34. The Evening Telegram, September 4, 1891.  
35. Ibid., September 1, 1891.  
36. Ibid., February 21, 1892.  
37. Journal of the Assembly, February 25, 1892. pp.1-4.

would be derived from a railway to the west coast. The Colonial Secretary felt that capitalists could easily be induced to invest their money in Newfoundland if the Government provided the basic means of transportation -- a railway.<sup>38</sup> However, A.B. Morine, the Opposition Leader, was more pessimistic. His criticism was based on the danger of the rapidly increasing public debt. In his estimation the construction of a railway to the west coast would double the public debt of the colony, raising it to approximately \$12,000,000.00, which he considered was too much for the people to bear.<sup>39</sup> Future developments have shown that Morine was correct in his forecast, and that the railway supporters were unrealistic, as to the overwhelming public debt, created mainly by the railway was a major factor in causing the financial collapse and the loss of self-government in 1934.

During 1892 personal difficulties between Middleton and Reid caused the retirement of Middleton from the firm.<sup>40</sup> Legislative action to correct technicalities in the contract was not taken until the following year when the Assembly passed a bill which enabled the bonds issued under the previous Railway Act to be reengraved at the expense of the contractor.<sup>41</sup>

The Government's plans to buy the Newfoundland Railway Company had not been carried out but the ill-feeling gradually increased. On February 9, 1893, Frank Evans, the Receiver and

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38. The Evening Telegram, March 11, 1892. Proceedings of the Assembly, February 25, 1892.  
 39. Ibid., April 23, 1892. Proceedings of the Assembly, April 8, 1892.  
 40. Journal of the Assembly, May 30, 1892. p. 152.  
 41. The Evening Telegram, April 11, 1893. Proceedings of the Assembly, March 22, 1893.

Manager of the Company, wrote a letter of complaint to the Secretary of State for the Colonies, the Marquis of Ripon. Evans complained that the Newfoundland Government intended to construct a line parallel to the bondholder's line from Harbour Grace Junction to St. John's. In his opinion there was no reason for this, as the company could accomodate all possible traffic, except that the Government was aiming to depreciate the company's property and force it to discontinue operations. Evans requested that the Imperial Government would take the necessary measures to protect the British citizens who had invested their money in the project, in order that they might salvage as much of their investment as possible. <sup>42</sup> This fear on the part of the company was probably unfounded. At any rate, there are no records which would suggest that the Government had any such intentions.

Railway construction had proceeded at a rate beyond the expectations of the Government. When the Legislature opened on March 7, 1893, construction had reached the north side of Gander Lake and bi-weekly trains were operating between Gambo and Whitbourne. In the opinion of the Government the intercourse already established between St. John's and the north had been extensive, various, and mutually profitable. They considered that similar intercourse between the "interior west" and the sea coast would form a strong basis for the island's commercial prosperity. The Government, convinced now that only

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42. C.O. 194/224. Evans to the Marquis of Ripon.  
February 9, 1893. No. 2367.

success could come with the railway, informed the House that during the 1893 session they would be invited to make provision for the building of a railway to the west coast.<sup>43</sup>

It was also announced in the Throne Speech that new discoveries of asbestos and coal, equal in quality "to the average Cape Breton coal", had been made on the west coast.<sup>44</sup> This information increased the emotional fervour in the House of Assembly. Government members expressed the opinion that the whole future of the island depended on the development of the west coast.<sup>45</sup> Some Opposition members however were convinced, and rightly so, that the Government were merely engaged in wishful thinking with regard to coal mining industries because even in Cape Breton several mines were not producing. They stated that the cost of bringing coal by rail from Grand Lake, on the West Coast, to St. John's would exceed the cost of ocean transportation from Sydney to St. John's.<sup>46</sup>

At that time however the railway was proving to be a social and monetary blessing to Newfoundlanders and the Government intended to take action while the atmosphere was conducive to expansion. The Colonial Secretary, R. Bond, explained that their policy, inaugurated in 1890, had stimulated trade and commerce and had given employment to an average of eleven hundred men throughout the whole year. He maintained

43. Journal of the Assembly, March 7, 1893. n.5.

44. Ibid., n.

45. The Evening Telegram, March 8, 1893. Proceedings of the Assembly, March 7, 1893.

46. Ibid., March 22, 1893. Proceedings of the Assembly, March 13, 1893.

that further expansion would bring further benefits, especially when the valuable land in the Gambo area and the pine forests of the Exploits Valley were taken into consideration. <sup>47</sup>

On May 12, 1893, the Premier presented a set of railway resolutions, before a committee of the whole, which would enable the Government to construct a railway to Port aux Basques. <sup>48</sup> The Premier in reviewing the history of railway building in the island, admitted that there had been bitter opposition to the schemes. He concluded, however, by expressing his confidence in Robert Reid and the future prosperity of Newfoundland. <sup>49</sup> These resolutions stated, that whereas it was desirable to develop the resources of the island, therefore the proposed course of the railway should be changed from its northern direction to Halls Bay and continued instead from a point on the Exploits River westward to the Bay of Islands and on to Port aux Basques. The resolutions also requested that the Governor enter into a contract with R.G. Reid, or another responsible contractor, to construct and equip the line on the general basis of the 1890 contract, subject to the approval and ratification of the House. It was also suggested that His Excellency enter into an operating contract, upon terms mutually agreed upon between the Governor-in-Council and the contractors, subject to the approval of the House. <sup>50</sup>

<sup>47</sup>. Ibid., April 3, 1893. Proceedings of the Assembly, March 16, 1893.

<sup>48</sup>. Journal of the Assembly, May 12, 1893. p.141.

<sup>49</sup>. The Evening Telegram, June 26, 1893. Proceedings of the Assembly, May 12, 1893.

<sup>50</sup>. Journal of the Assembly. May 12, 1893. pp.141-2.

The contract was drawn up and signed on May 16, 1893, providing in addition to the information stated in the resolutions, that, (1) the contractor would complete the work within three years after the date of commencement, which could not be later than September 1, 1893, unless unanticipated physical difficulties arose, (2) the government engineer would have the power to compel the contractors to reexecute any work which had been unsatisfactorily carried out, (3) all payments were to be made by the Government in debentures of the Government in sterling money of the United Kingdom, maturing on January 1, 1947, with interest thereon at the rate of  $3\frac{1}{2}\%$  per annum, and, (4) the contractors should at the time of the signing of the contract deposit \$250,000.00 in cash, or in bonds, as security for the faithful performance of the contract. (Reid was later given credit for the deposit made at the beginning of the construction of the Northern Railway.) Many clauses which were similar to the previous Reid contract were included. <sup>51</sup>

On the same day a ten-year operating contract was signed, which included the Placentia Branch. The contractors were obliged to run as many passenger or mixed trains each way, as traffic should require, and, in any case, at least one each day, except Sundays, over the Placentia Railway. Similarly, they were required to run three trains per week on the Northern Railway as far as the Exloits River and two trains per week beyond the River as far as the Government deemed necessary to meet traffic requirements. If the Government desired to run

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51. Ibid., 1893. App., 360-70.

any special trains they would have to furnish reasonable compensation. The contractors would carry all government mails for the sum of eighty dollars per annum for each mile of railway, and would construct, before the completion of the western railway, telegraph lines along the route for the purpose of railway operations. In return for the faithful performance of the contract the Government agreed to grant, in fee simple, 5000 acres of land for each mile of main line or branch railway to be operated. These grants of 250,000 acres each were to be made on four separate occasions upon the completion of the line to the Exploits River, Deer Lake, St. George's Bay and Port aux Basques. The contractors, on the termination of the contract, would deliver to the Government all the railway and telegraph lines included in the agreement,<sup>52</sup> in thorough order, repair and condition. This contract was another well-planned step in railway construction, in marked contrast to the earlier contract of 1881.

A proposed railway along the west coast, however, could still cause international friction because the French Shore question had not yet been settled. Premier Whiteway was aware of this potential difficulty. In his foreword to Beckles Willson's book, The Tenth Island, Whiteway confessed that the Newfoundland Government secured a railway station on the west coast in a surreptitious manner: by giving as little information to Britain as possible until the road and jetty had been

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52. Ibid., Apr., 384-92.

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 constructed. The Governor of Newfoundland, however, was in constant communication with the Colonial Office because at that time negotiations over a Permanent Treaties bill, regarding the French Shore, were being carried out between the United Kingdom and Newfoundland. These negotiations were important to Newfoundland because the Imperial Government had agreed to guarantee a railway loan if the Permanent Treaties bill were passed. The Newfoundland Legislature, however, could not agree on the clauses of the bill and negotiations for a railway loan were abandoned by tacit consent.  
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The Imperial Government continued to be concerned over the repercussions which the new project might create. On June 15, 1893, the Secretary of State for the Colonies wrote to the Foreign Office requesting information on the possible effects of the railway project. The Foreign Office suggested that the Imperial Government should use this incident to extort a Permanent Treaties bill from Newfoundland, because they should not allow an enormous tract of Treaty Shore to pass almost completely into the hands of private individuals while the Imperial Government had no power of enforcing treaty stipulations. Therefore they suggested that either the Newfoundland Government should provide effective means of securing legal protection for the French treaty rights or the Imperial

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53. Beckles Willson, The Tenth Island (London: Grant Richard, 1897) p.xiii  
 54. R.A. Mackay, (ed.), Newfoundland: Economic, Diplomatic and Strategic Studies (Toronto: Oxford University Press, 1946) p.325.

Government should not permit the implementation of the railway plans. <sup>55</sup> The Secretary of State followed this advice and informed the Newfoundland Governor of his decision. <sup>56</sup> However on August 10, 1893, the Governor warned the Colonial Office that this was the wrong approach. He predicted that as Newfoundland had been trying to develop her natural resources for years, the slightest suspicion of any policy likely to interfere with this aim would play such an important part in the following election that any chances for getting a Permanent Treaties bill through the Legislature would be gone. He also suggested to the Secretary of State that as the preliminary survey was not completed it was impossible to know how the line would lie in reference to the French Shore. William Whiteway, who was obviously misleading the Governor, had assured him that there was no anticipation of difficulty as the line would avoid the Treaty Shore. <sup>57</sup> An adviser in the Colonial Office suggested that the Imperial Government should make a fresh start by asking the Newfoundland Government to forward definite plans and to avoid giving the French any grounds for protest. <sup>58</sup>

On September 4, 1893, Governor O'Brien again forwarded a confidential despatch to the Colonial Office. He informed them that the Government had granted permission for the contractors to commence work from Port aux Basques in October so that by

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55. C.O. 194/226. J.H. Sanderson to The Undersecretary of State, June 15, 1893. No. 10055.

56. C.O. 194/224. Governor to The Marquis of Rinon (confidential) August 10, 1893. No. 14363.

57. Ibid.

58. Ibid.

working simultaneously from both ends the work might be speeded up. (This plan was later discontinued. <sup>59</sup>) He suggested that, as the line would follow the direction of the French Shore, the Imperial Government, in order to avoid further complications, should establish definitely the interior limits of the French rights from the high water mark. In the Governor's opinion, if the railway were built one hundred yards from the high water mark it would not interfere with any fishing station, as this would provide sufficient room for the drying of fish and nets. O'Brien felt that judging from the actions of the French during the previous summer, they intended to make exaggerated claims in the future and therefore it was important that the Imperial Government take definite action immediately. <sup>60.</sup>

Further correspondence on the subject occurred on October 18, 1893. The Governor, in answer to the Secretary of State, informed the Colonial Office that he would be very particular in seeing that no grants of land were made in the immediate vicinity of the French Shore. The Governor, however, was somewhat confused because Lord Granville, the Secretary of State in 1860, had authorized land grants within one half mile of the Treaty Shore, and now the Governor had been instructed to establish a one-mile limit. <sup>61</sup> Finally the Imperial Government, after consultation with the Foreign Office, decided to allow unconditional land grants to be made to the railway

59. C.O. 194/227. Governor to The Marquis of Ripon (confidential) January 22, 1894. No. 1972.  
60. C.O. 194/225. O'Brien to The Marquis of Ripon (confidential) September 4, 1893. No. 16210.  
61. C.O. 194/224. O'Brien to The Marquis of Ripon (confidential) October 18, 1893. No. 18414.

contractors, provided they were one half mile from high water mark, following the sinuosities of the coastline.<sup>62</sup>

On November 17, 1893, O'Brien informed the Colonial Office that according to the preliminary survey the proposed line would touch the coastline at Birchy Point, on the Bay of Islands, and at St. George's Bay near Sandy Point. The French had never fished at these places and now they could not because large villages had sprung up there. In his opinion the French could have no more objection to a railway than to a road, of which there were already several in each locality. He again predicted that if a diversion of the line from either settlement were caused, great dissatisfaction would follow, raising a spirit of antagonism against the mother country.<sup>63</sup>

The Secretary of State for the Colonies continued to consult the Foreign Office as to the possible detrimental results if the project were completed. Although the same basis for judgment existed as in 1878 the Imperial Government now refused to interfere with the Newfoundland Government's plans. Thus the groundwork for a railway to the west coast was laid, mainly as a result of the colony's determined attitude.

The term of office of the House of Assembly had expired again. During these four years (1888-93) Whiteway had considerably advanced railway construction in Newfoundland. The foundation had been laid for a railway system which would connect St. John's and Port aux Basques and a great deal of the actual construction had been carried out. Whiteway had

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62. C.O. 19h/226. Sanderson to Under Secretary of State. November 20, 1893. No. 19655.  
 63. C.O. 19h/22h. O'Brien to The Marquis of Ripon (confidential) November 17, 1893. No. 20062.

discontinued the policy of the Thorburn Government and had reverted to construction by contract in preference to direct government construction. The 1891 contract had been a vast improvement over the Blackman Contract, made ten years earlier, partly because of the experience gained during the interval. The optimistic Legislature had, in 1883, changed its former plans in order to enable Reid to construct a railway along the Treaty Shore as far as Port aux Basques. Although the same treaties were in existence as previously, the British Government had finally, through necessity, given permission for the construction of railway stations in that area. However, this tremendous leap forward in railway advancement had a drastic effect on the colony's public debt, causing it to increase far beyond any previous proportions. This increased public debt was to have a detrimental effect during the confederation negotiations of the 1890's.

## CHAPTER VII

### THE RAILWAY COMPLETED 1893-1898

During his previous term of office (1889-93) William Whiteway had completed arrangements with Robert G. Reid for the construction, within a limited time, of a railway to Port aux Basques. In 1893 the construction and operating contract had been signed. When Whiteway faced the Newfoundland electorate in the fall of that year he was confident that he would be returned to power because he had finally brought about reasonable conditions for the completion of the cross-country railway. What had been Whiteway's aim for nearly twenty years was about to be fulfilled.

The campaign aroused considerable interest. The Government's main argument was that if the people voted the Opposition party into power labourers' wages would be drastically cut. The Evening Telegram in its campaign for Whiteway printed letters written by candidates running for the Opposition party which advocated low wages for all workers. The Opposition strongly denied that this would be their policy. However Whiteway, with his promises of increased progress, was confirmed in office with a comfortable majority.

At the opening of the first session of the new Legislature on February 16, 1894, the progress of the railway project was again reviewed by Governor Terence O'Brien. The tracks had now been laid to a point thirty-seven miles west of the Exploits River, and six miles of the Briggs branch had been graded. Railway construction, the Governor stated, had afforded steady

employment to more than fifteen hundred men from May 1893 to January 1894.<sup>1</sup> In the debate which followed the Government supporters listed once more the possible benefits which would come from the railway.<sup>2</sup> However the same benefits had been listed in 1880 and so far had failed to materialize. Augustus F. Goodridge, (Twillingate), the Leader of the Opposition, strongly criticized the Government's previous decision to continue construction to Port aux Basques. In his opinion the contract which had been signed had not been in the best interest of Newfoundland. He suggested that the new contract had been arranged mainly in order to provide an easier route for the company to complete so that the Government could say its railway policy had been a success.<sup>3</sup> These arguments, used by the Opposition were not substantiated and must be regarded as political propaganda. Halls Bay (where the original terminus had been planned) was a very small community and now that mining activities in that region had declined considerably it offered little prospect for future development. Newfoundland was obviously likely to benefit more from a railway which would bring her into closer communication with Canada.

Although the "merchants" had been defeated in the election, they were still determined to gain control of the Government. They filed petitions in the Supreme Court under the Corrupt Practices Act against seventeen members of the Government.

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1. Journal of the Assembly, February 16, 1894. p.10.
  2. The Evening Telegram, February 17, 1894. Proceedings of the Assembly, February 16, 1894.
  3. Ibid., February 22, 1894. Proceedings of the Assembly, February 21, 1894.

party, including Whiteway himself. The first members to be disqualified were the representatives of Bay-de-Verde District. Whiteway protested the judgement of the Supreme Court and asked the Governor for a dissolution. The Governor refused for he felt this would be a means whereby Whiteway and his party could escape the consequences of the election petitions. Whiteway's supporters refused to carry on the business of the House and would not consent to the Governor's request that they pass the revenue and supply bills. Whiteway, having been refused a dissolution, submitted his resignation on April 13, 1894,<sup>4</sup> and on April 14 A.F. Goodridge announced that he had formed a new cabinet. As the new Prime Minister could not immediately command a majority in the House, Governor O'Brien prorogued the Legislature until April 23, 1894.<sup>5</sup>

These political developments caused a considerable delay in railway construction. Reid decided to suspend operations because the railway bonds were unsalable on the London market.<sup>6</sup> The Evening Telegram, probably for political reasons, asserted that unless the Whiteway party were successful in the expected Bay-de-Verde by-election, which could be regarded as a test case, it would be impossible for the railway contractors to carry out any construction during the approaching summer.<sup>7</sup> In the by-election the Government candidates, Woods

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4. C.O. 194/227. O'Brien to the Marquis of Ripon, April 3, 1894. No. 5722.
  5. C.O. 194/227. O'Brien to the Marquis of Ripon, April 10, 1894. No. 6117.
  6. Journal of the Assembly, April 13, 1894. p.51.
  7. Ibid., April 14, 1894. pp.53-4.
  8. C.O. 194/227. O'Brien to the Marquis of Ripon, April 10, 1894. No. 7065.
  9. The Evening Telegram, May 17, 1894.

and Moores, were opposed by Messrs. Ayre and Macpherson, whom the Telegram described as "red-ding Nawbobs of Water Street." After a campaign marked by accusations of bribery and dishonesty, the Whiteway candidate, J. Woods, headed the poll but his fellow candidate was defeated by J.B. Ayre, one of the supporters of Goodridge. <sup>10</sup> Railway construction continued to be delayed.

The situation was becoming serious. The Evening Telegram assailed Governor T. O'Brien's action in the political crisis as an attempt to undermine the principles of responsible government. It questioned the validity of a party with relatively little numerical strength in the Assembly being allowed to continue in a position of control. The Evening Telegram maintained that the Government dared not call the Assembly together because it would be immediately voted out of office. The editor wished to know what could be more absurd than the anomaly of a "Government" not having the confidence of the House of Assembly. <sup>11</sup>

Election petitions continued to be filed against Whiteway's supporters. By June Whiteway and nine members of his party had been unseated. <sup>12</sup> On June 11 the Revenue bill would expire and the Government would have no further power to collect customs duty. However, the Legislature did not meet before this date and the Government continued to collect duties even though they now had no legal authority to do so. <sup>13</sup> More and

10. Ibid., May 18, 1894.

11. Ibid., May 22, 1894.

12. The Annual Register, 1894. New Series, (London: Longmans, Green and Co., 1895) 301.

13. C.O. 194/22. O'Brien to the Marquis of Ripon, June 11, 1894. No. 10853.

more of Whiteway's members were unseated, -- fifteen by the end of July.<sup>14</sup> The Assembly finally met on August 2, 1894, although six districts returning thirteen members and representing nearly one half the island's population were unrepresented.<sup>15</sup> The Revenue and Supply bills were passed so that the financial affairs of the colony could be carried on.

Before the year ended, however, Newfoundland suffered a severe financial crisis. The Commercial Bank, because of the "failure of its mercantile customers to respond to its liabilities", closed its doors on December 10, 1894.<sup>16</sup> During the fall, by-elections for the unrepresented districts had been held and Whiteway had regained enough seats to give him a majority. He now demanded that Governor O'Brien immediately dismiss the Goodridge administration.<sup>17</sup> This the Governor decided to do and Whiteway's party resumed power on December 13, 1894.<sup>18</sup> Whiteway himself, however, had been disqualified from sitting in the Assembly and was not a member of the Government. In January 1895, the Imperial Government instructed the Governor of Newfoundland to sanction the bill which had been passed by both Houses of the Newfoundland Assembly by January 2, 1895, removing the disabilities of those who had been unseated and disqualified.<sup>19</sup> This enabled them to resume their seats in the Legislature. Whiteway immediately formed a new ministry which was sworn in early in February, 1895.<sup>20</sup>

14. The Annual Register, 1894, p. 352.  
 15. Journal of the Assembly, August 9, 1894. Second Session, p. 26.  
 16. Ibid., December 15, 1894. (1894/95) p. 5.  
 17. The Evening Telegram, December 13, 1894.  
 18. Ibid., December 14, 1894, p. 378.  
 19. H. F. G. Stanley, "Further Documents Relating to the Union of Newfoundland and Canada, 1826-1895", Canadian Historical Review, Vol. 20, 1944.  
 20. Journal of the Assembly, February 8, 1895, p. 49.

The new Ministry found itself in the midst of a difficult situation. Because of the bank failure it was virtually impossible for employers to pay wages, and many people were dismissed from their work. Although two million dollars worth of fishery products were stored in St. John's, without financial aid from outside the colony it was impossible to place the fish on the market.<sup>21</sup> With the financial crisis it seemed that Newfoundland would lose her independence either by reverting to the status of a crown colony or by becoming part of the Dominion of Canada. The latter seemed more advantageous and was discussed by the Executive Council on February 19, 1895.<sup>22</sup> On March 26, 1895, a delegation comprised of R. Bond, E.P. Morris, G.H. Emerson, and W.H. Horwood left St. John's for Ottawa to discuss possible terms of union.<sup>23</sup>

The Conference continued from April 4 to April 16 and the principal obstacle to an agreement was the unwillingness of Canada to assume the full responsibility for the public debt of Newfoundland.<sup>24</sup> The total public debt of the island at that time was \$15,829,834.73, of which completed railway construction and contractual obligations amounted to \$9,553,300.66.<sup>25</sup> The Canadian Prime Minister, Mackenzie Bowell, stated that Canada was "very desirous of affecting a union" but in order to accomplish this, generous financial assistance from the British Government would be necessary.<sup>26</sup> Britain refused

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21. The Annual Register, 1894, n.352.  
 22. Journal of the Assembly, 1894/95. App., 369.  
 23. Ibid., App., 370.  
 24. G.P.C. Stanley, loc.cit. 385.  
 25. Journal of the Assembly, 1894/95. App., 412.  
 26. Ibid., Bowell to the Earl of Aberdeen, April 16, 1895. App., 424.

to be drawn into the bargain but the Marquis of Ripon, Secretary of State for the Colonies, thought that the attitude of the Canadian Government to Newfoundland was unreasonable in view of the fact that the railway would become the property of the Dominion upon its completion.<sup>27</sup> However the Newfoundland railway system at that time could be, and apparently was by Canada, considered to be an immediate liability because the cost of operating would greatly exceed the annual returns. During the negotiations Canada did offer, in addition to her basic scheme, to aid in construction of the Newfoundland Railway from the Ex-loits River to Port aux Basques by granting a subsidy of six thousand dollars per mile, and to add thirty-five thousand dollars to the yearly provincial allowance. This however was not acceptable to the Newfoundland Government.<sup>28</sup> It can be assumed that, as the amount of public debt was the main obstacle to union, if the Newfoundland Government had not accumulated such a large debt through railway construction north and west of the Avalon peninsula, Confederation might have occurred in the 1890's rather than in 1949. In this case, presumably, there would have been no "confederation campaign". The union would have been brought about without an election -- as had been the case in most of the other provinces, including Nova Scotia.

Although the negotiations for Confederation had failed, Newfoundland did not revert to the status of a crown colony.

27. Ibid., Marquis of Ripon to the Earl of Aberdeen, May 4, 1855. Ann., 430.

28. Ibid., Bowell to Whiteway, May 11, 1896. Ann., 422.

On May 30, 1895, the Telegram published a news report from Montreal which stated that Robert Bond had announced to the press that he had arranged a loan on highly advantageous terms, with a syndicate of leading London bankers, and that the stabilization of the Newfoundland Savings Bank would be the first result of the deal. Following receipt of this information Reid called his agent in Newfoundland to commence work immediately on the railway.

On June 14, 1895, the Telegram announced that two hundred men had moved westward seeking employment on the railway and that any man desiring work would be given a free pass over the northern railway extension. However no one would be promised a specific job until arrival on the site and then jobs would be given on a "first come, first served" basis. By June 28, two thousand men were engaged in actual construction work on the line, while five hundred more were indirectly employed. Construction was averaging one mile per day. Before the year ended seventy miles of railway had been completed and it was hoped that the western terminus, Port aux Basques, would be reached by the end of 1896. However the Government still faced some financial difficulties with respect to the railway.

On April 10, 1896, Governor H. Murrey, who arrived in St. John's in the fall of 1895, informed the Colonial Office that the money then available to the Newfoundland Government, as a result of

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29. The Evening Telegram, May 30, 1895.  
 30. Ibid., June 14, 1895.  
 31. Ibid., June 28, 1895.  
 32. Journal of the Assembly, June 11, 1896, p.3

the loan raised in 1893, was sufficient to construct the railway to Port aux Basques but not enough to construct any snow fences or stations along the route. As it was impossible to get much income from the current revenue of the island, Murray was of the opinion that the colony would need another loan.<sup>33</sup>

In 1896 further trouble developed with the Newfoundland Railway Company. At the opening of the Legislature on June 11 the Government stated that they had expected to have been in a position to invite the Legislature to ratify an agreement for the working of a coal area near Grand Lake. However in the opinion of the Government "the action of the Newfoundland Railway Company in placing an injunction upon the disposition of the property may possibly retard the completion of the negotiations." The claim, thus set up by the company, was then being considered by the Supreme court.<sup>34</sup> The Newfoundland Railway Company maintained that it was entitled by contract to select from this area sections due it, with respect to the line from St. John's to Harbour Grace, because it had not made any selections along that route, the land being either unobtainable or undesirable. To the Newfoundland Government this seemed most anomalous, that a company which had broken nearly every condition of its contract should be imprudent enough to make such a claim.<sup>35</sup> The Government's mining plans, however, were temporarily halted by this dispute.

33. C.O. 194/234 Murray to Chamberlain (confidential) April 10, 1896. No. 8082.

34. Journal of the Assembly, June 11, 1896. r.l.

35. The Evening Telegram, June 13, 1896. Proceedings of the Assembly, June 11, 1896.

Later in the 1896 Legislative Session it seemed that the Newfoundland Government were retaliating against the Newfoundland Railway Company. On August 1, 1896, the House of Assembly passed "An Act to Incorporate the St. John's Street Railway Company and for other purposes", providing for a railway system to be constructed within a twenty mile radius of the city. Governor Murray, in his correspondence with the Colonial Office, suggested that this was merely a beginning; that once the railway reached the twenty-mile limit it would be extended further. He maintained that such a competitive line was necessary because the Newfoundland Railway Company had wilfully placed obstructions in the way of railway expansion. The company's refusal to come to any agreement for receiving goods from the northern line for transportation to St. John's had caused great loss and inconveniences. Murray's ideas were later contradicted at a meeting of the Executive Council where the project was discussed and the majority of the members declared that the bill was purely local and was not designed to compete with the Newfoundland Railway Company. To prove their intentions they stated that they would still agree to buy the railway at a price quoted by a board of arbitrators, and mutually agreed upon, but, not at the exorbitant sum previously quoted by the company. The company refused this offer.

36. Journal of the Assembly, August 1, 1896, p. 56

37. C.O. 194/234. Murray to Chamberlain, July 15, 1896.  
No. 15879.

38. C.O. 194/235. Murray to Chamberlain, November 10, 1896.  
No. 23873.

The Newfoundland Railway Company had protested to the Colonial Office while the bill was still before the Newfoundland Legislature.<sup>39</sup> The Colonial Office had felt Newfoundland could not afford to implement the bill because its credit was so low. Such schemes, it maintained, could only damage the financial credit of the Colony and jeopardize the development of its natural resources.<sup>40</sup> Murray had offered this advice to the Newfoundland Government. Whiteway's supporters, however, refused to face reality, and passed the bill.

The Newfoundland Railway Company immediately requested that the Imperial Government postpone the granting of the royal assent (the Governor had reserved the bill) until Frank Evans returned from South Africa. Evans, along with a deputation of shareholders, would then present the company's arguments against the establishment of a competitive line when the existing line could meet all traffic demands.<sup>41</sup> The bondholders assured the Colonial Office that the Government intended to compete with the Newfoundland Railway Company because according to the minutes of the Executive Council the Government was not certain of "the intentions . . . as regards the extent of the mileage of construction of the Electric Street Railway". They also believed the newspaperers in the colony which openly proclaimed Reid's intention of constructing the line to Whitbourne.<sup>42</sup> Many letters were written to the Colonial

39. C.O. 194/236. Evans to Chamberlain, July 1, 1896.  
No. 14370.

40. *Ibid.*

41. C.O. 194/236. S. Gorrings to Under Secretary of State, August 14, 1896. No. 17194.

42. C.O. 194/236. S. Gorrings to Under Secretary of State, September 28, 1896. No. 20212.

Office by the Newfoundland Railway Company, all of which centred around a common theme: the Government, by supporting Reid, had only one aim -- to force the bondholders' railway out of operation and thus to forfeit their right to the subsidy. These letters were effective in some degree. The Imperial Government continued to delay giving the royal assent to the bill. However, they could not find a sufficient reason to justify the extreme step of finally refusing it. Fortunately the problems created by the conflict disappeared when the Newfoundland Railway Company informed the Colonial Office that a large majority of the bondholders had accepted the offer of the Newfoundland Government. They would sell the railway company's property and rights for £325,000 in Newfoundland Government bonds. Joseph Chamberlain, the Secretary of State for the Colonies, informed Governor Murray that he would advise Her Majesty's assent to the St. John's Street Railway Bill, as soon as the purchase was actually completed. After fifteen years the Newfoundland Government were finally free from the bad investment (the awarding of the first railway contract to Blackman and his associates who failed to complete their contract) they had made in 1861 and had now unified the whole railway system. This development, however, came at considerable expense for in addition to having to pay over one and one half million dollars in purchase money, the Government

43. C.O. 104/236. S. Gorrings to Under Secretary of State, September 1, 1896. No. 18306.

44. C.O. 104/236. Evans to J. Bramston, October 24, 1896. No. 22111.

45. C.O. 104/236. Evans to Under Secretary of State, December 1, 1896. No. 25262.

46. Journal of the Assembly, 1898. Chamberlain to Murray, January 26, 1897. App., LHS.

now had to bear the burden of operating and maintaining the line.

Only one obstacle remained which might prevent the completion of the railway -- the French Shore. The British Government still exercised caution towards any interference with French liberties. The key place of dispute was Turf Point, on St. George's Bay, where the company wanted to build a pier. The Secretary of State consulted the Admiralty about this situation and the reply was that a pier was necessary in order to benefit any of the fishermen there and that the argument of the French that the train whistle would disturb all the fish in the area was nonsense. <sup>47</sup> The British continued to be cautious, however, and even when the tracks had been laid to within a few miles of the bay no definite decision had been made. <sup>48</sup>

The French continued to protest and the British Government did not give their official consent. Nevertheless Reid, on the instructions of the Newfoundland Government, constructed a wooden pier, one thousand feet long, at Turf Point. Officials of the Admiralty suggested that this could only be temporary because it would not stand the winter ice. <sup>49</sup> Commodore M.A. Bourke later visited St. George's Bay where the residents supported his view -- that the pier was not in the way of fishing as the herring rarely frequented the vicinity, and in any event there

47. C.O. 194/235. E. MacGregor to Under Secretary of State, July 25, 1896. No. 15018.  
 48. C.O. 194/235. R.O. Audry to Under Secretary of State, August 18, 1896. No. 17006.  
 49. C.O. 194/235. R.O. Audry to Under Secretary of State, September 14, 1896. No. 19310.

was still enough shore room left on which to haul the seines. However, Bourke had been attempting to minimize any disadvantages which the pier might cause by saying that the herring were usually farther down the shore; that the French visited there only three weeks per year and that they usually bought their bait. He acknowledged the fact that for the fishermen the pier was undoubtedly in an inconvenient place with respect to the herring fishery.<sup>51</sup> But the Newfoundland Government by proceeding illegally and without consent had succeeded in breaking a barrier which in 1878 they had not even attempted to approach.

When the Legislature opened on March 18, 1897, the Government were as certain as ever that a great future for their island lay just beyond the horizon. They felt that with a unified railway system there would be no more excuses for the retardation of the mining and lumbering industries, as the Government could now grant whatever concessions they deemed desirable for the attraction of foreign capitalists. The House was informed through the Throne Speech that the railway would be completed to Port aux Basques in the fall of 1897. The contractor had then arranged to place a first-class, high-speed steamer in the route between Port aux Basques and Cape Breton which would ensure rapid transit between Newfoundland and the mainland, three times a week in each direction.<sup>52</sup> The future appeared much brighter.

50. C.O. 194/235. Murray to Chamberlain, October 13, 1896. No. 22055.

51. C.O. 194/235. MacGregor to Under Secretary of State, September 29, 1896. No. 20517.

52. Journal of the Assembly, March 18, 1897. p.3.

A.R. Morine (Bonavista) immediately attacked the Government. He maintained that it had been outrageous for the Government to have relinquished their claims for breach of contract, against the company and then to have paid the bondholders \$1,582,750.00 for the line, a price of \$18,620.00 per mile. This road, in his estimation could have been built for one half that amount. With respect to the Government's hope for the development of coal mining, he was afraid that it would never be realized because of the prohibitive cost of moving the coal by rail over such a distance. This increase in public debt and the cost of operations was in his opinion, and correctly so, too much of a burden for the colony to bear.<sup>53</sup>

D. Morison (Bonavista) continued the attack by asserting that although the actual construction of the railway produced some benefits the end result was that every citizen of the Island had to help carry the burden of the increased public debt without receiving any benefits. He further argued that if the Government did succeed in attracting transatlantic traffic, that Reid, and not the people of Newfoundland, would receive the benefits.<sup>54</sup> H.Y. Mott (Burgeo and LaPoile) described the Government program of railway building as being comparable to a man buying a purse with his last shilling.<sup>55</sup> This criticism by the Opposition was justified in so far as coal mining never proved successful in Newfoundland and the public debt, mainly as a result of the railway policy, grew to such enormous

<sup>53.</sup> The Evening Telegram, March 20, 1897. Proceedings of the Assembly, March 18, 1897.

<sup>54.</sup> Ibid., March 27, 1897. Proceedings of the Assembly, March 23, 1897.

<sup>55.</sup> Ibid., March 30, 1897. Proceedings of the Assembly, March 27, 1897.

proportions that it was the largest single cause for the loss of responsible government in 1934. By then Grand Falls had developed its own port at Botwood, and Corner Brook could itself be reached by sea-going vessels. The railway had not brought about enough development in the interior to compensate for its cost to the public.

Robert Bond replied to these arguments, although not convincingly, that the Opposition members had overstated the cost of the purchase because they had not considered the value of the 400,000 acres of land regained by the Government -- which was actually very little -- and the credit value of the company's land in St. John's (\$80,000). His main counter-argument was the old familiar theme that the Government would now be free to develop the tremendous natural resources of the Island, because now there would be no more interference by the Imperial Government in their attempt to protect the bondholders. Actually this argument was shallow because the reference by Bond was to the St. John's Street Railway bill which the British Government had merely reserved for consideration, but had not actually disallowed. However in Bond's opinion this was convincing proof that the Government had made the correct and necessary decision.

The people of Carbonear, realizing that the Government had control over the whole railway system, forwarded a petition praying that the Government would complete the branch line

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56. Ibid., April 1, 1897. Proceedings of the Assembly, March 26, 1897.

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from Harbour Grace to Carbonear. On April 29, 1897, William Duff (Carbonear) the chairman of the select committee which had been set up to consider this proposal, reported that as previous obstacles against this project had been removed work should begin immediately. The committee also recommended that the branch line to Brigus or Clarke's Beach should be constructed and extended through Bay Roberts and Spaniard's Bay. It was further suggested that branch lines be built to Heart's Content, on Trinity Bay and to Burnt Bay, on Notre Dame Bay, and that a bill be introduced to implement this suggestion. Despite the fact that the public debt of the colony was overwhelming and that railway development had been a major factor in the accumulation of the debt, the House of Assembly accented these recommendations.

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A railway bill was introduced in the Assembly on May 6, 1897. The Premier while speaking in its support, said that he firmly believed these branch lines would pay because the Harbour Grace line had made an annual profit of \$17,500.00. This was not a valid comparison as these lines would be built to relatively unpopulated areas. He also suggested that as new heavier rails were needed from St. John's to Whitburne the old ones could be used to construct the branch lines. This statement contradicted the impression given on a previous occasion by Robert Bond to the effect that the most costly years of operating the Newfoundland Railway Company's section

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57. Ibid., May 6, 1897. Proceedings of the Assembly, March 24, 1897.  
 58. Journal of the Assembly, April 29, 1897. pp.67-70.  
 59. Ibid., May 6, 1897. p.78.  
 60. The Evening Telegram, May 26, 1897. Proceedings of the Assembly, May 6, 1897.

had passed, because of the continuous improvement made by the company. Later in the debate Whiteway spoke at considerable length in an attempt to justify the Government's action and often indulged in irrelevant information and invective with regard to his political opponents.<sup>61</sup> However, despite the well-founded criticism by the Opposition, the bill was unanimously passed by both Houses of the Legislature and received the royal assent on May 12, 1897.<sup>62</sup> In correspondence with the Colonial Office Governor Murray expressed the opinion that this action could merely increase the colony's liabilities by approximately \$600,000.00. He believed that the main reason for the planning of branch lines was to provide employment after the main line had been completed, and therefore to influence the subsequent election.<sup>63</sup>

During the summer of 1897, as railway construction progressed westward, an incident occurred which greatly encouraged the Whiteway party. On August 10, 1897, the Surveyor General, H.J.B. Woods, left St. John's for the Codroy valley, on the west coast, to arrange for the mining and shipping of sixty tons of coal for Her Majesty's warships, in order to test its quality for steam purposes. The Evening Telegram immediately predicted that if the test were successful Newfoundland would become the greatest coaling station for British warships in the North Atlantic.<sup>64</sup> This development in addition to the knowledge

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61. Ibid., June 2, 1897. Proceedings of the Assembly, May 11, 1897.

62. Journal of the Assembly, May 12, 1897. p. 88.

63. S.O. 194/237. Murray to Chamberlain, May 10, 1897. No.10889

64. The Evening Telegram, August 10, 1897.

that important factories were to be built near Bishop's Falls 65  
gave the Whiteway party confidence in the approaching election.

The election was held in the fall of 1897. Whiteway built his party platform around the railway policy. He promised that in connection with the railway development it would carry out an organized colonization scheme, settle Newfoundlanders in the western parts of the island, and give all necessary help for the first two or three years to such settlers. With such a scheme Whiteway calculated that the island could raise farm produce worth three or four million dollars annually, in addition to the raising of sheep and cattle and the development of lumbering and mining. 66  
Whiteway was using the same arguments in 1897 that had been used to justify the railway survey in 1875, yet in the intervening twenty-two years scarcely any of his prophecies had been fulfilled. In election after election the people had accepted and approved his exaggerated optimism. This time they refused.

The Opposition based its successful campaign on a criticism of the 1893 Reid contract. William V. Whiteway suffered personal defeat as his party was ousted from control by a party led by J.S. Winter. However the railway was completed to Port aux Basques in the fall of 1897 and the first through train left St. John's on June 29, 1898.

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65. Ibid., April 1, 1897. Proceedings of the Assembly,  
March 24, 1897.  
66. Ibid., October 4, 1897.

At last, twenty-three years after the survey of 1875, the railway was in operation across Newfoundland. A narrow band of steel now stretched from St. John's in the form of a huge horseshoe around the northeast coast to the south-western terminus at Port aux Basques. Several branch lines were already built or were under construction and the railway system was unified under one company, subject to Government regulation.

The tracks were laid but the fantastic dreams of the Newfoundland politicians were far from being fulfilled, for the Newfoundland Railway Company, even years after its completion, had not had the direct effect on the island's economic climate that had been forecasted. The majority of the people were still living around the rugged shores of the island, directly dependent, as for many scores of years previously, on the unpredictable fishery for a subsistence living. The island had not changed from a basic fishery community to a society dominated either by agriculture or industrial development. Agricultural products still poured in from the Maritimes and fish remained the staple export.

There is little doubt that the Newfoundland politicians who enacted the railway legislation were sincere in their belief in a prosperous future for the Island. They were, however, carried away by an optimistic feeling that resembled a vision. There was no realistic analysis of the potential of the island. The mineral wealth of the island of Newfoundland, especially in the area traversed by the railway, proved negligible, in relation to the predictions that had been made. Few Newfoundland fishermen left their homes in the coves and inlets along the coast

and migrated to the interior river valleys where the soil was "superior to any found on the mainland". Very few immigrants were attracted by Newfoundland's "opportunities", but instead, many of its native sons began, in the late nineteenth and early twentieth centuries, to emigrate mainly to the prosperous towns of New England. In short, the basic social composition of Newfoundland in 1890 was very similar to that of 1875 and was long to remain that way. Poverty, relief, and illiteracy were still very prominent and the wholesome, stimulating community life that had been predicted by W. Kelligrew in 1878 was far from realization.

There was, however, an appreciable change in the financial position of the Newfoundland Government. Unfortunately this change was not an encouraging one. When the railway policy had been initiated in 1881 the public debt of Newfoundland had been \$1,350,508.20, but when the railway project was completed the public debt had increased approximately \$2,500,000.00 as a direct result of railway construction. This amount represented nearly 60% of the total public debt of the island. The burden which this home public debt placed on the Government and the people was a tremendous handicap in the future development of the island's resources.

The amount of the public debt was also a major factor in the failure of the negotiations for Confederation in 1895. The Canadian Government refused to take over from Newfoundland a higher per capita public debt than that of the remainder of the Dominion. The long term results of this failure can only be hypothetically expressed but it can be said, almost with certainty,

that Newfoundland would have been far more developed and materially advanced in 1949, than it actually was, if Confederation had occurred in the nineteenth century. The public debt accumulated by 1898 as a result of the railway project was substantially increased by it later, when the Reid Newfoundland Company was eventually forced to declare itself bankrupt. The Newfoundland Government in 1923 was compelled to take over the direct operation of the railway system, at a cost of \$1,000,000 per year.<sup>67</sup> By 1934 when Newfoundland, because of its overwhelming financial burden, was forced to voluntarily surrender its responsible government for government by a commission, the public debt (\$34,570,000.00) as a direct result of the railway policy was 35% of the island's total financial burden. There is no doubt that this increased public debt was a major factor in shaping Newfoundland's history after 1895.

It is very difficult to weigh these disadvantages against the direct beneficial results of the railway project, and come to a definite conclusion. The employment which was derived from railway construction was of tremendous advantage to thousands of needy families scattered around the island. Prowse described this construction work as "the gentle rain from Heaven". However, the Newfoundland Royal Commission, 1933, Report, states that the construction work tended to hinder the progress of the country's primary industry. Despite its later effects the money circulated during the construction period was of undeniable value to the

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67. Newfoundland Royal Commission, 1933. Report p.68.

Newfoundland people. It would require detailed study and research, which is beyond the scope of this thesis, to analyse the effect of the existence of the Newfoundland Railway on the rise, in the early twentieth century, of the mining town of Buchans and the pulp and paper towns of Grand Falls and Corner Brook. However, neither of these industries depends directly on the Newfoundland Railway for its existence. (In any case a pulp and paper industry was one thing the railway planners had not thought of.) It is certain that a railway connecting the main centers of Newfoundland would have eventually been built but the financial results might have been completely different. Interested capitalists might have made a substantial contribution to the cost of providing transportation and communication for their industries. It would also require considerable study to ascertain the overall effect of the Newfoundland Railway, due to the presence of a dry dock in St. John's, on certain developments in World War I and II. In some ways the railway was of tremendous advantage to Newfoundland.

If a judgement is based merely on direct evidence it can be said that the railway project created burdens for the people of Newfoundland which outweighed the advantageous results of the policy. On the other hand, the railway is still being used daily, sixty years later. Significantly however, it is now being operated by the Canadian (not the Newfoundland) Government, -- as it should have been from the beginning. Newfoundland's desire for a railway should have been used as a basis for Confederation negotiations with Canada, as had been done in

many of the other provinces. The cost of building a railway through over four hundred miles, of mostly rugged terrain, was too heavy a burden for a small scattered population to bear. Confederation would have solved this problem. If profitable returns were a certainty such a project would have been justifiable at that time. However the contemporary politicians were planning on a basis of exaggerated optimism in connection with mining, agriculture and immigration. Their visions never materialized; their dreams were never fulfilled. Q.E.D.

APPENDIX

REPORT OF JOINT COMMITTEE  
OF LEGISLATIVE COUNCIL AND HOUSE OF ASSEMBLY, 1880

The Joint Committee of the Council and House of Assembly, appointed to consider the question of constructing a Railway in this Island, have to report that they have given the most careful consideration to this matter, and beg to state the result of their deliberations.

The question of the future of our growing population has, for some time, engaged the earnest attention of all thoughtful men in this country, and has been the subject of serious solicitude. The fisheries being our main resource, and to a large extent the only dependence of the people, those periodic partial failures which are incident to such pursuits continue to be attended with recurring visitations of pauperism, and there seems no remedy to be found for this condition of things but that which may lie in varied and extensive pursuits.

This reflection would apply with force to the present population, but when we contemplate it in relation to our increasing number, the necessity of dealing with the subject urgently presses itself on our consideration.

Our fisheries have no doubt increased, but not in a measure corresponding to our increase of population. And even though they were capable of being further expanded,

that object would be largely neutralized by the decline in price which follows from a large catch, as no increase of markets can be found to give remunerative returns for an augmented supply.

It is evident, therefore, that no material increase of means is to be looked for from our fisheries, and that we must direct our attention to other sources to meet the growing requirements of the country. Our Mining industry may now be regarded as an established fact. Large areas of Geological formation similar to that in which the Mines are being successfully worked are known to exist, and there is every reason to believe from recent explorations that a great amount of wealth in copper and other ores is waiting the application of enterprise and capital to bring them into profitable use. Our Agricultural industry, though prosecuted to a valuable extent, is yet susceptible of very enlarged development. Vast stretches of Agricultural land, extending from Trinity Bay north, along the heads of Bonavista Bay, Gander Bay and Exploits River, as well as on the west coast, need only the employment of well-directed labor to convert them into means of independent support for thousands of the population.

We have in this town a large market for Agricultural produce and live stock, which at present is mainly supplied from abroad, and as an illustration of what may be done by the cultivation of the land when a market is within reach, we have the fact that amongst the most prosperous

of our laboring people are those who live by the land in the vicinity of St. John's, though the average conditions of fertility are far below those which exist in the interior of the Island. There are indications, moreover, leading to the conclusion that we shall hereafter be more dependent than before on home supply of live stock, for in those places from which we have hitherto received our meat supplies attention is being given to the English market, which is supposed to offer better prospects, and an advanced value may therefore be reasonably anticipated.

With an improved market on the spot the inquiry is further suggested whether this Colony should not become an exporter of live stock to England, and we have little difficulty in affirming this position. For grazing purposes we have large tracts that, we believe, cannot be surpassed in British North America; and when we regard our proximity to England, and the all-important consideration of a short voyage for live stock, the advantages we possess in this connection are too manifest to be subject of question or argument.

But to what end do these elements of wealth exist if they continue to remain neglected? For they will as before be outside the reach of the people if some energetic effort be not made to render them accessible to our centres of population. We have means of remunerative employment in those dormant resources, coincident with the

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spectacle so often about us of unemployed labor: and we cannot but feel that the Government fails in its duty if it has the power and does not employ it in connecting those resources with that industry which ought to receive its satisfactory reward.

Your Committee believe that no agency would be so effective for the promotion of the objects in view as that of a Railway; and when they consider that there is no Colony of equal importance under the Crown without a Railroad, and the advantages thereby conferred elsewhere in the enhancement of the value of property and labor, it is felt that in our circumstances no effort within the means of the Colony should be wanting to supply this great desideratum.

They are not unmindful of the financial considerations involved but having regard to the influence of such a work in elevating the people and enlarging the area of profitable industry, the Committee are convinced that ample compensation will be found in the improved condition of the country for any outlay the undertaking may require.

We do not regard it per se as an enterprise that will pay, or as one that offers attraction to speculators; but as the work of the country and in its bearing on the promotion of the well-being of the people, in which the returns are alone sought and will be found, it eminently commends itself to our judgment. In this sense we believe that, in time, it will amply pay its cost, and that the consequent

advance in the comfort and independence of the people will fully attest the wisdom of its establishment.

The Committee are of opinion that the present financial condition of the Colony makes the time favorable for entering on the project, and that it may be undertaken on conditions which will not unduly press upon our resources.

The Committee believe that a narrow guage Road might be constructed at a comparatively moderate cost, and that it would be found well adapted to the circumstances of this Colony, as well in regard to our means as to the physical condition of the country. The road should be made from St. John's through the peninsula of Avalon, and the favored Agricultural and Timber regions North, to the Mineral district, connecting the principal towns and settlements in Conception Bay and along the proposed line. Your Committee have had reference to the survey made in 1875, and it would seem to be ample for preliminary purposes, so far as it affects the district of Avalon and along the route already examined to the northern point indicated; but a further Survey would be required to establish the immediate location of that as well as of such branch lines as shall seem to be necessary and practicable for the carrying out of the proposed project.

Your Committee therefore recommended the introduction and passage of an Act authorising the raising by loan of the required amount in sums not exceeding Five Hundred Thousand dollars in any one year, and providing an

organization for carrying out the object in accordance with the views contained in this Report. The Committee further recommend that the Executive Government apply to Her Majesty's Government, requesting that they will guarantee the interest on the Bonds of the Colony for such amount as may be required for the purpose of constructing the Railroad, within the sum of One Million Pounds sterling, and we cannot doubt that this will meet with a favorable response when Her Majesty's Government are made aware of the exceptionally sound and healthy condition of our finances.

All of which is respectfully submitted.

(Signed,) W.V. WHITERAY,  
Chairman.

P.G. TESSIER,  
C.R. AYRE,  
ROBT. THORBURN,  
A. SHER,  
JOHN RORKE,  
JOSEPH I. LITTLE,  
ROBT. J. KENT,  
A.M. MACKAY.

1.  
Ordered, That the said report be received.

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