



Sir Robert Bond, Colonial Secretary at the time of the Second Confederation Talks and later Prime Minister.

Two years later, while the Island was still recovering from this disaster, it was threatened with financial collapse. In December, 1894, one of the three banks at St. John's was forced to close, leading to a run on the other two, both of which had to refuse payment. Business came to a standstill and the resulting dismissal of workmen led to bread riots. The situation was all the more serious because one of the banks, acting as the financial agent of the Newfound-

land Government, was obligated to pay the half-yearly interest on the public debt on Jan. 1, 1895. Consequently the bank crash gravely impaired the public credit.

The Newfoundland Government appealed for aid to Great Britain, but felt unable to accept it on the conditions offered, which implied the possible application of financial control by the Imperial authorities. The Newfoundland Government decided instead to investigate the possibility of reopening talks on Confederation, which had been undertaken without success eight years previously by Canadian and Newfoundland leaders. The British Government in the meantime made an immediate grant for relief purposes.

Second Confederation Talks.—The suggestion that negotiations for confederation be reopened was welcomed by the Canadian Government. The two delegations met at Ottawa for discussion from Apr. 4 to Apr. 16, 1895. The main obstacle proved to be financial terms, particularly the method of computing the public debt, which amounted to \$15,800,000, including expenditure on the railway and the cost of its operation over a period of years. Newfoundland proposed that Canada should take over the railway, and that the amount spent by Newfoundland on the completed section should be deemed an asset and deducted from the total debt. Canada, however, did not wish to take over the railway and was unwilling to deduct the Newfoundland investment in it from the total debt. Although both sides made concessions on other points, a gap of just under \$200,000 per annum still remained between Newfoundland's estimate of its fiscal need and what the Canadian Government felt it could