

I grew up, whatever my mandate may now be, to get back our natural resources which, up to that time, had been controlled by parliament. A few people at that time said that we did not have the right to have them back; that we could not get them back because they were vested in Canada as compensation for something or other—it does not matter what.

I think the argument made by the hon. member for Edmonton West about the measure we are proposing now will be regarded in Newfoundland in exactly the same way as in Manitoba, or Saskatchewan, or Alberta an argument would have been regarded that after a five year period their resources could be taken back from Manitoba, Saskatchewan or Alberta.

To reinforce what I say, I think I should put on record the actual term 29 itself. It does seem to me that, if it is on the record, most of us will feel, whatever views we entertained a few years ago, that this really was intended to be part of the Terms of Union, and to be carried out as, I think the hon. member for Winnipeg North Centre very fairly stated, in that spirit. This is the way it reads:

In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the government of Canada will appoint a royal commission within eight years from the date of union to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the government of the province of Newfoundland to enable it to continue public services at the levels and standard reached subsequent to the date of union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

What was intended by those who negotiated the Terms of Union on both sides of Cabot strait, was a later determination of the statutory subsidies. It was not meant to be a determination of taxing arrangements or tax-sharing payments. To suggest that, once this royal commission had made a determination, and once the government and parliament had accepted that determination, that the determination could be changed or altered without the consent of that province is, in my opinion, in the opinion of the cabinet and in the opinion expressed by my leader at the time, equivalent to suggesting that the statutory subsidies in the British North America Act provided to Nova Scotia or British Columbia or

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any other province could be taken away after a period of years. We know that in 1945 there was some suggestion that the statutory subsidy should be englobed in the general payments to the provinces. It was a regrettable suggestion and hastily withdrawn.

Not only Newfoundlanders, but all those who have really studied the matter I think, were entitled to believe—unless the royal commission made an absolutely silly recommendation—that once it had made a recommendation and once the government had accepted it, the payment was to be assimilated, not to taxing arrangements but was similar to the statutory subsidies that are provided for in the Terms of Union with the other provinces. The opening words suggest that—

—in view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland becoming a province—

That is why there was to be a royal commission. The royal commission at that time recommended that \$8 million be paid and that there be no limit upon that payment.

Mr. Monteith: What are the terms in the royal commission recommendation respecting the \$8 million?

Mr. Pickersgill: The recommendation was that \$8 million should be paid indefinitely. The royal commissioners say:

Accordingly we recommend additional financial assistance as follows:—

- (d) for the fiscal year beginning April 1, 1960, \$8,000,000 less the transitional grant of \$350,000—
- (e) thereafter \$8,000,000 per annum.

● (10:00 p.m.)

It is on this basis, and because it is our belief that this was intended to be the equivalent of the constitutional subsidies, that the government is recommending the adoption of this resolution and the first reading of the bill.

Mr. Lambert: May I ask the minister a question? Does he not feel there is some danger that acceptance of the term of recommendation of the commission of \$8 million may become, shall we say, enshrined in the terms of confederation and that subsequent parliaments, provided Newfoundland were entitled to an increase in this sum, might regard it as a payment in perpetuity, regardless of the value of the dollar, and that an undesirable degree of inflexibility would be introduced.

This is an argument on the other side. This is one of the difficulties that I find in interpretation—that for all time, regardless of the