

pay. The financial terms offered by Canada were substantially better than those enjoyed by the existing provinces and the Canadian Government felt unable to go further lest other provinces might have an excuse for complaining of inequality and demanding improvements in their terms. After an unsuccessful plea to the British Government to take over part of the debt, the talks were abandoned.

The situation in Newfoundland was saved by the action of Mr. (later Sir) Robert Bond, the Colonial Secretary, who pledged his personal credit to the extent of \$100,000 which, in addition to Government securities, made it possible to obtain a temporary loan in Montreal. Finally a long-term loan was raised in London and the Island was saved from financial ruin.

Despite the failure of these negotiations, Newfoundland was steadily being drawn closer to Canada over the quarter century before the First World War. The completion of the railway in 1896, and the establishment of a regular steamship service between Port aux Basques and Sydney, linked Newfoundland with the railway system of the continent. The Wabana Mines at Bell Island began operations in 1895 to supply the iron ore for the growing steel industry at Sydney. After the failure of the commercial banks in Newfoundland in 1894, Canadian banks established branches there and the Canadian dollar became the accepted currency.

By 1914 Newfoundland's economy, though still highly dependent on fishing, was much more diversified than it had been twenty years before. The opening of a large pulp and paper industry at Grand Falls in 1909 and the expansion of iron mining at Bell Island had provided new employment and new products for export. Exports during the twenty years following 1894 had risen from about \$5,800,000 to almost \$15,000,000. In 1894 about 90 p.c. of Newfoundland's exports consisted of fish and fish products; in 1914, though the value of fish exports had doubled, they made up less than 74 p.c. of the total. Exports of iron ore had risen in the same period from about \$500,000 to more than \$1,500,000. Exports of forest products, in 1894 less than \$85,000, had increased by 1914 to about \$2,300,000.

The First World War.—In proportion to wealth and population, Newfoundland's contribution in the First World War was outstanding. Approximately 8,500 men were enrolled, nearly 7,000 in the Newfoundland Regiment and Forestry Corps, the remainder in the Royal Navy. Casualties were extremely high. In the Newfoundland Regiment about 1,300 were killed and over 2,300 wounded; of those who enlisted in the Royal Navy about 180 lost their lives and 125 were invalided home.

Of the men in the Naval Service, the *Cambridge History of the British Empire* says:—

The seamen of Newfoundland had long been known in the Navy as efficient and resourceful, but the end of the War left them with a greatly enhanced reputation. They readily undertook almost impossible boarding operations in wild seas which others would not face. Nothing but praise was accorded by the Fleet.