Joey Smallwood signs agreement admitting Newfoundland to Confederation.

The Recent Past

Newfoundland, a distinct unit of the British Empire for almost 400 years, joined the Canadian Confederation, somewhat reluctantly, in 1949.

It became part of a much larger and richer economy: social services multiplied, the educational system expanded and a new highway system connected the outports and St. John's.

Premier Joey Smallwood, a remarkable man, engineered the junction and became in the process the last of Canada's Founding Fathers (the others had arranged the original get-together in 1867). His government attacked some basic economic problems with great energy and mixed results. It arranged the construction of a huge hydroelectric plant at Churchill Falls in Labrador, a technological success producing over 5,000 megawatts, but so far something of an economic disappointment. Newfoundland signed a sixty-five year agreement to supply the province of Quebec with power at a very low fixed price per kilowatt hour. The enormous rise in energy prices which soon followed left Newfoundland at a considerable disadvantage. The province is now trying to renegotiate the contract.

The great watershed of the island services a large hydro plant at Bay D'Espoir, and another is under construction at Cat Arm in White Bay.

The discovery and development of great offshore oil fields and the restructuring of the fisheries, on the other hand, should bring new money and new opportunities. Problems persist, but prospects have never been better.

Offshore Oil

The Grand Banks of Newfoundland are composed of oil- and gas-rich sediments 13,000 feet deep. Oil company surveys discovered the trove in the sixties, and by 1965 Amoco had acquired exploration rights to 34 million acres. The next year Amoco and Imperial drilled and found traces of methane gas at Tors Cove. Pan Am drilled at Grand Falls and found nothing of value. In 1971 drilling was extended to the Labrador Margin. Drilling was suspended on the Banks after forty dry holes but begun on Newfoundland's northeast shelf. By 1976 three wells on the shelf and a couple on the Banks had showed promising but not commercial results, and wet gas was found at three sites off Labrador.

In 1979 wells in a 525,000-acre block in the Avalon Basin of the northern Grand Banks (controlled by Mobil but drilled by Chevron) tested out with a production of 11,415 barrels of high quality oil a day with an estimated potential of 20,000 barrels. It was the first field on the North American Atlantic shelf thought to be capable of commercial production. A number of step-out wells have confirmed its value.

The Hibernia field on the edge of the Grand Banks has established recoverable reserves of 1.85 billion barrels of oil and 2 trillion cubic feet of gas. Only two fields in the North Sea are larger.