

take to make good any shortage in interest at the rate of say 2½ per cent during a testing-out period, say three years.

(d) The Legislature of the Island to give authority to the United Kingdom and Canada to create an advisory Board (the appointments being subject to the approval of the Government of Newfoundland) whose recommendation will be necessary before any measures bearing on revenue and expenditures become law. This is intended to be an enlargement on the powers of the present Controller of the Treasury.

At the end of the testing-out period, more will be known as to Newfoundland's capacity to work out of its difficulties, and if conditions then warranted, the Labrador question could be revived. If it resulted in an agreement between Canada and Newfoundland, I would say, in fairness to the bond-holders, it would seem reasonable [for] the United Kingdom,—especially if it has a liability to Newfoundland,—to lend its credit, in order that Canada may effect a conversion Newfoundland loan at the lowest possible rate of interest.

As for bringing Newfoundland into the Canadian Confederation my opinion is that that issue should not be forced. Let the Island collect its own revenues and pay for its own services. It would not be very long until the people themselves would seek entry into our Canadian family, thereby avoiding the question becoming a political issue in Newfoundland, which might happen if pressed upon the people.

Yours sincerely,

C. A. MAGRATH

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*Le membre canadien de la Commission pour Terre-Neuve
au sous-secrétaire d'État aux Affaires extérieures*

*Canadian Member of Newfoundland Commission to Under-Secretary of State
for External Affairs*

PERSONAL AND PRIVATE

St. John's, June 18, 1933

Dear Dr. Skelton,

I sent you a cable tonight through the International Joint Commission. Herein is a copy.¹ I am afraid these people will have to be left alone until they find it necessary to come and ask Canada to dig them out of their difficulties. We are through taking evidence, and now contemplate visiting a few outports. I hope to reach Ottawa not later than the 30th instant.

Yours sincerely,

C. A. MAGRATH

¹ Non reproduite.

¹ Not printed.