

now very much relieved at the outcome.)

Therefore it may be important that Newfoundland should bring about Confederation itself through its own elected Government. In that way it would perhaps go down well in history.

Sir Edward said that for some time he has felt that if the country were about evenly divided on the issue it would be better not to proceed because of the division which this might cause. Of late, however, he has been thinking that not to go on with Confederation would mean 18 months or probably two years of confusion, strife and uncertainty resulting in the same loss of revenue and the same bad effect on business and he is beginning to think that perhaps this is the worse alternative so far as Newfoundland is concerned.

He emphasized that the division of political opinion along religious lines which he had feared did not occur. He added that after the first referendum the *Monitor* had come out with an editorial which said that people could vote as they liked but of course it was too late to change the effect on the average Roman Catholic voter who was disposed to vote for Responsible Government. Originally the Archbishop had tried to make it clear that it was not a matter of faith and morals but this distinction was largely lost on the average unenlightened voter.

Sir Edward's main point seemed to be that the terms really need adjustment along what he called co-lateral lines, for example a commitment on the part of the Federal Government to build certain roads and an undertaking to broaden the gauge of the railway. He also thinks consideration should be given to our assuming the whole of the debt. Such adjustments would go a long way toward making "un-negotiated" terms acceptable in Newfoundland.

He expressed the view that once Family Allowances were being paid there wouldn't be very many Newfoundlanders who would be recalcitrant.

[ANNEXE 5 À LA PIÈCE JOINTE/SUB-ENCLOSURE 5]

SECRET

July 27, 1948

SECOND CONVERSATION WITH SIR EDWARD EMERSON

In this conversation (which was with Mr. MacKay and Mr. Bridle; the first was with Mr. Bridle alone) Sir Edward repeated his suggestion about the co-lateral terms, revealed some interesting history which seemed to indicate that the British Government had not been very pro-Confederate at any point (at least until fairly recently).

He said that he thought 90% of the people would accept the verdict once a firm decision to go ahead is made. The main question is to end this terrible uncertainty one way or the other. (By this he meant the uncertainty which has prevailed these many months).

He said again that the religious issue had definitely not developed into serious proportions and it can clearly be demonstrated that the vote did not fall any more along religious lines than it had on June 3rd. In fact the return looks as though the floating vote voted irrespective of religious conviction.

He says that in his opinion there is absolutely nothing in the constitutional