

Such terms as these were out of the question, could not be entertained, much less recommended. The Newfoundland delegates said that a sine qua non, a first condition to the discussion of terms, was the assumption of the public debt of Newfoundland by Canada. If the Dominion Government would assume the total debt and obligations, and operate the railways and telegraph lines, the Newfoundland delegates were prepared to reduce the amount of \$738,594.00 asked for local subsidies to \$650,000.00 or a reduction of \$88,594.00.

The Dominion delegates, however, could go no further as regards the assumption of the public debt than they had done, viz., \$8,230,000 but they were prepared if the Imperial Government would assume the difference between our debt and obligations and the Dominion Of Canada, viz., \$5,479,834.74, to further consider the raising of the annual subsidies from \$505,600 to \$650,000 the minimum amount asked by the Newfoundland delegates for annual subsidies.

Negotiations were then entered into with the Imperial Government by the Dominion Government to ascertain if aid could be had in that quarter. On Saturday, the 11th, day of May, the following proposal was made by cable from Sir Mackenzie Bowell:-

To Sir Wm. V. Whiteway.

St. John's, Nfld.  
Ottawa, May 11th, 1895.

Lord Ripon's despatch, 9th, May, to Lord Aberdeen, forwarded to Governor of Newfoundland, will inform you of position taken by British Government. If Newfoundland adopt Ripon's proposal, terms may be modified by aid from Home Government, if not, Canada can only supplement proposal made to your delegates by agreeing in adding to aid in construction of Newfoundland Railway from River Exploits to Port-au-Basque by a subsidy of \$6,000 per mile to add \$35,000 to yearly allowance.

Bowell.