

*Grants to Newfoundland*

meaning or a meaning so limited as to be ridiculous. Indeed, according to the Prime Minister, the word "thereafter" has no existence at all. As he wrongly stated in Saskatoon on March 28, the royal commission intended in its recommendations to end all payments in 1962, that that was the meaning of the recommendations, and therefore the word "thereafter" not only had no meaning but no existence. Mr. Speaker, no doubt when we point that out we will be accused of quibbling with words. This bill is a decision of the government in respect of term 29 and of the recommendations of the royal commission appointed under term 29.

What happens now to term 29 of the act of union, a part of the act of union which was so important, and remained so important that if it had not been agreed on ten years ago there would not have been any act of union with Newfoundland?

What happens to the pledged word of the government of Canada under term 29 to take certain action? What happens to term 29 now? The minister has repeated his assurance to review the matter. One party to the contract will review the matter before 1962 as part of a general review of dominion-provincial financial relations where no such commitment as this is involved. The minister says: We will drop this special obligation, this solemn promise, into our seminar, into our study group, a study group which is, itself, an evasion of a promise.

**Mr. Fleming (Eglinton):** Does the Leader of the Opposition contend that the recommendations of the royal commission are binding on the federal government?

**Mr. Pearson:** Of course not. I said yesterday that no recommendation of a royal commission is legally binding on any government. But there is something which is more important than legality, and that is the moral and constitutional responsibility of this government to take no action which would interfere with the implementation of term 29 as long as that term is part of the act of union unless the changes made to term 29 are made by agreement between the two parties to the contract.

The minister said this afternoon that in this review which will be made by one party to the contract would take into consideration, before taking any decision as to the entitlement of Newfoundland under term 29, any special circumstances relating to the financial position of that province. He was saying: Though we do not mention term 29 in that connection in the preamble, we shall take into consideration any special circumstances. If that is the case, why not mention specifically term 29 as one factor to be taken into

consideration? Again, I ask hon. members from Newfoundland who sit on the other side of this house whether they are satisfied with that commitment on the part of the government, namely that in this review the government will take into consideration all factors and then make up its own mind in the light of those factors regarding what should be done to carry out contractual obligations of this kind. This makes Newfoundland, the other party to the contract, entirely dependent upon the decision of the federal government in respect to the implementation of term 29.

**Mr. Fleming (Eglinton):** I do not want to interrupt the hon. gentleman if he would rather these questions be left—

**Mr. Pearson:** No.

**Mr. Fleming (Eglinton):**—but I am trying to follow this argument. How does he square what he is saying now with article 29? He is talking about promises, commitments and obligations. Where is the obligation created by term 29 except to appoint a royal commission, as Mr. St. Laurent pointed out?

**Mr. Pearson:** Mr. Speaker, the obligation under term 29 is for the federal government to give assistance to Newfoundland to ensure that the level of services, and so on—I need not quote the term because the minister knows what it is. The specific obligation was to set up a royal commission to see how that undertaking could best be implemented. The royal commission has made its report. This government has not accepted that report and does not provide any alternative to that report, nor does it even consult with the government of Newfoundland as to how term 29 can best be carried out.

**Mr. Fleming (Eglinton):** It is hard to recognize term 29 there.

**Mr. Pearson:** I suggest this is an exceptional example of centralization in our federal structure.

**An hon. Member:** No.

**Mr. Pearson:** It certainly is centralization. Here is a pact between two countries in consequence of which the federal government—the Canadian government—undertook to do certain things. It undertook to set up a royal commission which would make recommendations as to how term 29 could be implemented in the way laid down in the pact. Then, without, consultation of any kind with the government of Newfoundland with respect to this matter and without an effort being made to see whether this problem could be worked out by agreement, this government, representing one side of the union, brings in a bill which rejects a fundamental feature of