

that ever since we have had to bleed ourselves white in an attempt to provide the trappings of an elephant on the back of a mouse; and that we have never, until recently, quite succeeded. However, those people are wondering with the hindsight of history. In defence of the "great dead" who did achieve for us responsible government, it must be said that they could not be expected to foresee the shape of things to come in this 20th century. In the first place, practically all the territory they had to think of providing the public services to in those days was the Avalon Peninsula. And indeed, until the advent of Commission of Government, democracy in this island was mostly a matter of government of Newfoundland and Labrador by Newfoundlanders for the Avalon Peninsula. Then it must be remembered that the mid-19th century was a nice, cozy time in which to be alive. Every day in every way, things were getting better and better. Mankind was going to move right straight ahead to the conquest of the universe. The spirit of *laissez-faire* was a broadened world. Economic liberalism was the order of the political day. The best government was the government that governed least. The role of government and the economy was consciously kept down to the minimum. God was in his heaven, all was going to be all right with the world. The British nation would see to that. And so in the brave new world of 1855 responsible government looked like a safe enough bet, even if there was only half a million dollars to pull and haul on.

For over 60 years, from 1855 to 1919, we managed to make both ends meet. True, we had often to scrape the bottom of the barrel to do so. In the years when there was a margin to the good, it was meager; and once or twice the budget went into deficit. But by and large for 60-odd years we managed to keep our heads above water. In the economic sphere, however, almost every time the fishery failed, a lot of people nearly starved to death. Dole was not something unheard of until the days of Commission. Substantial expenditure on relief of the able-bodied poor had to be incurred within five years of the obtaining of responsible government. And the first eight years of the 1860s were among the grimmest of our history. Once indeed, even in the financial sphere, it was touch and go, during the bank crash of 1894. Involved in the crisis was the Union

Bank with which the Newfoundland government had made arrangements to provide the half-yearly interest on the public debt due in London on January 1, 1895. The Newfoundland government suddenly found itself with a first magnitude crisis. It had to get its hands on a quarter of a million dollars in a hurry. And so first, the Newfoundland government went to Britain with its hat in its hands. But Britain wanted to set up a royal commission of inquiry as a condition of a rescue loan, and the government of the day wouldn't have that. And so it turned around and went to Canada with its hat in its hands. But Canada wouldn't bid high enough. Canada pinched the pennies and lost the tenth province. Bond finally negotiated the long-term loan in England which saved Newfoundland from default — for a little while, however. The Newfoundland government had appeared in a role that presaged the final financial disaster that came upon it — the role of chasing around with its hat in its hands in a frantic effort to borrow enough to carry on. We were to see the Newfoundland government in that role again, practically all during the period from 1920 to 1933, the period when we didn't manage to make both ends meet. During those 13 years we incurred 11 budget deficits, and borrowed \$57 million. In other words, we went behind at an average rate of \$4.8 million per year. And so we came at last to the end of our financial tether and passed into the hands of a glorified receivership. Even the receivership couldn't do anything to achieve financial stability, and budget deficits continued through the first seven years of Commission government.

A careful study of what led to our financial collapse in the early thirties leads inevitably to the conclusion that it occurred because our economy could not provide adequate revenue to defray the cost of the public and social services a western people demand. The Newfoundland people are a western people. It was inevitable that sooner or later they would begin to look to their government to try to keep up with the Joneses on the North American mainland. And with World War I it began.

The 20th century began in Newfoundland in the 1920s. Up until the time of the first world war, Newfoundland slumbered along content with its 19th century lot. But when the boys came march-