

Mr. James' fundamental assumption regarding the provincial budget is so similar to that of those critics of Confederation who would be the first to demand better terms that I felt in talking to him I must defend our position to the extent described above. It seemed to me that, in spite of his emphasis on new taxation, his appraisal of the budgetary aspects of the terms would inevitably reinforce any predisposition on the part of Newfoundland representatives to seek better terms. This feeling on my part was strengthened by his expressing the quite unsolicited opinion that we should be prepared to find that the Newfoundland representatives, as distinct from the Newfoundland Government, would launch what he described as "a broadside" in Ottawa.

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The rather nice question of the degree of control which the Newfoundland Government would have over the delegation arises here of course. It is a little hard to envisage, as Mr. James appears to do, a sort of official and unofficial approach being made by the delegation at the same time. That, however, appears to be what he has in mind, and I think that with him it is a perfectly honest distinction. At the same time, it is relevant here to recall that some two weeks ago the Governor remarked to me that there would be no difficulty at all in appointing suitable representatives and finalizing the terms. I can only conclude that it is at present envisaged that the Newfoundland representatives should enjoy a large measure of freedom in determining the line they should take in Ottawa, and that, at the same time, the Governor is confident that he can work with them in such a way as to prevent them from becoming too obstreperous.

If I am right in what I have said above, we need to discover a fuller explanation of Mr. James' appraisal of the provincial budget. On purely financial grounds, it is a little hard to understand why he envisages such a substantial deficit, unless one presupposes a higher level of expenditure on public services than has hitherto been accepted by those most closely connected with the drawing up of the terms. I recall that both the Newfoundland delegation's estimate of provincial expenditure and our own independent estimate tallied very closely with the estimate of a minimum provincial expenditure worked out some time ago by Mr. Wild. I also recall that Mr. Wild made reference to certain additional estimated expenditures which he did not regard as essential but which he thought a Newfoundland provincial government might consider desirable. This contingency recalls Mr. James' point about items under Reconstruction Expenditure not being covered by the budget envisaged in the terms.

Mr. James, I know, would argue that it is not a question of choice, but rather a matter of necessity. These expenditures are being made now and most of them cannot suddenly be cut off; on the other hand, fruitful methods of taxation in Newfoundland are hard to find. There is here a very real practical problem in the solution of which he feels the Newfoundlanders would need our assistance.

Is it not perhaps a little more than this? I am wondering if the real reason for Mr. James' attitude may not lie in a desire on the Governor's part to ensure that, when Newfoundland is a province of Canada, as large as possible a share of the wealth of Newfoundland is enjoyed by the majority of the people rather than merely by a few. Such an attitude is typical of his philosophy of government.