

*Grants to Newfoundland*

decided to submit to the people of Newfoundland two alternatives only, whether the people wanted the return of responsible government as it was in 1933 or whether they wanted the continuation of the commission of government. But no alternative of confederation was on the ballot paper. They would not have that. The United Kingdom came into the picture then.

In the meantime Mr. Smallwood had presented a petition which he said had been signed by fifty thousand people demanding that it should be put on the ballot paper. The United Kingdom said, "this matter has been thoroughly discussed; the people are aware of the issues and we will put it on the ballot paper". I am quoting this to show the Leader of the Opposition that that would not happen to a sovereign nation. It happened because Newfoundland was not a sovereign nation at the time. Confederation was put on the ballot paper. In the first referendum responsible government came first, confederation second and commission government third. In the second referendum confederation was approved with a majority of 2 or 3 per cent.

When the prime minister of Canada of the day, namely Mr. Mackenzie King, wrote to the governor and sent the terms he had this to say:

I feel I must emphasize that as far as the financial aspects of the proposed arrangements for union are concerned, the government of Canada believes that the arrangements go as far as the government can go under the circumstances. The government could not readily contemplate any change in these arrangements which would impose larger financial burdens on Canada.

Hence you see, Mr. Speaker, that in 1947 the government thought that \$3.5 million a year was the utmost that the Canadian government could pay to the province of Newfoundland if it came into confederation.

After the referendum favoured confederation a new delegation was picked by the governor and was sent up here to negotiate the final terms. They came to Ottawa on October 5 and on December 11, 1948 the measure was signed embodying these final terms, including terms 28 and 29. Term 28 was the new transitional grant in which, as I pointed out, the original payments to Newfoundland were increased from \$3.5 million a year was the utmost that the Canadian government by \$800,000 a year until the eighth year when they diminished by \$350,000 a year. The late Sir Albert Walsh—may the Lord have mercy on him—told me that it was largely due to his efforts that the \$16.5 million extra was gained for Newfoundland. I think the Leader of the Opposition who was, I believe, a member of the committee that negotiated

with him will agree that his prestige and influence stood high with the government of the day, and the \$16.5 million increase was gained on the offer which had come from Mr. Mackenzie King.

It must be remembered that these transitional grants were on a declining scale. Nobody on the other side of the chamber has yet asked this question: why is it that those transitional grants were on a declining scale? If now they think that Newfoundland's needs are getting greater and greater every year and ought to be provided for every year and spelled out in the bill why did they provide grants on a downward sliding scale? How much do you think these grants had declined up to 1956-57? Does the Leader of the Opposition, the hon. member for Bonaville-Twillingate or any hon. member from Newfoundland know how much that grant had declined? I refer to the grant of \$6.5 million of 1949-50. Do they know how much that grant had declined by 1956-57? Can they tell me? Let me tell them that it had declined to \$2,250,000. That is all that Newfoundland was receiving in 1956-57, namely \$2.25 million. I should like everyone to remember how little Newfoundland was receiving from the dominion government in the eighth year of union. They show such a great interest in Newfoundland now. No wonder.

I have here the Auditor General's report for 1958. In that is given the revenue and expenditure for 1957-58 and for 1956-57. Despite that low transitional grant of \$2.25 million in 1956-57, the Newfoundland government balanced its budget that year. It is not necessary to refer to all of the terms of union. There are a great many of them. However, I want to point out that when Newfoundland went into confederation Newfoundland had a cash surplus of \$45 million. The federal government took over \$46 million of debt, leaving Newfoundland with a debt of only \$6 million. Was there ever a country in the world that started off with greater advantages than did Newfoundland owing only \$6 million and with \$45 million cash to start with? I hate to tell you what the public debt is now, Mr. Speaker. The debt of Newfoundland, I am sure must be up to nearly \$100 million, direct and indirect. Where is the \$45 million surplus? I know where \$28 million of it went. It went into the great industries, the great socialist enterprises which the socialist premier of Newfoundland started. When I was on the political platform it was \$25 million. I used to say "Do you know how much money the government got back out of that?" I looked in my pocket for a coin and I did not have a cent, so I had to show them whatever I had say, a ten cent piece. But the government

[Mr. Browne (St. John's West).]