

It was probably beyond Canada's financial or even physical capacity to take over these bases and maintain them at the standard required to meet the strategic need as estimated by military authorities. On the other hand, the substantial extraterritorial rights which the United States enjoyed would be seriously objectionable if and when the Island became a Canadian province. It might be that informal conversations should be initiated at once in Washington, with a view to surrender by the United States or substantial modification of these special rights. It might be possible to obtain some reduction in the 99 year term.

(External Affairs memorandum, Oct. 30, 1948).

22. The Acting Prime Minister observed that the questions raised by the Minister were of importance in relation to the proposed North Atlantic Security Pact. Respect for Canadian sovereignty in all joint defence undertakings was essential to effective Canadian participation in arrangements of the character envisaged.

23. The Cabinet, after considerable discussion, agreed that the Acting Secretary of State for External Affairs instruct the Canadian Ambassador in Washington to institute at once informal conversations with the appropriate U.S. authorities with a view to the modification of the Newfoundland Bases Agreement in the event of union with Canada, particularly with respect to those terms and conditions by which the United States enjoyed extraterritorial rights in the Island.

It was understood that Mr. Wrong would be instructed to take this matter up vigorously, emphasizing to U.S. authorities the importance which the government attached to the satisfactory disposition of this matter.

Goose Bay; U.S. married quarters

24. The Minister of National Defence stated that U.S. authorities had been urging the desirability of their being permitted to construct married quarters for their personnel at Goose Bay. In order to do so some secure title would have to be acquired by the United States.

It was clearly desirable that U.S. forces stationed at Goose Bay should have married quarters provided for them. At the same time Canada was in no position to give title

001919

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