

tion and no one in a position of official responsibility in any western country was thinking in terms of heady political prescriptions for the others' problems, least of all prescriptions which would involve expensive obligations of a permanent or recurring character. Yet in the early thirties it became incumbent upon the British and Canadian Governments, as well as on the Newfoundland Government itself, to search for solutions to Newfoundland's special financial problem. Both Britain and Canada were concerned because it was to them that, in her dire need, Newfoundland was turning for financial assistance. Britain was also concerned because, in the days when there was still a British Empire, it was felt in London that default by "the oldest colony" would have a damaging effect on British credit throughout the world. Canada had its own direct interest through the presence in Newfoundland of Canadian banks which had already made substantial advances to the Newfoundland Government.

The problem was discussed at the highest level in the capitals of all three countries over a period of two years between 1931 and 1933. In the last analysis the only viable solution proved to be direct financial assistance by the British treasury. In the course of the discussions, however, other approaches were considered, or at least touched on, and one was tried. This last was the joint loan which Britain and Canada made to Newfoundland toward the end of 1932, thus preventing a Newfoundland default on its external debt but at the same time saddling Newfoundland with the Amulree Commission whose recommendations resulted in its loss of responsible government a little more than a year later. This was the price Newfoundland ultimately had to pay for assumption by Britain of responsibility for Newfoundland's finances over an indefinite period.

Perhaps if in June, 1933, the Canadian Government had been prepared once again to join the British Government in meeting Newfoundland's interest payments, the Amulree Commission's findings might have been different. In fact, the Canadian Prime Minister, R. B. Bennett, had been able to provide Canadian governmental assistance on the first occasion only by riding roughshod over his Cabinet and he was never again able to interest the Canadian Government in stepping into the breach.

Nor, during those tense 1931-1933 years, did the Canadian Government ever seriously consider purchasing Labrador. Quebec was interested and so, for a time, was Ottawa. But the asking price of \$100,000,000 was far too high by the standards of the time and was in any case somewhat suspect since it was put forward by yet another Canadian lobbyist, this one somewhat incongruously named Samuel de Champlain, who wanted a 10% commission.

All the principals knew that, for the time being at least, the logical solution, confederation with Canada, was out of the question. Yet nearly everyone involved in the Newfoundland problem was thinking or talking about it. In June, 1931, Sir Richard Squires, then Prime Minister of Newfoundland, was in Ottawa to try to raise a bank loan and was able to do so through the good offices of R. B. Bennett who was an influential financier in his own right. In conversation with Sir Richard both in Cabinet meetings and outside, Mr. Bennett went a long way toward proposing confederation negotiations. Sir George Perley, the senior minister in the Canadian Cabinet, took the same line in conversation with the