

possibility of misunderstanding", and that it was welcomed by the Government of Canada. He added that the Government would be "glad to receive with the least possible delay authorized representatives of Newfoundland" to negotiate Terms of Union.

Negotiations opened at Ottawa on Oct. 6, 1948.\* The basic problem was that of including within a matured federal system a country that had developed independently of the other provinces and whose economy and administrative arrangements were very different. As in 1864, and more particularly 1895, the financial aspects of the problem presented the greatest difficulty. On the one hand, Newfoundland could not be expected to enter Confederation unless it received reasonable assurance that it could carry on financially as a province. On the other hand, it was obviously desirable that the financial arrangements for Newfoundland should fit as nearly as possible into the existing framework of financial relations between the Federal Government and the provinces.

The main provisions of the Terms ultimately arrived at were as follows: (1) the Federal Government was to take over Newfoundland services which were at the time normally provided for other provinces, including the government-owned railway; (2) the Federal Government was to assume responsibility for Newfoundland's sterling debt (about \$63,000,000 net, or about 90 p.c. of the total); (3) Newfoundland was to retain its surplus which had been accumulated during the war and post-war years; (4) Newfoundland, as was the case with other provinces, was to receive from the Federal Government stated annual subsidies in perpetuity; (5) in addition in order to enable Newfoundland to develop revenue-producing services similar to those of existing provinces, it was to receive annual transitional grants over a period of twelve years, the grants to diminish over the period and cease at its end; (6) the Federal Government was to appoint within eight years of Union a Royal Commission to review Newfoundland's financial position and to recommend the form and scale of additional financial assistance, if any, which might be required by the Government of Newfoundland to enable it to continue public services at then prevailing levels without resorting to taxation more burdensome, having regard to capacity to pay, than that of the Maritime Provinces. The total financial aid thus given Newfoundland was proportionately higher than that given to other provinces at the time they joined Confederation or were created, but it was felt that Newfoundland's special problems justified somewhat special financial treatment.

On Dec. 11, 1948, the Terms of Union were signed in the Senate Chamber at Ottawa by six of the seven members of the Newfoundland delegation on behalf of Newfoundland and by the

\* The Newfoundland delegation was headed by the Hon. A. J. (later Sir Albert) Walsh. Other members were: F. G. Bradley, K.C., C. A. Crosbie, P. Gruchy, C.B.E., J. B. McEvoy, C.B.E., K.C., J. R. Smallwood and G. A. Winter.

The Committee of the Canadian Cabinet included: Rt. Hon. Louis S. St. Laurent, K.C., Rt. Hon. C. D. Howe, Hon. Brooke Claxton, K.C., Hon. D. C. Abbott, K.C., Hon. J. J. McCann, M.C., Hon. M. F. Gregg, V.C., Hon. R. W. Mayhew, and Hon. L. B. Pearson.