countenanced the sending of supplies of every kind to the rebels, and if American diplomacy had not again and again made representations against Weyler’s ruthless policy. Canovas so fully comprehended the necessity of averting American intervention that he listened to the pressing demands of secretary Olney and of the American minister in Madrid, Hannis Taylor, and laid before the Cortes a bill introducing home rule in Cuba on a more liberal scale than Maura, Abarzuza and Sagasta had dared to suggest two years before. Canovas did not live to see his scheme put into practice, as he was assassinated by an anarchist at the baths of Santa Agueda, in the Basque Provinces, on the 9th of August 1897. The queen-regent appointed General Azcarraga, the war minister, as successor to Canovas; and a few weeks later President McKinley sent General Woodford as representative of the United States at the court of Madrid. At the end of September 1897 the American minister placed on record, in a note handed by him at San Sebastian to the minister for foreign affairs, the duke of Tetuan, a strongly-worded protest against the state of things in Cuba, and demanded in substance that a stop should be put to Weyler’s proceedings, and some measures taken to pacify the island and prevent the prolongation of disturbances that grievously affected American interests. Less than a fortnight after this note had been delivered, the Conservative cabinet resigned, and the queen-regent asked Sagasta to form a new administration. The Liberal government recalled Weyler, and sent out, as governor-general of Cuba, Marshal Blanco, a conciliatory and prudent officer, who agreed to carry out the home-rule policy which was concerted by Señor Moret and by Sagasta, with a view to obtain the goodwill of the president of the United States. If things had not already gone too far in Cuba, and if public opinion in the United States had not exercised irresistible pressure on both Congress and president, the Moret home-rule project would probably have sufficed to give the Cubans a fair amount of self-government. All through the winter of 1897-1898 the Madrid government took steps to propitiate the president and his government, even offering them a treaty of commerce which would have allowed American commerce to compete on equal terms with Spanish imports in the West Indies and defeat all European competition. But the blowing up of the American cruiser “ Maine ” in the port of Havana added fuel to the agitation in the United States against Spanish rule in Cuba. When Congress met in Washington the final crisis was hurried on. Spain appealed in vain to European mediation, to the pope, to courts and governments. All, with the exception of Great Britain, showed sympathy for the queen-regent and her government, but none were disposed to go beyond purely platonic representations in Washington.

At last, on the 20th of April 1898, when the Spanish government learned that the United States minister, General Woodford, had been instructed by telegraph to present an ultimatum demanding the cessation of hostilities in Cuba, with a view to prepare for the evacuation of the island by the Spanish forces, Sagasta decided to give General Woodford his passports and to break off official relations with the United States. It was an open secret that this grave decision was not taken at the cabinet council presided over by the queen without a solemn protest by Señor Moret and the ministers of war and marine that the resources of Spain were totally inadequate for a struggle with the United States. These protests were overruled by the majority of the ministers, who invoked dynastic and monarchical considerations in favour of a desperate stand, however hopeless, in defence of the last remnants of the colonial empire of Spain. Reckless as was the course adopted, it was in touch with the feelings of the majority of a nation which had been to the very end deceived by the government and by the press not only in regard to its own resources, but also in regard to those of the United States and of the colonists in arms in Cuba and in the Philippine Islands. The sequel is soon told. The Spanish fleet in the Far East was defeated in Manila Bay by Admiral Dewey. Admiral Cervera’s squadron was destroyed outside the Bay of Santiago de Cuba by the American fleet under Admirals Sampson and Schley. All communication between Spain and her colonies was thus cut off. An American expedition landed near Santiago, and the Spanish garrison surrendered after a fortnight’s show of resistance. Very shortly afterwards, at the end of July, Spain sued for peace through the mediation of French diplomacy, which did not obtain much from President McKinley. It was agreed that hostilities should cease on sea and land, but that Spain should evacuate Cuba and Porto Rico pending the negotiations for a peace treaty which were to begin in Paris at the end of September 1898. In the meantime Manila and its garrison had surrendered to the Americans. The agreement of the 9th of August, signed by M. Cambon, the French ambassador in Washington, in the name of Spain, clearly stipulated that her rule in the New World must be considered at an end, and that the fate of the Philippines would be settled at the Paris nego- tiations. Unfortunately, Spain indulged in the illusion that America would perhaps respect her rights of sovereignty in the Philippine Islands, or pay a considerable sum for their cession and recognize the debts of Cuba and of the Philippines. The American commission, presided over by secretary Day in Paris, absolutely refused to admit the Spanish contention that the United States or the new administration in Cuba and the Philippines should be saddled with several hundred million dollars of debts, contracted by the colonial treasuries, and guaranteed by Spain, almost entirely to maintain Spanish rule against the will of the Cubans and Filipinos. Spain could not help assenting to a treaty by which she renounced unconditionally all her rights of sovereignty over Cuba and Porto Rico and ceded the Philippine and Sulu Islands and the largest of the Marianne Islands in consideration of the payment of four millions sterling by America. Thus ended a struggle which only left Spain the Carolines and a few other islands in the Pacific, which she sold to Germany in 1899 for £800,000, and a couple of islands which were left out in the delimitation made by the Paris peace treaty of the 12th of December 1898, and for which America paid *£20,000* in 1900.

The consequences of the war and of. the loss of the colonies were very serious for Spanish finance. The national debt, which consisted before the war of £234,866,500 of external and internal consols and redeemable debts, and £24,250,000 of home floating debt, was increased by £46,210,000 of Cuban and Philippine debts, which the Cortes had guaranteed, and by *£60,000,000* of debts con­tracted at a high rate of interest, and with the national guarantee, to meet the expenses of the struggle with the colonies and of the war with the United States. These additional burdens rendered it necessary that taxation and the budget should be thoroughly reorganized. Sagasta and the Liberal party would gladly have undertaken the reorganization of Spain and her finances, but the issue of the war and the unavoidable peace treaty had so evidently damaged their popularity in the country and their credit at court, that the government seized the pretext of an adverse division in the Senate to resign. The Liberals left office after having done all that was morally and materially possible, considering the extremely difficult, indeed inextricable, situation in which they found the country in October 1897. The task of reorganization was confided by the queen-regent to Señor Silvela, who had been universally recognized as the leader of the Conservatives and Catholics after the death of Canovas del Castillo. Silvela endeavoured to unite in what he styled a Modern Conservative party the bulk of the followers of Canovas; the Ultramontanes, who were headed by General Polavieja and Señor Pidal; the Catalan Regionalists, whose leader, Duran y Bas, became a cabinet minister; and his own personal following, of whom the most prominent were the home secretary, Señor Dato, and the talented and energetic finance minister, Señor Villaverde, upon whose shoulders rested the heaviest part of the task of the new cabinet. Silvela lacked the energy and decision which had been the characteristics of Canovas. He behaved constantly like a wary and cautious trimmer, avoiding all extreme measures, shaking off compromising allies like the Ultramontanes and the Regionalists, elbowing out of the cabinet