

19. The Cabinet, after discussion, noted the Acting Prime Minister's report and deferred until later further consideration of the questions involved.

U.S. bases in Newfoundland; status upon union with Canada

20. The Minister of National Defence and Acting Secretary of State for External Affairs asked that consideration be given to the status of U.S. military bases in Newfoundland if and when the Island entered Confederation.

At present the United States had three bases - Fort Pepperrell, an Army garrison base on the outskirts of St. John's; Argentia, a Naval and Naval Air base and Army garrison base on the west side of the Avalon Peninsula; and Harmon (or Stephenville), an Air base on the west coast.

Each of these included elaborate installations of a permanent nature and further substantial structures were being built therein at large capital cost to the United States. At September 30, 1948, U.S. authorities reported that there were some 1,802 officers and enlisted men stationed at these points. There were, as well, over 1,600 permanent civilian employees, mainly Newfoundlanders.

The operating costs of U.S. Newfoundland bases were of the order of \$9,300,000 a year or more, exclusive of Naval expenditures at Argentia. The total capital cost had been very large over the years. The United States also had an active programme for expansion which would have to be accelerated in the event of an emergency. In fact, the United States regarded Newfoundland as of major strategic importance.

The three bases were held by the United States under a 99 year lease entered into with the United Kingdom in 1941. Under this agreement, in addition to the normal military rights, the United States had virtually complete civil and military jurisdiction, customs privileges, postal facilities and the right to operate outside the base areas in the event of war or emergency.

21. Mr. Claxton said that the important question now arose of the status of these bases upon union. Should the government take the view that the rights of the United States under the Bases Agreement would not be affected by union and leave it at that, or should the government seek modification of the terms of agreement now or after union had been effected?

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