

*Grants to Newfoundland*

The government of Newfoundland was entitled to become a full-fledged dominion under the statute of Westminster in 1931, but the government of Newfoundland never took the step that was necessary to proclaim its intention to become a full-fledged dominion. They passed the legislation, but there was one part that did not become operative which would have made us a dominion. That year 1931 was a critical year in the history of Newfoundland. I remember it so well because I predicted what was likely to happen; I remember doing that. The government had been borrowing so much that it was not likely to be able to borrow the \$8 million for which they were looking.

As a result we had quite a financial crisis, and we had to get the assistance of Canadian banks, the assistance of the Canadian government and the assistance of the United Kingdom government. There was an election in 1932, and a new government was elected. The new government was compelled to agree to the appointment of a royal commission appointed by the United Kingdom government, the Amulree commission, which investigated the financial situation in Newfoundland. They recommended that there should be a commission of government consisting of three members from Newfoundland, three members from the United Kingdom, with the governor presiding who would be the seventh member. This was done. They carried on the government of Newfoundland between 1934 and 1949 for a period of 15 years.

When they started they received financial assistance from the United Kingdom. But as fishing markets improved and world conditions improved after the crisis of the thirties, especially when the United States forces came in 1941 under the bases agreement, things began to pick up financially in Newfoundland. As a result, the commission of government was able to pay off a great proportion of Newfoundland's indebtedness and also have a surplus of nearly \$50 million by the time the terms of union were signed in 1949.

In 1946 the United Kingdom government said: "Well, now, Newfoundland is self-supporting again and it should decide what its future is going to be". They decided to set up a national convention consisting of 45 members who would be elected from all over Newfoundland. These members would sit down and decide what the future of the government of Newfoundland would be. They did this. The 45 members were elected, one of whom was the present premier of Newfoundland and another was a gentleman who is in the other place, Senator Bradley, the former secretary of state. They sat down and

discussed whether we should have a continuation of commission government or whether we should revert to responsible government, and the premier of Newfoundland advocated from the beginning that we should come into confederation with Canada. He tried to get people to support his view, but he could not get support for a long time. Eventually, he did.

The governor of Newfoundland wrote to Mr. Mackenzie King, the prime minister of Canada at the time in 1947 and said: "will you accept a delegation from the national convention of Newfoundland to see whether there is a basis existing for Newfoundland to become a province of the dominion of Canada." Mr. King wrote back and said yes, that he would be pleased to receive a delegation. The delegation was appointed and it came up here and they sat down together and they discussed the terms under which Newfoundland should come into confederation, to see whether there was a basis for Newfoundland coming into confederation. Most people overlook it, but that was another set of terms. There was no term 29 in that set but there was a term 14 which was a very much shorter one but similar one, a predecessor of term 29.

I should like to draw attention here to the fact that the original financial terms were very much less than the terms finally decided upon. They provided for transitional grants. The transitional grants afterwards were \$6.5 million for the first three years, but the original terms on which the people voted in the summer of 1948 provided for only \$3.5 million for the first three years and after that diminished by a sum of \$350,000 a year until they disappeared in the twelfth year. Then term 14 as it was at that time, went on to say this:

14. In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of adjustment to provincial status the government of Canada will appoint a royal commission within eight years of union to review the financial position of Newfoundland and to recommend the form and scale of additional financial assistance, if any, which may be required by the government of Newfoundland to enable it to continue public services at then prevailing levels—

I quote this especially in reference to transitional grants, which, Mr. Speaker, you will notice were only \$3.5 million and that was the maximum the government of that day thought that Newfoundland could get along on. And that is not so very long ago; that was in 1947—with \$3.5 million.

That was sent to the national convention and they discussed it. They decided not to accept it by a vote of 29 to 16 and they