

*Grants to Newfoundland*

**Mr. Speaker:** Order; I think the matter is disposed of, unless some hon. member wishes to protest the ruling of the Chair. This concludes the matter for the time being.

**FINANCE**

MEASURE TO PROVIDE ADDITIONAL GRANTS TO NEWFOUNDLAND

**Hon. Donald M. Fleming (Minister of Finance)** moved the second reading of Bill No. C-72, to provide for the payment of additional grants to the province of Newfoundland.

**Mr. Pearson:** Is the minister going to say anything about this bill?

**Hon. Donald M. Fleming (Minister of Finance):** I think there is no occasion for me to make any statement on this motion for second reading. Yesterday I reviewed at some length the history of this matter in the debate on the resolution preceding the bill. I think that I cannot, at this point, usefully add anything to what I said yesterday. The bill, as I indicated in my remarks at the resolution stage, is brief in its operative clauses but contains important recitals.

The first recital refers to the terms of article 29 of the terms of union. The second recital refers to the appointment of the royal commission in accordance with the terms of article 29. The third refers to the report of the royal commission and its recommendations, and the fourth contains a statement of undoubted fact, namely that both the government of the province of Newfoundland and the government of Canada have recognized the great difficulties inherent in determining future payments on an equitable basis from the experience of one selected year. This is the great difficulty that confronted the royal commission and virtually defied its efforts to find a suitable basis of recommendation, in the light of the very difficult, vague and nebulous terms of article 29.

The next recital refers to the fact that since the report of the royal commission was made the government of Canada has proposed a comprehensive study of dominion-provincial fiscal relations in co-operation with the provinces and all—I underline that word “all”—of the provinces have agreed to participate therein.

Then, the next paragraph contains a recital which is of some considerable importance in the light of the requests made repeatedly by those who spoke for Newfoundland for a review, some future review, of the fiscal relations between Canada and Newfoundland in relation to this matter of grants. It reads—

**Mr. Pickersgill:** Would the minister permit a question? Will the minister not concede that on several occasions the review that was asked for by Newfoundland was asked for on the basis of term 29 and no other basis?

**Mr. Fleming (Eglinton):** No, I will not concede that for one minute, Mr. Speaker. I read extracts yesterday from the language used by Mr. Goldenberg, the counsel who represented Newfoundland before the royal commission, in which he stressed more than once the fact that Newfoundland was not asking the royal commission to recommend any payment for an indefinite period. He stressed repeatedly he was asking for a review. In discussion yesterday I referred also to the fact that Mr. Smallwood and those associated with him, asked last January, for future reviews. As I pointed out, in asking for successive reviews at periods—a period of eight years was mentioned—what was involved, in effect, was moving the yardsticks forward each time which could not, by any stretch of the imagination, be said to be a review in pursuance of the terms of article 29.

I think it is quite clear, Mr. Speaker, that if there had been any doubt in the minds of hon. members it must have been removed yesterday by the quotation from the language used by Mr. St. Laurent in this house in February, 1949 when he drew attention to the fact that all term 29 says is that eight years after union comes into effect the federal government shall appoint a royal commission to review and to recommend.

**Mr. Pickersgill:** A travesty.

**Mr. Fleming (Eglinton):** As Mr. St. Laurent pointed out, that was all it did; it created no continuing obligation. It was left then for decision on the part of parliament as to what steps, if any, should be taken in the light of the recommendation which such a royal commission might choose to make.

Coming back now to this matter of the review, what is proposed by this government is that as from April 1, 1952 the comprehensive review of federal-provincial relations which has been agreed upon by all the provinces should embrace the fiscal relations between Canada and all the provinces, and that means between Canada and Newfoundland. Having regard to the history of this matter, to what has happened since union with Newfoundland in 1949, any special circumstances affecting Newfoundland in this matter of fiscal relations between the federal government and that province should be taken into account in the course of that comprehensive review. It is within that comprehensive review that the fiscal relations