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NEWFOUNDLAND (FINANCIAL CRISIS).

COPIES or EXTRACTS of CORRESPONDENCE which has passed between the Imperial Government and the Government of Newfoundland relating to the present Financial Crisis in that Colony, and to the request for Aid by the Government of Newfoundland.

(*Sir Francis Evans.*)

*Ordered, by The House of Commons, to be Printed,
7 March 1895.*

[*Price 2 d.*]

NEWFOUNDLAND (FINANCIAL CRISIS).

RETURN to an Address of the Honourable The House of Commons,
dated 22 February 1895 ;—for,

“COPIES or EXTRACTS of CORRESPONDENCE which has passed between the Imperial Government and the Government of Newfoundland relating to the present Financial Crisis in that Colony, and to the request for Aid by the Government of Newfoundland.”

Colonial Office, }
6 March 1895. }

SYDNEY BUXTON.

(*Sir Francis Evans.*)

Ordered, by The House of Commons, to be Printed,
7 March 1895.

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COPIES OF EXTRACTS OF CORRESPONDENCE which has passed between the Imperial Government and the Government of Newfoundland relating to the present Financial Crisis in that Colony, and to the request for Aid by the Government of Newfoundland.

— No. 1. —

Sir *Terence O'Brien* to the Marquess of *Ripon*.

(Received 10 December 1894.)

TELEGRAPHIC.

My Government requests me to forward the following message relative to the present critical state of the Colony, and the urgent need for prompt assistance :—

The Commercial Bank has failed; the Union Bank cannot possibly keep open much longer. The interest payable in London next January upon the Colony's bonds, which the Union Bank was to pay for the Colony to the London and Westminster Bank, cannot be provided, and the Colony therefore will be a defaulter unless aid is afforded. The disaster, which involves the whole trade of the Colony, has been long impending, but has been precipitated by the suspension of a London firm of agents. Nearly 1,500,000 dollars is due by the two banks to the Government Savings Bank, forming a preferential claim on their assets. About an equal amount of the deposits in the Savings Bank is invested in bonds of the Colony. Therefore the Savings Bank has no available funds to pay depositors, who, by the closing of the other banks, will be forced to draw upon deposits or suffer for the necessaries of life. Fish to the value of 1,600,000 dollars now in stock needs to be shipped to be realised, but there will actually not be funds enough in the Colony to pay shipping expenses unless help can be afforded. Of the loan authorised last Session of the Legislature, nearly 700,000 dollars is for debt due London and Westminster Bank. Against the balance, say 800,000 dollars, and Colony's bonds owned by Savings Bank, say 1,400,000 dollars, as collateral, a temporary advance to Savings Bank of 1,000,000 dollars, at least, must be procured in London, or the utmost misery and loss be the result. Will the Imperial Government aid in obtaining this? The utmost haste is needed in order to avoid the worst results.

The services of a war ship to prevent possible disturbances and attacks upon property are called for, and it will serve to allay panic if directions are immediately sent to order a ship.

A Royal Commission to inquire into the whole political and commercial position of the Colony is absolutely essential, and Her Majesty's Government cannot decline to send such a Commission forthwith without serious and far-reaching results.

— No. 2. —

The Marquess of *Ripon* to Sir *Terence O'Brien*.

(Sent 11 December 1894.)

TELEGRAPHIC.

In answer to your telegram, Her Majesty's Government much regret to learn of financial crisis.

Impossible,

Impossible, however, for them to intervene in any manner, if at all, unless after full local inquiry by Royal Commission, which can only be undertaken at request of Government and Legislature.

It is urgently necessary, therefore, that Legislature should be summoned at once.

— No. 3. —

Sir Terence O'Brien to the Marquess of Ripon.

(Received 14 December 1894.)

TELEGRAPHIC.

[*Answered by No. 4.*]

COLONIAL Government anxious to know whether, in view of present crisis and my instructions, Royal Assent would be given if Bill introduced authorising issue of Treasury Notes.

— No. 4. —

The Marquess of Ripon to Sir Terence O'Brien.

(Sent 14 December 1894.)

TELEGRAPHIC.

WITHOUT full details as to proposed issue, cannot say what advice will be given to Queen. If it is desired to proceed with such a measure, telegraph full details as to what is proposed.

— No. 5. —

Sir Terence O'Brien to the Marquess of Ripon.

(Received 18 December 1894.)

TELEGRAPHIC.

[*Answered by No. 13.*]

COLONY deplorable condition owing to bank and commercial failures. Referring to your telegram of 11th December,* Colonial Government desire to know whether, in the event of the Legislature agreeing to local inquiry by Royal Commission, Her Majesty's Government would be prepared to give immediate assistance, and, if so, on what terms; also what would be scope of any local inquiry by Royal Commission if granted at present.

* No. 2.

— No. 6. —

Sir *Terence O'Brien* to the Marquess of *Ripon*.

(Received 19 December 1894.)

TELEGRAPHIC.

[*Answered by No. 7.*]

It is proposed to provide a present circulating medium by a Bill that Colonial Government should guarantee a certain value, to be determined after a full Report on present condition of banks, to be stamped on all notes duly registered now in the hands of public, any further surplus after paying stamped value to be apportioned to persons registering notes, which will be redeemable in two years. In view of my instructions, would such a Bill be assented to?

— No. 7. —

The Marquess of *Ripon* to Sir *Terence O'Brien*.

(Sent 21 December 1894.)

TELEGRAPHIC.

[*Answered by No. 8.*]

(Paraphrase.)

WITH reference to your telegram of 19th December,* I should not, as at * No. 6. present advised, refuse to allow you to assent to Bank Notes Bill. Telegraph to me the substance of material provisions of the measure.

The investigation on which the stamped value is to be determined will, I presume, be conducted by persons entirely independent of the banks.

Of course your assent to the measure does not imply any responsibility on the part of Her Majesty's Government for the redemption of the notes.

— No. 8. —

Sir *Terence O'Brien* to the Marquess of *Ripon*.

(Received 23 December 1894.)

TELEGRAPHIC.

[*Answered by No. 10.*]

BILL proposes appointment Registrar for each bank, who will register number, date, denomination of each note presented him before 31st December 1896, either personally or by post, together with name, address, description of presenter, and date of entry. He shall endorse said notes with official stamp guaranteeing payment by Government at valuation reported by Joint Com-

mittee of both Houses now sitting; he shall return notes so stamped to presenter with certificate of facts aforesaid, and shall have power at any [time] to issue new notes in place of old notes; Registrar shall receive all dividends declared on stamped notes; said dividends shall not be liable to seizure by process of law. He shall, after 1st January 1897, pay holders of notes presented him for payment the amount of guarantee [fixed]; if he shall be unable to pay said guarantee out of dividends in his hands he may call on Government for difference. If there should be balance in his hands after such payment, he shall apportion such sum rateably to credit of original presenters, and after reasonable notice pay same to presenter or to holder of certificates. All notes now in possession of bank shall be deposited with Receiver General. Governor may appoint Commissioner to watch interests of Government, with power to demand books, examine on oath all officials of banks, and report from time to time to Governor.

* No. 7. Above-mentioned Committee selected by Houses of Legislature commenced investigation before receipt of your Lordship's telegram of 21st December;* it includes shareholders in both banks.

Is further investigation by some persons entirely unconnected with banks necessary before I can assent?

— No. 9. —

Sir *Terence O'Brien* to the Marquess of *Ripon*.

(Received 24 December 1894.)

TELEGRAPHIC.

[*Answered by No. 10.*]

ONLY power existing inquiring into circumstances of banks is under Bank Charters by Committee of both Houses. Committee is the most disinterested that can be selected, for I find majority of members are unconnected with banks; two only are small shareholders. It is intended, as a further precaution, to have calculations made by Committee checked by representatives of foreign banks now here. Will this suffice? Immediate reply imperative.

— No. 10. —

The Marquess of *Ripon* to Sir *Terence O'Brien*.

(Sent 25 December 1894.)

TELEGRAPHIC.

† No. 9. SUGGESTION as to composition of Committee was not intended to be condition of assent. It is understood by telegram of 24th December† that you are satisfied.

— No. 11. —

Sir *Terence O'Brien* to the Marquess of *Ripon*.

(Received 28 December 1894.)

TELEGRAPHIC.

[*Answered by No. 12.*]

REFERRING to my telegram of 18th December,* strong feeling in favour of * No. 5. inquiry existing in respectable public. May I expect to receive answer shortly?

Committee of both Houses report insolvency of Commercial Bank and solvency of Union.

— No. 12. —

The Marquess of *Ripon* to Sir *Terence O'Brien*.

(Sent 2 January 1895.)

TELEGRAPHIC.

MATTER referred to in your telegram of 18th December† under consideration; † No. 5. hope to be able to send reply shortly.

— No. 13. —

The Marquess of *Ripon* to Sir *Terence O'Brien*.

(Sent 9 January 1895.)

TELEGRAPHIC.

HER Majesty's Government would be prepared, if requested to do so by the Government and Legislature of Newfoundland, to appoint a Royal Commission to inquire into the condition of the Colony and the causes which have led to it, and to report thereon to Her Majesty's Government, but they cannot pledge themselves beforehand in any way as to the course which they may take when they have received the Report of the Commission.

— No. 14. —

Sir *Terence O'Brien* to the Marquess of *Ripon*.

(Received 24 January 1895.)

TELEGRAPHIC.

[*Answered by No. 15.*]

REFERRING to your telegram of 9th instant,‡ relative to appointment of ‡ No. 13. Royal Commission, grave alarm has been occasioned by statements in the English

English press that assistance can be granted only at price of surrender of the Constitution, and consequent return of Colony to condition of a Crown Colony. My present Ministers cannot admit correctness of assertion of my late advisers that a Royal Commission is absolutely essential. The present embarrassment, though very grave, is not governmental except in so far as failure of banks and commercial firms has left the Colony without funds, and entirely suspends Customs receipts. Therefore immediate assistance financially is absolutely necessary. While they dissent from the position taken by my late advisers, they would welcome a Royal Commission as preliminary to a guarantee of loan, being confident that inquiry into internal resources of Colony will evidence that the depression is only temporary, and prove soundness of the Colony's resources. If Her Majesty's Government will give the assurance that there is no intention of interfering with the Constitution of the Colony as a consequence of the proposed inquiry, that its aim and object will be to acquire accurate information respecting resources of the Colony, and to aid my Government in readjusting Tariff and Civil List to such extent as in view of immediate assistance and future guarantee may be deemed necessary by Imperial Government, the Legislature will at once support my Government in making the formal request required by your Despatch of date aforesaid.

— No. 15. —

The Marquess of Ripon to Sir Terence O'Brien.

(Sent 26 January 1895.)

TELEGRAPHIC.

WITH reference to your telegram of 24th January,* I cannot take any responsibility for what may have been said in the newspapers. Her Majesty's Government have not arrived at any foregone conclusion. Royal Commission must be unfettered and free to make the inquiries specified in my telegram of 9th January.† Her Majesty's Government will await the result of the inquiry.

* No. 14.

† No. 13.

— No. 16. —

Sir Terence O'Brien to the Marquess of Ripon.

(Received 11 February 1895.)

TELEGRAPHIC.

[*Answered by No. 18.*]

I HAVE been requested by my Government to forward the following message:—

My Ministers are of opinion that an Imperial guarantee of Newfoundland Bonds would enable them to pay off all the floating liabilities of the Colony and to carry the Government over the present crisis, and until the revenue would again suffice for the wants of the island. Would the Imperial Government take this matter into consideration, and reply on what conditions they would give such a guarantee and preserve the integrity of the Colony through a temporary though most severe crisis?

— No. 17. —

Sir *Terence O'Brien* to the Marquess of *Ripon*.

(Received 16 February 1895.)

TELEGRAPHIC.

[*Answered by No. 19.*]

AM requested by my Responsible Advisers to forward at once following:—

Attorney General brought before Council application from Michael Cary and large number of other residents of this city and of outlying districts, praying for immediate relief by their being employed on some public works. At the same time he called the attention of the Committee to the recent decision of the courts in case of the election petitions, and said that he could not advise Government to commence relief works while elections are pending, as, by his reading of the judgments, the Members returned may again incur the penalty of a loss of their seats, besides being subject to heavy costs. It was ordered that his Excellency the Governor be acquainted of the circumstances, and that he be requested to telegraph Secretary of State for the Colonies a copy of this Minute, and to ask, if necessary relief works be undertaken, whether Her Majesty's Government will assent to indemnification of Ministry. An amendment of Election Act is absolutely necessary to enable Government to undertake any public works without bringing themselves and candidates under the law as interpreted by judges in recent election trials.

— No. 18. —

The Marquess of *Ripon* to Sir *Terence O'Brien*.

(Sent 19 February 1895.)

TELEGRAPHIC.

THE application of your Ministers made in your telegram of the 11th February* has been carefully considered by Her Majesty's Government.

* No. 16.

It is a necessary consequence of the self-government enjoyed by Colonies having responsible government that such Colonies should not look to the Imperial Government to aid them in their financial affairs; such aid would require constant supervision inconsistent with self-government. To guarantee the Newfoundland Bonds would create a precedent of wide application, which would involve Her Majesty's Government in responsibilities which they could not undertake with justice to the taxpayers of the United Kingdom. They are therefore unable to accept the proposal contained in your telegram referred to above.

— No. 19. —

The Marquess of *Ripon* to Sir *Terence O'Brien*.

(Sent 20 February 1895.)

TELEGRAPHIC.

REFERRING to your telegram of 16th February,† while Her Majesty's Government will give consideration to any Act which may be passed by Colonial Legislature with a desire not to recommend exercise of Queen's prerogative of disallowance, of which they have recently given proof, they cannot give pledge as to the advice which they may think it their duty to tender to Queen before Act has come before them in the constitutional manner.

† No. 17.

— No. 20. —

Sir *Terence O'Brien* to the Marquess of *Ripon*.

(Received 24 February 1895.)

TELEGRAPHIC.

MY Government desire me to inform your Lordship, with reference to their request for a guarantee of a loan, that Sir F. Evans, M.P., has been appointed Special Commissioner by the Government of this Colony to represent their views to Her Majesty's Government.

— No. 21. —

Sir *F. H. Evans*, M.P., to *Colonial Office*.

(Received 25 February 1895.)

[Answered by No. 22.]

MY LORD,

House of Commons,
25 February 1895.

I am requested by the Government of Newfoundland to ask the Imperial Government if they will grant them assistance in the present crisis by guaranteeing £20,000 per annum for 25 years as interest upon bonds which they desire to issue.

The Colonial Government in asking this assistance desire me to assure the Imperial Government that they do not anticipate that it will ever become necessary to call upon the Imperial Government for any payment consequent upon or by reason of this guarantee.

The guarantee is only required to insure purchasers of bonds that they have the Imperial Government as security for due payment of interest.

I beg to add that the stringency of the present crisis is so great, and so much suffering requires to be alleviated, that I trust your Lordship will deal with this request at the earliest possible moment and in the most favourable spirit.

I beg also to repeat the assurance which I have already given to your Lordship, that the late commercial crisis, while extremely serious in its immediate effects, still leaves the people of Newfoundland with the sources of their prosperity unaffected thereby, and I do not doubt but that the Colony will speedily recover from its present trouble.

I have, &c.

Francis Evans,Special Commissioner for the Government
of Newfoundland.

— No. 22. —

Colonial Office to Sir *F. H. Evans*, M.P.Downing Street,
5 March 1895.

Sir,

I AM directed by the Marquess of Ripon to acquaint you that Her Majesty's Government have given their most careful consideration to your letter of the

25th ultimo,* submitting on behalf of the Government of Newfoundland a proposal that in order to enable the Colony to meet the present acute crisis in its affairs, Her Majesty's Government should guarantee the payment of interest to the extent of 20,000*l.* a year for 25 years on a loan which they desire to issue. * No. 21.

A similar application was received through the Governor of Newfoundland on the 11th ultimo, and it was pointed out to him in reply, on the 19th of that month,† that it is a necessary consequence of the self-government enjoyed by Colonies having Responsible Government that they should not look to the Imperial Government to aid them in their financial affairs. Such aid would require constant supervision and control, altogether inconsistent with self-government; and, moreover, to give a guarantee to a Newfoundland loan under the circumstances would create a precedent of wide application which would involve Her Majesty's Government in responsibilities which they could not undertake with justice to the taxpayers of the United Kingdom. † No. 18.

These reasons appear to Her Majesty's Government conclusive against the course proposed in your letter, and they have, therefore, no alternative but to decline the proposal.

Her Majesty's Government, however, deeply sympathise with the Colony in the disaster which has overtaken it, and recognise that in consequence of the failure of the banks and nearly all the commercial houses, a large proportion of the population have been reduced to a state of extreme destitution with which it is impossible for the Colonial Government to cope.

They are prepared, therefore, with the view of meeting the more pressing needs of the people, to send out without delay a Commissioner to consider, in concert with the Governor and his Ministers, and report immediately to Her Majesty's Government, as to the extent to which such assistance is absolutely necessary to supplement local and private charity, and as to the channels through which it should be distributed; and on receipt of these reports the Treasury will, from time to time, cause such sums as they may think proper to be placed at his disposal.

I am to add that the aid to be given will be confined to the relief of actual distress, and will not extend to loans or other assistance to commercial or banking houses.

I am, &c.
R. P. Ebdon.

— No. 23. —

The Marquess of Ripon to Sir Terence O'Brien.

(Sent 5 March 1895.)

TELEGRAPHIC.

HER Majesty's Government have carefully considered application made by Special Commissioner, on behalf of Colony, for guarantee of 20,000*l.* interest for 25 years, but for reasons given in my telegram of 19th February‡ have not been able to accede to it. ‡ No. 18.

They recognise, however, existence of, and probable increase of, distress, which Colonial Government cannot relieve under existing circumstances, and propose as soon as possible to send out Commissioner, who will, in concert with you and your Ministers, as far as possible, consider and report as to extent to which assistance is absolutely necessary, in addition to private charity, and channels through which it could be best distributed.

Such sums as Her Majesty's Government may think proper will from time to time be placed at disposal of Commissioner for relief of actual distress, but no loan or assistance is to be given to commercial houses.

I hope to communicate name of Commissioner and date of departure shortly.
