

The 1895 Newfoundland-Canada Confederation Negotiations: A Re-consideration

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RESEARCH NOTES/NOTES DE RECHERCHE

The 1895 Newfoundland-Canada Confederation Negotiations: A Re-consideration

THE CANADA-NEWFOUNDLAND NEGOTIATIONS, which took place in Ottawa in April 1895, represent the only occasion between 1869 and 1948 when official delegations from each country met formally to discuss the possibility of Newfoundland's entry into Confederation. The episode has received attention from historians narrating the history of late-19th-century Newfoundland, and particular interest was shown during the years immediately before and after Newfoundland's becoming a province in 1949.¹ The most extensive accounts are those by Harvey Mitchell and James Hiller²; the most recent is contained in Patrick O'Flaherty's history of Newfoundland since 1843.³ This note should be read as a supplement to these earlier accounts. It is based on a wider range of sources, provides a substantial amount of additional detail, and seeks to explain more fully the attitudes of the major players. The central argument is that the negotiations failed because neither government wanted to be at the table and because the Colonial Office experienced a fit of ambivalence – concluding that imperial interests would be better served if Newfoundland became a Crown colony rather than a Canadian province. If the three parties involved had possessed the necessary political will, terms of union might well have been agreed upon.

The possibility of joining the Canadian Confederation was a subject of discussion and dispute in Newfoundland from the mid-1860s onwards. It was the central issue in the general election of 1869, when Frederic Carter's confederates were overwhelmingly defeated by Charles Bennett's anti-confederates. Thereafter Newfoundland governments adopted policies based on the assumption that Confederation with Canada was not a realistic alternative, and that the colony should pursue its interests as it chose to define them. The centerpiece policies in this regard, adopted in the 1880s, were the building of a trans-island railway to open up the island's interior and the attempt to bargain improved access to North American fish markets by asserting control over the supply of bait fishes needed by French, American, and Canadian vessels fishing for cod on the offshore banks. These were

1 A.M. Fraser, "Relations with Canada," in *Newfoundland: Economic, Diplomatic and Strategic Studies*, ed. R.A. MacKay (Toronto: Oxford University Press, 1946), 411-83; George G.F. Stanley, "Further Documents Relating to the Union of Newfoundland and Canada, 1886-1895," *Canadian Historical Review* 29, no. 4 (1948): 370-86.

2 Harvey Mitchell, "Canada's Negotiations with Newfoundland, 1887-1895," *Canadian Historical Review* 40, no. 4 (1959): 277-93, reprinted in G.A. Rawlyk, ed., *Historical Essays on the Atlantic Provinces* (Toronto: McClelland and Stewart, 1967), 242-59; J.K. Hiller, "A History of Newfoundland, 1874-1901" (PhD diss., Cambridge University, 1971), 296-309.

3 Patrick O'Flaherty, *Lost Country: The Rise and Fall of Newfoundland, 1843-1933* (St. John's, NL: Long Beach Press, 2005), 188-94.

assertive and expensive policies adopted at a time when the saltfish trade, centrally important to the Newfoundland economy, was experiencing serious problems.

The 1890s were a difficult decade. The fish trade faced low prices and severe market competition, railway construction was steadily increasing the public debt, and the government's financial position was insecure. The year 1894 was particularly troubled. The Liberal party, led by Sir William Whiteway (now in his late sixties), had won the November 1893 general election with an overall majority of ten seats. But early in 1894, on the last day allowed by law, the Tory opposition filed petitions in the Supreme Court against the election of 15 Liberals and the single independent member, alleging corrupt electoral practices under an 1887 Corrupt Practices Act that had not yet been tested in the courts. The Liberals could not counter-petition, and had to wait for what the Supreme Court might decide. The first decision arrived on 31 March; finding that the two Liberal members for the district of Bay de Verde had committed bribery under the act, Judge Sir James Winter – formerly a prominent Tory politician – unseated them and disqualified them from running again during the life of the current Assembly.⁴

Political chaos ensued. Whiteway demanded a dissolution, and when Governor Sir Terence O'Brien refused it the government resigned without passing supply. Abandoning any pretence of impartiality, O'Brien promptly installed a minority Tory government (officially led by Augustus F. Goodridge) and prorogued the legislature. Over the following months all those accused of corrupt practice, including Whiteway and other senior Liberals such as the Colonial Secretary Robert Bond, were unseated and disqualified.⁵ The legislature remained prorogued, even after supply legislation expired. Eventually a sufficient number of Liberals lost their seats to give the Tories a majority in the House of Assembly. They also maneuvered a majority in the Legislative Council, and the money bills finally passed in early August.⁶ Between mid-September and mid-November, though, there were by-elections in the districts where members had been unseated, and all but one of them were won by Liberals. This put the Tory government in a minority once again, but it refused to resign and Governor O'Brien – by now severely compromised politically – did not object.

It was obvious by this time that the colony was approaching an economic and financial crisis precipitated by the extraordinary political shenanigans of the previous months. Press reports did the colony no favours. Indeed, Whiteway and other Liberals were becoming increasingly exercised by the negative stories being sent from St. John's to *The Times* (London) and other major newspapers.⁷

4 Winter's own electoral behaviour had come in for adverse comment. A Colonial Office official commented sardonically that the decision was "a case of Satan rebuking Sin." See Minute by J. Anderson, 28 March 1895, CO 194/227, p. 407, United Kingdom National Archives (UKNA). The 1894 election trials deserve detailed study.

5 There was one exception: James Watson, a Trinity Bay member, was unseated but not disqualified, the court finding that the district's affairs were managed by the other two candidates (Whiteway and Bond).

6 This was done by appointing Tories to three vacancies, one of them manufactured, and persuading one member to stay home.

7 See, for example, Whiteway to *The Times*, 2 March 1895, in which he complained of "most malicious and sensational misrepresentations." See Whiteway Papers, MG 213, file 21, The Rooms Provincial Archives Division (TRPAD). See also T.T. Shaughnessy to Whiteway,

Newfoundland bond issues had become unsaleable, there were many enquiries about the state of local firms, and rumours about Whiteway's allegedly irresponsible behaviour while out of office created fear in some quarters about what might happen if and when he returned to power. The by-elections over, speculation mounted that the London and Westminster Bank, the primary London bank supporting the financing of the Newfoundland fishing industry,⁸ would refuse further accommodation to the locally owned Commercial Bank, and might also refuse to float a loan authorized by the legislature in August. Either occurrence could have had disastrous consequences. On 8 December it became known that the London and Westminster had made a call on the Commercial that the bank could not meet, and that London and Westminster would indeed refuse to accept any further bank or commercial exchange from Newfoundland. On 10 December, which became known as "Black Monday," the Commercial Bank closed its doors, soon followed by the Union (the other local private bank). The government-owned Savings Bank was now in a very precarious position, and the government itself faced bankruptcy. Merchant houses, with fish on hand but no credit, also began to close up. When immediate aid was refused by the British government, the Tories finally resigned. They were succeeded, on 13 December, by a Liberal administration led by Daniel J. Greene. To this inexperienced government fell the task of starting to clear up the wreckage.

The new government was obviously an interim one, given that Whiteway and other unseated and disqualified Liberals were waiting in the wings. However, it did manage to stabilize the situation to some degree by guaranteeing Union and Commercial banknotes at 80 and 20 cents respectively. This was not a popular measure.⁹ Other legislation legalized Canadian currency, and the arrival of Canadian banks in St. John's almost immediately after the "bank crash" helped as well. The government managed to scrape up enough cash to pay the debt interest due on 1 January 1895, thus staving off bankruptcy for six months. On the political front, the government put through legislation removing the disqualifications imposed on the unseated members. An unhappy O'Brien desperately resisted giving royal assent, but was eventually ordered to do so by the Colonial Office.¹⁰ Greene resigned as premier on 1 February; he understood he was temporary, and in any case wanted to step down. Whiteway took a seat in the Legislative Council and formed a new government, but only with some difficulty given dissension over which ministers were to lose their portfolios as well as the prospect of Confederation.

At this nadir in the colony's fortunes there seemed to be three options. The government could try and raise a loan on the open market, it could seek imperial assistance (which would mean an imperial royal commission of enquiry), or it could open Confederation negotiations with the Canadian government. Commercial loans

Montreal, 2 February 1895, Whiteway Papers, Col 026, Archives and Manuscripts Division (AMD), Memorial University Library (MUL). Shaughnessy warned that press reports had made Newfoundland securities unsaleable.

8 The London and Westminster also held some of the Newfoundland debt.

9 There was a large indignation meeting in St. John's on 1 January 1895, which was reported in O'Brien to Ripon, 4 January 1895 ("confidential"), CO 194/230, p. 75, UKNA.

10 Ripon to O'Brien, 21 January 1895 (tgm.) and 31 January 1895 ("confidential"), CO 194/230, pp. 40, 70-1, UKNA.

seemed to be out of the question, but the Bank of Montreal, which had sent a representative to St. John's after the crash, did provide short-term financial life support. This was no doubt because Robert G. Reid, the contractor building the as-yet-unfinished railway and who was being paid in Newfoundland government bonds, was closely associated with that bank. As for financial help from the British government, this had already been refused and there was little interest at the Colonial Office in changing course.

The starting point for discussion in London about Newfoundland's future, which began soon after the bank crash, was the expectation (and hope) that the colony would collapse. John Anderson, the Colonial Office official who handled Newfoundland affairs, thought recovery "impossible." For him, "a strong and honest government" in the colony was unlikely, "debased as the constituencies are by the truck system, and indiscriminate use of public money for political purposes." There was no point in directly assisting the government, since this would be tantamount to throwing good money after bad. The aim of British policy should be to obtain a "free hand" with the constitution. The imperial government should seek to become, in effect, the receiver in bankruptcy and administer the estate. If Canada was prepared "to assume the burden" on certain conditions, then well and good.¹¹ The permanent and assistant under-secretaries, Sir Robert Meade and John Bramston, generally agreed, noting that given the French Treaty Shore factor, Canada might well be reluctant to get involved.¹²

French fishing rights on Newfoundland's Northern Peninsula and west coast derived from 18th century treaties, and had for many years been the cause of friction between the colony and the imperial government.¹³ The central problem in the 1890s was treaty enforcement. The original imperial legislation had expired, and the British government took the position that if the Newfoundland legislature did not pass the necessary enforcement legislation, it would do so in London. There followed an extended and highly charged exchange between the Newfoundland and British governments over where the legislation should be enacted, and what it should contain. In the end the Newfoundland legislature agreed to enact temporary enforcement legislation, pending agreement on permanent legislation. A draft permanent bill was negotiated by Whiteway in 1891 but rejected by the legislature in 1892, and temporary legislation continued to be enacted locally. The Colonial Office wanted permanent legislation but did not like the 1891 draft, which it had come to see as clumsy and inefficient.¹⁴ A central concern in London during the crisis of 1894-95, therefore, was that French rights should be both protected and enforced, and in this context Crown colony status for Newfoundland made some sense since London would have a free hand and would not have to deal with a fractious colonial government. If there was to be Confederation, then Canada had to

11 Minute by Anderson, 12 December 1894, CO 194/228, pp. 516-18, UKNA.

12 Minutes by Bramston and Meade, 12 and 14 December 1894, CO 194/228, p. 518, UKNA.

13 The French, British and Newfoundland governments each interpreted the wording of the treaties differently, and in Newfoundland the French presence (though seasonal) and French pretensions were deeply resented.

14 F.F. Thompson, *The French Shore Problem in Newfoundland: An Imperial Study* (Toronto: University of Toronto Press, 1961), chap. 6. See also Hiller, "A History of Newfoundland," 232-55.

be prepared to handle the French Shore – hardly a welcome prospect to Canadian politicians grappling with the Manitoba Schools question.

In London, Meade took soundings at the Treasury – where there was some concern that if Newfoundland went bankrupt and reverted to Crown colony status the British taxpayer might lose out. Meade thought not: “Administering the bankrupt affairs of Nfland out of its assets so far as they are available throws no charge on the British taxpayer.” As for a royal commission, Meade thought it would be a useless exercise “unless we had cleared the ground by getting the Colony to place themselves in our hands. There was no intention to coerce them to surrender their constitution, except that no help would be given unless they consented to do so. The cost of the Commission of Enquiry would be part of the advance on account of [the] Savings Bank and for the cost of the immediate administration.” Meade’s suggestion, then, was that the Treasury should allow the Secretary for the Colonies, Lord Ripon, to offer a royal commission and a temporary advance on condition “that they surrender their constitution which will be settled hereafter when the report of the R.C. is received.”¹⁵ He elaborated a few days later: “Our policy should be to get Nfland off our hands into the Dominion as soon as possible My idea is that we should pass a Treaties Bill and then endeavour to get the Dominion to take them over.” Crown colony government should last “just sufficiently long for this to be done.” And if Confederation was indeed possible, then a royal commission might not be needed: “We have no desire to cry stinking fish if we can get the matter settled [and] off our hands to our satisfaction, and the publication of the full horrors of the situation might lead Canada to raise their terms, in fact it is certain to do so.”¹⁶ In summary, the Colonial Office was only prepared to endorse direct financial assistance if the colony agreed to an open-ended royal commission of enquiry that could recommend the suspension or abolition of responsible government. Meade’s minute also suggests that help might be given to the Savings Bank if necessary. In March 1895 a retired British Customs official, Sir Herbert Murray, arrived in St. John’s to administer a relief fund for the benefit of fishermen and others in severe need; it was, significantly, not entrusted to the colonial government.

There was some support in Newfoundland for imperial intervention, even if this meant the end of responsible government. The idea had first emerged in April 1894, when the Tory ministry was hanging on to power and trying to avoid an election. One argument the ministry put to Governor O’Brien was that given the revelations in the election trials and the difficult financial situation there should be a thorough investigation by an imperial royal commission. Since the Liberals could be trusted to oppose any such enquiry, the existing ministry should stay in power and, if necessary, the money bills could be passed by the imperial parliament.¹⁷ O’Brien naturally thought this an excellent idea, political wheeze though it was, but at that

15 Meade to Ripon, 26 December 1894, Ripon Papers, Add. MSS 43558, vol. LXIX, pp. 53-8, British Library (BL).

16 Meade to Ripon, 28 December 1894, Ripon Papers, Add. MSS 43558, vol. LXIX, p. 69, BL. The “Treaties Bill” was a bill to enforce the French Shore treaties.

17 O’Brien to Ripon, 10 April 1894 (“confidential”), and 17 April 1894 (tgm.), CO 194/227, pp. 496, 555-60, UKNA.

stage the Colonial Office was not interested.¹⁸ The Tories raised the idea again after the bank crash, requesting immediate aid and applying for a royal commission. Once more, the Colonial Office refused.¹⁹ When the Greene government asked whether, in the event Newfoundland agreed to a royal commission of enquiry, the imperial government would give immediate assistance and on what terms, the Colonial Office replied that while it would appoint such a commission if asked by the legislature – not just the government – there could be no pledge in advance as to what actions might be taken.²⁰ A petition, calling for a royal commission collected 3,000 signatures in St. John's, and similar petitions arrived from outlying districts – often signed by clergy and those whom O'Brien (who strongly supported the movement) was pleased to call "the responsible public."²¹ The clergy's role annoyed the (pro-Liberal) *Evening Telegram*: prejudice overcame their discretion, it thundered, and "they wandered from the path of religious and clerical rectitude."²² That all the signatories understood the constitutional implications of a royal commission is doubtful, and there seems to have been an optimistic impression abroad that the royal commissioners would arrive, as Anderson put it, "laden with bread and butter and various other good things for promiscuous distribution."²³

Others promoted annexation to the United States. How far this was a serious movement reflecting a genuine current of local opinion is hard to judge. Despite the colony's difficulties with the imperial government, and a widespread feeling that it had been harshly treated over the years by the mother country, Newfoundlanders generally took great pride in being part of the British Empire whatever their ethnic roots. At the same time there were many, like Robert Bond, who favoured closer relations with the United States, where thousands of Newfoundlanders had emigrated. There were especially strong links between the colony and the New England states, where relief efforts following the bank crash were both energetic and successful. The *Telegram* proclaimed that "America Has More Sympathy . . . Than Has England!" and printed a long piece by John Fretwell, a US citizen who strenuously advocated annexation.²⁴ Posters featuring the Stars and Stripes were plastered around St. John's at the end of January.²⁵ It was widely suspected, though, that the annexation movement was largely political, designed to whip up support for

18 Ripon to O'Brien, 18 April 1894 (tgm.), CO194/227, p. 564, UKNA.

19 Ripon to O'Brien, 12 December 1894 (tgm.), CO 194/228, pp. 498-9, UKNA.

20 O'Brien to Ripon, 18 December 1894, and Ripon to O'Brien, 9 January 1895, CO 194/228, pp. 547-51, UKNA.

21 O'Brien to Ripon, 4 and 26 January 1895, CO 194/230, pp. 36, 141-70, UKNA. He had been in touch with one Marmaduke Clow, who told him what he wanted to hear – that two-thirds of Newfoundlanders would support reversion to Crown colony status because "we are not competent to rule ourselves, and . . . responsible Government is a farce, and a curse to the Country and the people." See Clow to O'Brien, 21 June 1894, GN 1/3/A, 1894, file 1, TRPAD.

22 *Telegram*, 27 February 1895.

23 Minute by Anderson, 15 January 1894, CO 194/228, p. 590, UKNA.

24 *Telegram*, 9 January 1895. Fretwell had visited Newfoundland in 1894, and was the author of *Newfoundland and the Jingo: An Appeal to England's Honor* (Boston: G.H. Ellis, 1895). See also *Encyclopedia of Newfoundland and Labrador (ENL)*, 2:423.

25 *Herald*, 31 January 1895.

Confederation.²⁶ The *Evening Herald* dismissed it as a sham, pointing out that it was not supported by any leading citizens.²⁷

Far more important was the vigorous anti-confederate campaign that emerged early in 1895, which included many royal commission supporters. Its leader was James Murray, a former merchant and politician.²⁸ He was prominent in the Anti-Confederate League, and in May he registered *The Anti-Confederate* newspaper. Many businessmen and local farmers were sympathetic, and there were large meetings in St. John's and nearby towns.²⁹ Murray and others argued that Canada and Newfoundland had nothing in common, trading patterns would be upset, food prices would increase, Crown lands would be alienated to strangers, and the island depopulated.³⁰ Moreover, the current problems were merely temporary. Also involved in the anti-confederate campaign was the Political Reform and Labor Association, which represented working men in St. John's and in a number of outports.³¹

Amidst this growing controversy, the Whiteway government opted in late February to open the question of Confederation. The Canadian government had refused a request for loans to the colony and the Savings Bank,³² and the Colonial Office had refused a loan guarantee.³³ In these circumstances, given the government's opposition to a royal commission, this seemed to be the only option – and time was short, since terms of union would have to be decided before the next interest payment (due on 1 July). The Canadian government agreed on 1 March to receive a delegation,³⁴ but it did not leave immediately. First, Whiteway had to be sure of his party's support. According to Alfred B. Morine, a leading Tory and a confederate, Whiteway told his supporters at a secret meeting on 7 March that there was no other course. The government should try and obtain the best terms possible. He had always been a confederate, Whiteway declared, and if there was dissension the party should find another leader. Those at the meeting agreed that the terms of union should be put to the electorate – assuming, one supposes, that they were minimally satisfactory to the government and party.³⁵ Secondly, both Robert Bond and Whiteway had “severe colds,” and the latter something worse: it was reported that he was suffering from “severe nervous depression and internal complications caused by overwork and excessive mental strain.”³⁶ As a result, the delegation was led by Bond while the other members were Liberal lawyers Edward P. Morris,

26 Mitchell, “Canada's Negotiations,” 257.

27 *Herald*, 1, 5, 7, and 11 February 1895.

28 *ENL*, 3:657.

29 *Telegram*, 20, 23, and 25 March 1895; O'Flaherty, *Lost Country*, 192-3.

30 Murray, letter to the *Telegram*, 13 February 1895.

31 *Telegram*, 30 March 1895.

32 Whiteway to Bowell, 14 January 1895 (“private and confidential”), and Bowell to Whiteway, 14 January 1895 (tgm.), printed in Stanley, “Further Documents,” 376-8.

33 O'Brien to Ripon, 11 February 1895 (tgm.), and Ripon to O'Brien, 19 February 1895 (tgm.), CO 194/230, pp. 253, 264, UKNA.

34 Aberdeen to O'Brien, 1 March 1895 (tgm.), *Documents Relating to the Proceedings of the Conference at Ottawa upon the Subject of Confederation with Canada* (DRPC), p. 4, Robert Bond Papers (RBP), Col 237, 8.02.013, AMD, MUL. The Newfoundland government suggested meeting at Saint John or Fredericton; the Canadians chose Ottawa.

35 “Draft History of Newfoundland,” chap. 9, p. 15, A.B. Morine Papers, MG 271, TRPAD.

36 *Telegram*, 6 and 21 March 1895.

George H. Emerson, and William H. Horwood.³⁷ When the delegation finally left on 27 March, Murray led a demonstration at the wharf. There were about 500 people present, carrying the Union Jack, the “native flag” draped in crepe, and a banner with a map of Newfoundland on one side and a seal on the other.³⁸ The delegates were jeered, and annexationists paraded with a band.³⁹ No prominent Tories were there. Some of them had lobbied for a bi-partisan delegation, to which Sir Mackenzie Bowell, the Canadian prime minister, did not object. The Liberals, though, did oppose such an approach, with the result that the Tories retreated into self-righteous neutrality.⁴⁰

How far were the delegates genuinely interested in or supporters of Confederation? Morris, a prominent Roman Catholic politician, had spoken against it in the late 1880s, and represented a district (St. John’s West) that was largely anti-confederate. He was not identified with either camp, liked to keep his head low, and it was highly unlikely that he would risk his political career for the cause. The views of Emerson and Horwood are not known. Bond’s usual response when questioned was to say that Confederation was a matter of terms, which suggested an open mind. But he was first and foremost a Newfoundland patriot, a colonial nationalist who hoped that the colony could remain politically independent and its economy bolstered by a separate reciprocity treaty with the United States (which he saw as more useful than closer links with Canada while deeply resenting Ottawa’s opposition to such a separate treaty).⁴¹ In short, none of the delegates (so far as is known) were committed confederates, and all must have been very much aware they were only going to Ottawa because there seemed to be no other option. They must also have been aware of the extent of anti-confederate feeling.

The Canadian government was also not enthusiastic about the negotiations. A man of some vanity, Bowell no doubt hoped to glory in completing the confederation of British North America.⁴² Others, though, were worried by two factors. First, there was the French Shore issue. When writing to the Canadian government in support of Confederation in early February, Ripon had warned that this would have to become a federal responsibility: “One of my principal reasons for wishing to see Newfoundland united to the Dominion is that in Canadian Ministers we should deal with men of a higher class, of wider minds, and of more statesmanlike vision than the men who have misgoverned and ruined Newfoundland.” The Newfoundland legislature would have to renew indefinitely the existing enforcement legislation before the terms of union were settled, pending

37 Horwood had been colonial secretary in the Greene administration, and the membership of the delegation was suggested by Whiteway. See Whiteway to Bond, 21 March 1895, RBP, 8.03.020, AMD, MUL.

38 *Herald*, 27 March 1895; *Telegram*, 27 March 1895.

39 But O’Brien reported that the steamer left amid “complete silence.” See O’Brien to Ripon, 4 April 1895 (“confidential”), CO194/230, p. 473, UKNA.

40 Bowell to Whiteway, 15 February 1895, G21, 194, vol. 1, Library and Archives Canada (LAC); *Herald*, 14, 15, and 29 March 1895.

41 In an interview with the *Boston Transcript*, 22 May 1895 (and reprinted in the *Telegram*, 6 June 1895), Bond stated that New England was a more natural market for Newfoundland exports than Canada.

42 On Bowell, see Peter Waite’s entry in *The Dictionary of Canadian Biography* (DCB), XIV:120-5.

a decision on the nature of a permanent replacement. Possibly the federal government could then administer the French Treaty Shore as it did the North West Territories.⁴³ For a weak and poorly led government mired in the highly divisive Manitoba schools controversy, the last thing it needed was another issue which could provide Quebec and French Canadian MPs with another cause of resentment. Indeed, the Liberal leader, Wilfrid Laurier, stated that the settlement of the French Shore question should be an essential precondition for Newfoundland joining Canada⁴⁴ – a position that had been adopted by Sir John Thompson and the Conservative government in 1892.⁴⁵ A French diplomat reported that the three French Canadian ministers in the government were not sympathetic to Newfoundland joining Confederation, but that Bowell believed that “la question du ‘sentiment’ doit dominer toute autre considération.”⁴⁶ Secondly, it was assumed that Newfoundland would be a financial burden. The federal government was itself not in the best financial shape. Generous financial terms could strain the federal purse and, moreover, cause trouble with the existing provinces, which might well demand better treatment for themselves.

Another important factor was that, from the Canadian perspective, there was no diplomatic urgency to conclude successful negotiations. In the 1880s the Canadian government had actively sought to bring Newfoundland into Confederation, mainly to ensure that there would be a united front in trade and fishery negotiations with the United States. Sir Charles Tupper visited St. John’s in 1887, and there followed a considerable amount of political maneuvering. But no formal talks took place, and no delegation went to Ottawa. Instead, the colony tried to arrange a separate reciprocity treaty with the United States, a move that sparked outrage in Ottawa. In the controversy over what was known as the Bond-Blaine treaty (1890), the Colonial Office sided with Canada, and it was established that Newfoundland could not impose sanctions on Canadian fishermen. There were further talks – with the Prince Edward Island Senator G.W. Howlan in 1891, and in Halifax in 1892 – but relations between the two countries remained frosty, and it was a cause of some resentment in the colony that London obviously placed Canadian interests above those of Newfoundland. The two countries might technically have the same status within the British Empire, but they certainly did not have the same stature.⁴⁷

Not surprisingly in this context, Robert Bond made it very clear in a speech at a banquet tendered to the delegates in Ottawa, where they arrived on 3 April, that he

43 Ripon to Governor General Lord Aberdeen, 6 February 1895 (“confidential”), copy in Ripon Papers, Add. MSS 43558, vol. LXIX, pp. 115-18, BL. See also Ripon to Aberdeen, 13 February 1895 (“confidential”), CO 194/230, pp. 280-90, UKNA.

44 *Telegram*, 3 May 1895.

45 Lord Stanley to Ripon, 5 November 1892 (“private”), Ripon Papers, Add. MSS 43558, vol. LXVI, p. 1, BL.

46 Kleczkowski to Hanotaux, 11 March 1895, Correspondance consulaire politique – Angleterre, Québec et Montréal, vol. 99, p. 381, Archives du Ministère des Affaires Étrangères (AAE), Paris. Both Kleczkowski in Canada and des Isles in St. John’s thought that Confederation would mean endless diplomatic problems concerning the French Shore. See des Isles’s report dated 14 April 1895, Correspondence consulaire, St. Jean de Terre-Neuve, vol. 3, p. 29, AAE.

47 For an account of these events, see Mitchell, “Canada’s Negotiations,” in Rawlyk, *Historical Essays*, 242-52, and Hiller, “A History of Newfoundland,” 156-61, 232.

did not want Canadian condescension and that the delegation was not begging for help on bended knee. Canada was not negotiating with a financial and economic basket case, but with a fellow member of the British Empire that possessed valuable assets. Newfoundland had been “looked upon as a kind of worthless fragment of creation . . . that was left over after this great continent was formed. A mere barren rock . . .” But it was “not that wretched, worthless island that some would have you believe.” It had great economic potential in its forests, minerals, and agricultural land, and the fisheries employed 36,000 people – “men who hardened by the storms that rage along our coast would be able and willing to defend our common country should occasion ever require it . . . Newfoundland has been the nursery for the [British] navy (cheers) and there are just as [many] brave and true hearts beating in the fishery hamlets of Newfoundland to-day, and just as strong British national sentiment as there was a century ago (loud cheers).” Moreover, Newfoundland was “the key to Great Britain’s possessions in North America” and should be “the natural terminus of that short line of communications that the trade of both hemispheres demand . . . Mr. Sandford Fleming [had] . . . pointed to the day when Newfoundland would be the connecting link between the old world and the new.” Addressing the current situation, Bond denied that Newfoundland was bankrupt: “When this crash occurred . . . there were nearly four millions and a quarter of dollars on deposit in our banks.” He then addressed the reason for being in Ottawa: “We are anxious to learn what Canada is prepared to offer us if we accept her invitation [to join the Confederation]. If we are offered that which will enable us to build up a community that will withstand the winds and storms of the future, then Newfoundland will come in and join you, and aid you too, in completing a structure which, bound together by the bounds of patriotism, will add greater prestige to that Empire upon which the sun never sets . . .” The press report also noted “at the conclusion of Mr. Bond’s speech he was cheered heartily for several minutes.”⁴⁸

The talks began on 4 April. The federal government was represented by Bowell, Sir Adolphe-Philippe Caron (Postmaster General), George E. Foster (Finance), and John Haggart (Railways). The Newfoundland delegation – not unreasonably – based its initial proposals on the terms discussed with Tupper in 1887 and with Howlan in 1891. Tupper had spoken of an increase in the amount to be paid for Crown lands over the sum offered in 1869, and of a federal willingness to spend generously on railways and public works. Howlan had indicated that the loss of Customs revenues to Ottawa would be made up for by federal expenditures, and that the colony could expect more generous terms than those offered in 1869. Howlan had also said that the railway would be completed at federal expense and, estimating the Canadian per capita debt at \$66 (the Newfoundland equivalent was then \$26), thought there would be a substantial payment to recognize the difference. Overall, Newfoundland would receive approximately \$1.25 million in federal subsidies.⁴⁹

Given these precedents, the Newfoundland delegation expected generosity and flexibility. But times had changed. Sir John A. Macdonald was gone, the political

48 *Montreal Gazette* report, printed in the *Telegram*, 23 April 1895; see also RBP, 8.03.021, AMD, MUL. The banquet was on 9 April.

49 Mitchell, “Canada’s Negotiations,” in Rawlyk, *Historical Essays*, 244, 246-7; Fraser, “Relations with Canada,” 447-8.

atmosphere in Ottawa was tense and unstable, and the Newfoundland debt had more than doubled since the talks with Howlan in 1891 (thanks to railway expenditures). It now stood at approximately \$55 per capita. Indeed, how to deal with the debt was the central and crucial issue. The funded and floating debt stood at \$11,247,534, but contractual obligations relating to the railway amounted to \$4,582,300 for a total of \$15,829,834. The delegation argued that since the railway was an asset, the entire cost of construction, estimated at \$9,553,000, should be deducted, leaving a net debt of \$6,276,534.⁵⁰ Assuming that Canada would agree to take over the debt to the extent of \$50 per head, as had been the case with Prince Edward Island in 1873, then the debt allowance would amount to \$10.35 million. Canada should therefore pay 5 per cent annually on \$4,073,466 (or \$203,673.35) – the difference between the net debt and the debt allowance. Newfoundland would start its life as a province with no debt as well as a useful source of income. In addition, the Newfoundland delegation proposed:

1. Canada would pay Newfoundland an annual subsidy of 80 cents per head - \$165,000 assuming a population of 207,000.
2. Canada would pay a fisheries bounty of \$150,000.
3. Canada would pay \$862,858 in other subsidies.
4. There should be a special allocation for the Newfoundland Constabulary that “could be trained and equipped as a military force.”
5. Canada would undertake all major public works.
6. Canada would pay \$250,000 annually for ungranted Crown lands in both Newfoundland and Labrador, with Newfoundland retaining precious metals.
7. The federal government would make similar fisheries expenditures in Newfoundland as in the other provinces, channeling the money through the Newfoundland Fisheries Commission.
8. Steamer subsidies would apply to the following: a) a weekly mail and passenger service between Newfoundland and Canada, and to a Port aux Basques ferry when the railway was complete; b) coastal steam services; and c) the direct steamer service between St. John’s and Liverpool.
9. Newfoundland fishermen would not pay licence fees.
10. Since some local industries might be harmed by confederation, some compensation should be provided “for a limited period.”
11. A naval training ship should be established in Newfoundland.
12. \$50,000 should be allowed “for legislation.”

Overall, then, the delegation envisaged federal payments of about \$1.5 million annually (close to Howlan’s figure), while estimating the annual cost of services to be delivered by the Newfoundland government at \$738,594.⁵¹

50 This calculation presumably did not include the line from St. John’s to Harbour Grace via Whitbourne, which was still owned by the Newfoundland Railway Company (in receivership).

51 DRPC, pp. 38-45, RBP, Col 237, 8.02.013, AMD, MUL; Fraser, “Relations with Canada,” 451-3.

The Canadian delegation refused to contemplate such munificence. It would not accept as a precedent the terms discussed with Tupper (nor, presumably, those discussed with Howlan), arguing that they were unofficial,⁵² nor would it accept the railway as an asset or pay for its completion. Taking the Prince Edward Island terms of union as a guide, the Canadians offered to assume the Newfoundland debt up to \$10,350,000, based on \$50 per head of population, and pay “a yearly allowance” of \$465,000:

Allowance for legislation	\$ 50,000
Subsidy at 80 cents per head	165,000
Crown Lands allowance	150,000
Interest on \$2 M excess debt ⁵³	100,000
TOTAL	465,000

In addition, Canada would maintain services that “fall under the head of general or Dominion services” as well as steamship services. There would be a militia grant of \$40,000. Newfoundland fishermen would not receive special treatment. The new province would have four senators and ten members of Parliament. Overall, the Canadian government estimated that the provision or subsidization of services might cost \$862,858 annually, when it had hoped not to go above \$600,000. Overall, it could be a net financial loser to the extent of \$657,000 annually.⁵⁴ From this perspective, Newfoundland was being treated fairly – even generously – compared to the existing provinces, and to go further would cause federal-provincial problems and trouble in Parliament.

The Newfoundland delegation was therefore faced with a situation where the new province, having lost the Customs revenues on which it had traditionally relied, would have to service a debt of approximately \$5.4 million, and provide services that it estimated would cost over \$700,000 annually. From this point of view the federal offer was inadequate, especially as there was no mention of how the railway was to be completed or operated. The delegation responded that a special fishermen’s bounty was justified, since Newfoundland fishermen would have to pay licence fees for the first time under Canadian regulations, and that Confederation would probably damage the south coast herring trade. A better offer was also justified because Newfoundland would lose the advantages negotiated in the 1890 Bond-Blaine convention and, if a general reciprocity treaty was achieved, Newfoundland would be the loser because Canadian products would enter the United States at lower cost. Moreover, Newfoundland’s control of bait meant that it held “the key to the North American fisheries, and . . . neither Canada nor the United States can successfully prosecute these fisheries without drawing on these supplies.”

52 Morris in House of Assembly, 16 May 1895; see *Telegram*, 5 June 1895. It is not known why the discussions with Howlan were never specifically mentioned.

53 The Canadian government put the Newfoundland debt at \$8,350,000, or approximately \$40 per head. In order to bring this amount up to \$50 per head, Canada would assume “an excess of debt” of \$2 million on which it would pay interest at 5 per cent.

54 DRPC, pp. 46-7, RBP, Col 237, 8.02.013, AMD, MUL; Fraser, “Relations with Canada”; “Memo of Terms Proposed by Canada,” Mackenzie Bowell papers, MG 26E, vol. 100, file 1, LAC. This appears to be the only document relevant to the 1895 talks in the Bowell papers. The bolding is in the original.

Thus Confederation would place a powerful bargaining chip in the federal government's possession. The delegation also complained about the proposed debt allowance and the small payment for ungranted Crown lands, but did reduce its estimate of the cost of provincial services to \$650,000.⁵⁵

Such arguments were futile. The Bowell government was not willing to take any risks, financial or political, to bring Newfoundland into the Dominion. Nevertheless, the delegation (but not the Newfoundland government as a whole) seems by 10 April to have just about accepted the Canadian terms,⁵⁶ even though these implied a massive reorganization of internal services and the imposition of direct municipal and local taxation. While there is no surviving record of any discussions concerning the French Treaty Shore problem, it is clear that the Canadian government recognized its responsibilities in the event of Confederation, and that the Newfoundland delegation pledged that the legislature would pass the 1891 draft permanent enforcement bill – but only if there was help from London to bridge the financial impasse. Somehow the entire Newfoundland debt would have to be taken over and the railway completed.

Lord Aberdeen, the Canadian Governor General, informed the Colonial Office about the situation on 11 April. There was a “prospect of reaching [a] basis of agreement” but “much . . . if not everything, will depend on whether HM’s Gov[ernment]t will supplement [the] allowance to be given by Canada to Newfoundland.”⁵⁷ In another despatch, Aberdeen raised the spectre of Newfoundland drifting into the orbit of the United States. If the talks failed, he wrote, it would be most unfortunate,

for there may not probably be soon again so much disposition on each side to unite; and meanwhile awkward complications might arise.

I am informed that overtures have been made from a U.S. source to Newfoundland suggesting a loan of about \$3,000,000. The Delegates from N.F. do not speak about this, though I could probably ascertain from Mr. Bond . . . whether there is anything in it. But of course whether this story has any significance or not, there can be little doubt that there might be trouble in that direction, esp. in the present absurd temper of a certain section of American politicians, e.g. Senators Fry, Lodge, Morgan and others.

Moreover, anti-confederates in Newfoundland could raise the cry that the imperial government could not reasonably prevent a separate reciprocity treaty with the US.⁵⁸

55 Untitled and undated memorandum, RBP, 8.01.015, AMD, MUL.

56 J.T. Saywell, ed., *The Canadian Journal of Lady Aberdeen* (Toronto: Champlain Society, 1960), 216.

57 Aberdeen to Ripon (tgm.), 11 April 1895, Ripon Papers, Add. MSS 43558, vol. LXVIII, p. 125, BL. Aberdeen also forwarded a message from Foster to the effect that it was important for the imperial government to “give practical sympathy” (126). The telegram is also in CO 537/113, p. 89, UKNA.

58 Aberdeen to Ripon (“confidential”), 10 April 189, and Aberdeen to Ripon (tgm.), 11 April 1895, Ripon Papers, Add. MSS 43558, vol. LXVIII, p. 128, BL. See also Aberdeen to Ripon (“secret”),

The negotiators suspended the talks *sine die* on 16 April to await a decision from London.⁵⁹ The delegates arrived back in St. John's on 21 April.

It had been suspected at the Colonial Office that some financial aid might be necessary, but the nature of the draft terms of union and the amount of money requested caused officials to become decidedly unsympathetic. The idea of Britain contributing to the annual subsidy was rejected out of hand. Bramston noted that the proposal amounted "to an offer by Newfoundland to pass a permanent act if England will grant her an annual sum forever in aid of the expenses of Government," and predicted that the House of Commons would object.⁶⁰ In general, the impression at the Colonial Office was that the Canadian government was driving an unnecessarily hard bargain and that it should improve the financial terms.⁶¹

In a lengthy minute, Anderson questioned the Canadian debt proposal. The actual debt, he agreed, was nearer \$10 million than \$15 million, and he found it unreasonable that the cost of completing the railway should be treated "as an actual accrued obligation of the Nfdld Govt." Looking at the terms settled with Prince Edward Island, Anderson thought that Canada should allow Newfoundland \$550,000 per annum "at least" in respect of the debt charge. This would pay the interest on the provincial debt, and more. Overall, Anderson thought "this is not by any means generous treatment, and I cannot think that this is anything more than a bit of bluff in order to squeeze something out of the Imperial Exchequer, and if we sit firm Canada will think twice before letting Newfoundland go." He went on to dismiss the undertaking to pass the draft permanent French Treaties legislation, which the delegates had understandably thought the British government would appreciate. It was an unworkable piece of legislation, he wrote, and could not be passed by the Newfoundland legislature without amendment to the Territorial Waters Act.⁶² "The passing of such a measure is not worth paying for," he concluded, "and we must stand out for the existing temporary Act."⁶³

The financial arguments were expanded upon in Anderson's minutes on Aberdeen's despatch of 16 April.⁶⁴ Canada was driving a hard bargain. The debt allowance per capita was less than that given other provinces, and Canada should remember that the railway would become Dominion property. Other allowances were poor as well, and he did not think that Britain would be justified in doing any more than to guarantee a Canadian loan to finish the railway. Another suggestion was that the holders of Newfoundland bonds should take Canadian stock guaranteed

16 April 1895, CO 42/829, p. 876-9, UKNA, as well as Stanley, "Further Documents Relating to the Union of Newfoundland and Canada," 385.

59 DRPC, pp. 13-14, RBP, Col 237, 8.02.013, AMD, MUL.

60 Minutes by Bramston and Meade, 11 April, and reply telegram, 13 April 1895, CO 537/113, pp. 84-8, UKNA.

61 Minutes by Anderson, 27 April 1895; Ripon to Aberdeen (tgm.), 4 May 1895; CO 42/829, pp. 862-4, 869-72, 885, UKNA.

62 Presumably this was the Territorial Waters Jurisdiction Act, 1878, 41 & 42 Vic., c. 73. Anderson did not specify what amendments would be necessary.

63 Minute by Anderson, 24 April 1895, CO 537/113, pp. 91-2, UKNA.

64 See note 51 above.

by the imperial government in its place – lower interest, but higher market value.⁶⁵ The official reply to Canada on 4 May addressed the debt allowance and the railway issue, and urged Canada to absorb the whole debt. The suggestion about debt conversion was added in a secret appendix.⁶⁶

That same day a telegram arrived from Aberdeen to the effect that Confederation could happen only if the imperial government provided a lump sum of approximately £1 million.⁶⁷ This amount, noted Anderson, could set Newfoundland on its feet for many years, “but this is intended as a gift to be divided between Canada and the Nfdld bondholders.” Meade thought the demand “preposterous. Desirable as Confederation is, one can pay too high a price for it.” Tellingly, he added that, for a fraction of this sum, Newfoundland would accept “some form of control.”⁶⁸ On 8 May, Aberdeen transmitted another message. Canada would not assume the Newfoundland debt over \$50 per capita, and could not absorb \$5 million more to complete the railway as this would be unfair to the existing provinces. The trade gain was estimated at only \$1 million, and that would be balanced by a loss in revenue. Unless \$5 million was forthcoming, there was no possibility of Confederation.⁶⁹ Anderson repeated his arguments. In his view, Newfoundland was being treated less generously than Prince Edward Island had been, and Canada was in effect asking to be paid for annexing the colony. He thought that Canada would benefit from union – thus questioning Bowell’s figures – while Britain would actually lose. In February, Newfoundland had asked for a guarantee on £20,000 for 25 years. This was refused, “and now we are asked not for a guarantee but an actual payment of over £40,000 a year and for what?” If Newfoundland would accept an inquiry and control if necessary, concluded Anderson, Britain would be better off. It could then handle the French treaties question without relying on Ottawa, which was “rather a broken reed, as we have found in other fisheries questions.” It had to be remembered that Canada had a large deficit, taxes were increasing, and the Liberals wanted a settlement of the French question before Confederation, “so that no doubt unless Canada can shew it has made a very good bargain – as it [would] if we agreed to their terms – they could not hope to carry it through.”⁷⁰ The issue was discussed in cabinet, and on 9 May Ripon told Aberdeen that the Canadian terms could not be accepted without a prior commission of inquiry.⁷¹

At this point Sir Charles Tupper, now the Canadian high commissioner in London, entered the affair. Ripon told him on 10 May that “it would not be possible to establish so dangerous a precedent as that the Imperial Government should be obliged to come to the rescue of any of the autonomous colonies from bankruptcy.” Tupper urged the Canadian case but Ripon was adamant, going so far as to suggest “the best interests of Newfoundland might be met by the Colony going bankrupt and

65 Minutes by Anderson, 27 April 1895, CO 42/829, pp. 862-4, 869-72, UKNA.

66 Ripon to Aberdeen (tgm.), 4 May 1895, CO 42/829, p. 885, UKNA. The secrecy probably was an effort to avoid such things as market speculation.

67 Aberdeen to Ripon (“confidential” tgm.), 4 May 1895, CO 537/113, p. 95, UKNA.

68 Minutes by Anderson and Meade, 4 May 1895, CO 537/113, p. 94, UKNA.

69 Aberdeen to Ripon (tgm.), 8 May 1895, CO 537/113, p. 100, UKNA.

70 Minute by Anderson, 8 May 1895, CO 537/113, pp. 97-9, UKNA.

71 Ripon to Aberdeen (tgm.), 9 May 1895, CO 537/113, pp. 102-3.

thus being in a position to settle its present indebtedness and engagements upon very reduced terms.”⁷² Tupper then urged Bowell to consider the possibility of an imperial guarantee on a £1 million loan to facilitate the Newfoundland arrangement,⁷³ but Bowell had had enough; his government had gone as far as it could and still obtain parliamentary support. Anything more would have opened up the question of subsidies to the other provinces. As it was, Newfoundland’s demands entailed an expenditure of \$1 million over the estimated income. The colony had alienated 2.5 million acres to R.G. Reid, which would not come to the Dominion, and relief estimates were high: “In short,” Bowell declared, “they seem to be a kind of paternal Government, paying for everything they can out of Customs and Excise revenue, the latter being very small.” Then there was the French Shore question, and there would also be difficulties with the municipality of St. John’s. Nothing but “an ardent desire to unite the whole of British North America . . . would justify the offer which Canada has made.” In sum, Bowell concluded, “they ask us to give them a clean sheet, to assume all the services which we do for the other Provinces and to pay them \$650,000 p.a.”⁷⁴

On 1 May, Whiteway had told Bowell that his government could not accept the terms unless Canada assumed the full Newfoundland debt, completed the railway, and provided a subsidy of \$650,000.⁷⁵ This resulted in an offer of \$6,000 a mile toward the cost of the railway and a subsidy increase of \$35,000.⁷⁶ This was rejected as insufficient. Conscious of the extent of anti-confederate feeling, the government needed generous terms so that it could have a hope of carrying Confederation at the polls. The colony began to look for other solutions, and the Colonial Office revived the idea of Newfoundland becoming a Crown colony. On the day that Bowell’s final telegram arrived (11 May), Bond left for Montreal with R.G. Reid, authorized to try and float a loan. As O’Brien wrote, it was “the proverbial last straw left.”⁷⁷ The Newfoundland government was taking a considerable risk, but one that was necessary if the indignities of a royal commission and possible constitutional change were to be avoided.

Given Bond’s absence, it was Morris who reported on the negotiations to the House of Assembly on 16 May. The delegation, he said, had not expected that the terms discussed with Tupper would be repudiated, and the refusal to assume the entire public debt had made agreement impossible.⁷⁸ In Montreal, Bond stated that the Canadian government had taken advantage of the colony’s predicament to try and drive a hard bargain and, moreover, the repudiation of the previous offer justified “mistrust.” Bond added that the completion of the railway had also been a

72 Tupper to Bowell, 11 May 1895, Canada House Records, RG 25, series A7, vol. 538, file 237, LAC.

73 Tupper to Bowell, 20 May 1895 (listing telegrams exchanged), Canada House Records, RG 25, series A7, vol. 538, file 237, LAC.

74 Bowell to Tupper, 21 May 1895, Canada House Records, RG 25, series A7, vol. 538, file 237, LAC.

75 Whiteway to Bowell (tgm.), 1 May 1895, in Stanley, “Further Documents,” 365-6.

76 Bowell to Whiteway (tgm.), 11 May 1895, in *Journal of the House of Assembly*, 1895, Appendix, 422; See also copy in RBP, 9.01.018, AMD, MUL.

77 O’Brien to Ripon (“confidential”), 13 May 1895, CO 194/231, p. 53, UKNA.

78 *Telegram*, 5 June 1895.

problem, alleging that the Canadian government wanted it either stopped or completed at Newfoundland's expense.⁷⁹ Speaking for the Opposition, Morine thought that given the colony's condition the delegation could not have asked for less than it did and agreed that the suggestions made by Tupper were equivalent to a proposal. Morine also maintained, though, that the Bowell government could not have done more – though had Macdonald still been prime minister, matters might have turned out differently. Morine then moved for the appointment of an imperial royal commission of inquiry.⁸⁰

Under criticism in the Senate, Bowell denied that there had been any attempt to “screw them down, as the expression has been.” He also denied that previous draft terms had been repudiated: “We were willing not only to consider the terms which were indirectly offered to them in the past, but we were quite willing to go much beyond that.” The terms offered were more generous than those negotiated with any province, Bowell maintained, but the whole Newfoundland debt could not be absorbed, and Britain for good reasons had refused to create a precedent by financial intervention. As for the 1890 reciprocity agreement, Bowell thought that Bond and other Newfoundlanders overestimated its potential value. In terms of the future, Canada remained favourable to Newfoundland's joining the Dominion and the colony would face “a day of reckoning” sooner or later; imperial aid would be needed, certainly in the short term.⁸¹ There does not seem to have been any serious discussion of the Newfoundland issue in the House of Commons, and there was no formal statement there either. The issue was pressed by L.H. Davies, a Liberal MP from Prince Edward Island and an acquaintance of Whiteway,⁸² and other Liberals entered the fray; but Minister of Finance George Foster, who had been a member of the Canadian delegation, refused to provide any details. The longest exchange (on 10 May) degenerated into a partisan slanging match.⁸³

What are we to make of the charges and counter-charges? It is clear enough that neither side was particularly anxious to negotiate Confederation, and that the Newfoundland delegation made a tactical though understandable mistake by treating the Tupper and Howlan discussions as “official.” Moreover, Bowell's government was shaky; he could not afford to precipitate a round of federal-provincial arguments and, given the federal government's financial problems, the Newfoundland debt looked enormous.⁸⁴ As for Britain, Lord Rosebery's government was in political trouble while at the Colonial Office there existed a stubborn line of thought that granting Newfoundland responsible government had been a mistake and that Crown colony status would be the best solution. In both Ottawa and London there was a distinct lack of flexibility and imagination.

But were the Canadian proposals as mean-spirited as many thought? The debt allowance and the per capita subsidy offered were the same as in the case of Prince Edward Island, but the Island's debt had been much smaller and could therefore be

79 *Montreal Star*, 12 May 1895, printed in *Telegram*, 27 May 1895.

80 House of Assembly debate, 16 May 1895, printed in *Telegram*, 4, 5, 6, and 7 June 1895.

81 Bowell in Senate, 20 June 1895; *Proceedings of the House of Assembly*, 350-2.

82 Davies later became the chief justice of Canada.

83 House of Commons Debates 1895, I, pp. 270-2, 344-54, 840-60.

84 P.B. Waite, *Canada 1874-1896: Arduous Destiny* (Toronto: McClelland and Stewart, 1971), 244-5.

absorbed in full. In addition, the federal government had agreed to take over PEI's railway system and, recognizing the Island's special circumstances, had included a grant in lieu of Crown lands and offered to advance up to \$800,000 to buy out remaining absentee proprietors. In Newfoundland's case the \$50 formula did not cover the (much larger) debt, and other financial transfers were inadequate. The federal government showed no interest in the railway, and was unwilling to recognize the colony's special circumstances – such as the fact that its economy was almost wholly based on the fisheries.

Certainly, a chance was missed, but the difficulty of the task should not be underestimated. Howell was quite right to point out that it was very difficult to fit Newfoundland into the framework established by the 1867 British North America Act: "To-day the Newfoundland Government practically assumes the whole burden of poor-relief, educating the people, building the roads and bridges, and performs other services which, in the Provinces of Canada, are dealt with exclusively by the Municipalities and in no case by the Federal Government."⁸⁵ In effect, Newfoundland had a single level of government that was responsible for all government services and relied entirely on indirect taxation. In Canada there were three levels of government: the federal level relying on indirect taxation, the provinces on direct taxation, and the municipalities on property taxes. Services were shared. Since Newfoundland would lose its Customs and Excise revenues, it would have to impose direct taxation which, given a small and scattered population, would be difficult and expensive to collect. And, as in 1948, serious problems were raised by federal control of the fisheries, which was the colony's major industry. There were good reasons for skepticism and ambivalence on both sides.

The colony survived as an independent entity, thanks to Bond's success, with Reid's help, in raising loans for the government and the Savings Bank. The failure of the Confederation talks in 1895 probably reinforced many Newfoundlanders' suspicion of Canada and Confederation, and the relative prosperity of the early 20th century marginalized the issue. There were sporadic manoeuvrings, which intensified when the Great Depression brought the country once again to the edge of bankruptcy. However, Canada had its own difficulties and was not then interested in Confederation. The result was an imperial royal commission, the suspension of responsible government, and the imposition in 1934 of a species of Crown colony rule. The parallels with the events of 1894-1895 are striking.

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85 Memorandum, "Canada and Newfoundland as to Debt," n.d., RBP, 8.03.016, AMD, MUL (annotated in Bond's handwriting, "The Story of 'No!'")