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**DOCUMENTS ON RELATIONS BETWEEN  
CANADA AND NEWFOUNDLAND**



CANADA

**DOCUMENTS RELATIFS AUX RELATIONS  
ENTRE LE CANADA ET TERRE-NEUVE**

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**DOCUMENTS ON RELATIONS BETWEEN  
CANADA AND NEWFOUNDLAND**

**VOLUME 2**

**1940-1949**

**CONFÉDÉRATION  
CONFEDERATION**

**TOME 1/PART I**

**Compilé par/Edited by  
Paul Bridle**

**MINISTÈRE DES AFFAIRES EXTÉRIEURES  
DEPARTMENT OF EXTERNAL AFFAIRS**



**TERRE-NEUVE/NEWFOUNDLAND**

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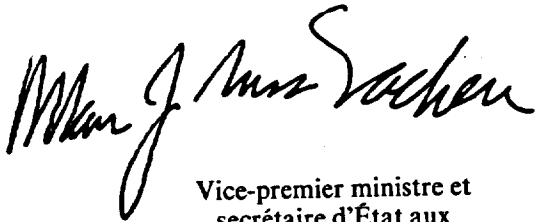
MAP OF LABRADOR, 1947 ..... (back end-paper)

## AVANT-PROPOS

Voici trente-cinq ans, une délégation terre-neuvienne arrivait à Ottawa pour négocier les Conditions de l'union de Terre-Neuve au Canada. À la séance plénière de clôture, le président de la délégation de Terre-Neuve déclarait: "La population de Terre-Neuve retirera de cette union, sans aucun doute, de sensibles bénéfices; elle contribuera aussi dans une grande mesure au développement du Canada." Les années écoulées depuis ont certainement prouvé la véracité de ces paroles.

Bien des pages ont déjà été écrites sur l'union de Terre-Neuve avec le Canada et sur les événements qui y ont mené. Les archives du ministère des Affaires extérieures contiennent cependant des documents qui donnent de ces événements une perspective unique. Notre haut commissaire à Terre-Neuve occupait un poste privilégié pour suivre les discussions sur les diverses formes possibles de gouvernement et en faire rapport. D'autres fonctionnaires du Ministère ont joué des rôles clés dans les négociations avec les représentants de Terre-Neuve et, avec leurs collègues d'autres ministères, ont coordonné les mesures nécessaires pour donner effet à l'union. C'est donc avec fierté que le ministère des Affaires extérieures publie ces documents avec d'autres déjà publiés, dans le dessein de réunir en un volume de consultation pratique la documentation nécessaire à l'étude du processus qui a conduit à l'union de Terre-Neuve avec le Canada.

J'ose espérer que cet ouvrage, conçu à l'origine pour honorer Terre-Neuve et ses habitants, surpassera son objectif premier et aidera les Canadiens à mieux comprendre leur histoire.

A handwritten signature in black ink, reading "Michael J. Anscombe". The signature is written in a cursive style.

Ottawa,  
octobre 1983

Vice-premier ministre et  
secrétaire d'État aux  
Affaires extérieures

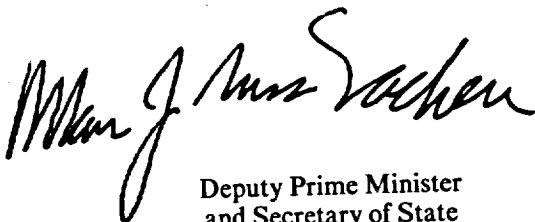


## FOREWORD

Thirty-five years ago, a delegation from Newfoundland arrived in Ottawa to negotiate the Terms of Union of Newfoundland with Canada. At the concluding plenary session of the negotiations, the Chairman of the Newfoundland Delegation stated: "The people of Newfoundland will undoubtedly obtain many benefits from this Union; they will also make a great contribution to the further development of Canada." The years since Union have certainly demonstrated the veracity of this statement.

Much has already been written about the Union of Newfoundland with Canada and the events which led up to it. However, the files of the Department of External Affairs contain documents which offer a unique perspective on these events. Our High Commissioner in Newfoundland was in a privileged position to observe and report on the discussions on the possible future forms of Government. Other departmental officials played key roles in the negotiations with the representatives of Newfoundland and, along with officials from other departments, co-ordinated the measures to bring Union into effect. The Department of External Affairs is therefore pleased to publish these documents along with previously published material in order to provide in a convenient package the documentary basis for the study of the process which brought about the Union of Newfoundland with Canada.

I trust that this volume, which was undertaken to honour Newfoundland and its people, will not only fulfil its objective but will also enable Canadians to gain a better understanding of their history.

A handwritten signature in cursive script, reading "Mackenzie King".

Deputy Prime Minister  
and Secretary of State  
for External Affairs

Ottawa,  
October 1983

## PRÉFACE DE L'ÉDITEUR

Ce deuxième recueil complète le premier qui traite des relations proprement dites entre le Canada et Terre-Neuve au cours des années immédiatement antérieures à la confédération. Les documents présentés illustrent le processus parallèle qui conduisit à la confédération et, bien que portant sur des événements publics qui ont déjà fait couler beaucoup d'encre, ils éclairent d'un jour nouveau les actions et les attitudes des gouvernements britannique, canadien et terre-neuvien. Le lecteur pourra toutefois trouver utile de se reporter au volume 1, en consultant l'index, pour retrouver certains documents touchant la confédération et, d'une façon générale, l'avenir politique de Terre-Neuve.

La préparation du présent volume, notamment du chapitre V qui concerne les négociations des Conditions de l'union et le processus subséquent qui a fait de Terre-Neuve une province du Canada, a exigé une sélection serrée. Néanmoins, même s'il est certain qu'une poursuite des recherches permettrait de faire la lumière sur des détails ignorés, la collection réunie ici donne, de l'avis de l'éditeur, une idée claire de l'essentiel des événements. Aucun document significatif n'a été omis à moins que sa teneur se retrouve ailleurs dans le recueil, et seules les parties répétitives ou d'un intérêt minime ont été supprimées.

L'unique question importante à laquelle ces documents n'apportent pas de réponse est celle de l'attitude des États-Unis. Au début de la Seconde Guerre mondiale, le Président des États-Unis encourageait le gouvernement du Canada à prévoir en fonction de l'intégration de Terre-Neuve au pays après la guerre.<sup>1</sup> Mais quelques années plus tard, comme on le constatera à la lecture des textes, il semble faire peu de doutes au sein du gouvernement du Canada que les États-Unis souhaitent vivement voir Terre-Neuve graviter dans leur orbite. Seules peut-être les archives américaines de cette époque pourraient nous éclairer à cet égard.

Une autre remarque s'impose sur la substance des documents. Le présent volume contient certes plusieurs textes d'origine britannique et terre-neuvienne, mais la plupart proviennent des archives canadiennes. C'est donc le point de vue canadien qui prédomine. Et cela est vrai également, dans la mesure où il en est question, pour les délibérations de la Convention nationale de Terre-Neuve.<sup>2</sup>

Il est un autre aspect de la documentation canadienne qui doit être signalé. Dans le premier volume, le lecteur attentif aura remarqué qu'au milieu du tourbillon des opérations de guerre et de l'époque qui a suivi, les Canadiens affichaient, à l'égard des Terre-Neuviens, une attitude généralement plus souple et plus amicale que les Américains, mais avaient tendance au besoin à tenter d'imposer leurs volontés à leurs cousins insulaires. On retrouvera dans le présent volume une autre facette de ce comportement. Sur le plan politique, les Canadi-

<sup>1</sup> Voir le document 435 du volume 1 et le document 28 de ce volume.

<sup>2</sup> Les lecteurs qui désirent consulter un compte rendu plus complet et plus objectif des délibérations de la Convention nationale trouveront une documentation très complète aux Archives provinciales de Terre-Neuve et du Labrador et un procès verbal intégral des réunions aux Archives publiques du Canada.

## EDITOR'S PREFACE

This volume is a companion to Volume 1 which dealt with actual relations between Canada and Newfoundland in the years immediately before confederation. The present volume documents the parallel process which brought about confederation and, while it covers public events about which a great deal has already been written, it does make the actions and attitudes of the British, Canadian and Newfoundland Governments plainer than they have been made before. The reader may find it useful, however, to refer to a few documents in Volume 1 which deal with confederation and, more generally, with the political future of Newfoundland. These may be found by consulting the index of that volume.

In the present volume, particularly in Chapter V which covers the negotiation of the Terms of Union and the subsequent process whereby Newfoundland became a province of Canada, the demands of selectivity have been acute. Nevertheless, while further research into the sources tapped would certainly expose greater detail, it is the opinion of the editor that, in all essential respects, the documents in the collection make clear what happened. No document shedding significant light on events has been excluded unless it is well matched by other material in the book. Material deleted from certain documents is either redundant or inconsequential.

The only important question the documents do not answer is the question of the attitude of the United States toward the union of Newfoundland with Canada. In the early stages of the Second World War, the President of the United States encouraged the Canadian Government to think in terms of bringing Newfoundland into confederation after the war.<sup>1</sup> On the other hand, the present volume makes it clear that, a few years later, there was a strong feeling within the Canadian Government that the United States would be more than pleased if Newfoundland gravitated into its orbit. Perhaps only consultation of United States documents of the period will settle this issue.

One further comment at the substantive level is in order. While the present volume includes a significant number of British and Newfoundland documents, most of the material is of Canadian origin. Consequently, events are seen and described largely from a Canadian point of view. This is true even of the proceedings of the Newfoundland National Convention, to the extent that they are depicted.<sup>2</sup>

One aspect of the Canadian documentation deserves special comment. The perceptive reader of Volume 1 will have noticed that in the hurly-burly of wartime operations and post-war business, Canadians were usually gentler and more comradely with Newfoundlanders than were the Americans but were also prone, when necessary, to try to have their way with their island kinsmen. This trait, in another dimension, also manifests itself in the present volume. Indeed, from time

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<sup>1</sup> See Document 435 of Volume 1 and Document 28 of this volume.

<sup>2</sup> Readers who would like a fuller and more objective account of the proceedings of the National Convention will find very complete documentation at the Provincial Archives of Newfoundland and Labrador and a verbatim record of the meetings at the Public Archives of Canada.

ens se sont même révélés parfois très condescendants à l'égard de Terre-Neuve, bien qu'il faille admettre que c'était plus souvent le fait des fonctionnaires que des hommes politiques comme tels.

Pour ce qui concerne la présentation matérielle du recueil, il convient de souligner que, tout comme le volume 1, celui-ci ne contient pas de liste des documents. L'index, la table des matières et la chronologie des principaux événements devraient suffire pour retrouver rapidement les textes portant sur tel ou tel sujet. L'origine de chaque document est indiquée par un symbole imprimé dans le coin supérieur droit, dont l'explication est donnée dans la liste intitulée "Provenance des documents," suivi du numéro du dossier ou du volume. Les textes qui ne portent qu'un numéro de dossier sont tirés des archives du ministère des Affaires extérieures. De même, pour alléger la présentation, le nom du ministre a été supprimé dans l'en-tête des documents transmis entre les fonctionnaires et les directions du ministère des Affaires extérieures. La seule autre abréviation pratiquée dans les en-têtes a consisté à remplacer *secrétaire d'État aux Affaires des Dominions de Grande-Bretagne* par *secrétaire aux Dominions*. En plus de l'habituelle liste des personnalités, une liste des en-têtes a été fournie pour permettre aux lecteurs d'identifier les titulaires des postes importants et les membres des comités et des délégations, dans les cas où le texte ou les notes en bas de page ne fournissent pas ces renseignements.

L'orthographe n'a pas été normalisée, mais les erreurs évidentes ont été corrigées ou notées. Une référence suivie d'une croix (†) indique qu'il s'agit d'un document non reproduit. A moins de mention contraire, tout passage imprimé entre crochets est une addition de l'éditeur. Des indications claires signalent les cas où seuls des extraits des documents sont cités et les omissions sont représentées par des points de suspension ( . . . ) entre crochets dans le texte et sans crochets entre les paragraphes. Les extraits des Débats de la Chambre des Communes et les documents qui se trouvent dans le livret *Rapport et documents relatifs aux négociations en vue de l'union de Terre-Neuve et du Canada* qui fut présenté à la Chambre sont reproduits en anglais et en français. Les traductions sont celles qui ont été établies à l'époque.

L'éditeur espère vivement que M. A. E. Ritchie, qui a eu l'idée de cet ouvrage lorsqu'il était sous-secrétaire d'État aux Affaires extérieures, le trouvera conforme à ses attentes.

Par ailleurs, l'éditeur ne saurait passer sous silence sa lourde dette à l'égard du regretté R. A. MacKay, qui lui a servi de guide dans son travail sur les questions terre-neuviennes il y a trente-cinq ans et qui l'a conseillé pour la préparation du présent volume. Il souhaite également remercier Michel Normandin, son infatigable adjoint de recherche, pour sa collaboration au rassemblement et à la sélection des documents. Il est en outre reconnaissant à la Direction des Affaires historiques du ministère des Affaires extérieures, à M. A. E. Blanchette et à ses successeurs au poste de Directeur, MM. A. F. Hart et H. H. Carter, au Directeur adjoint, D. M. Page, à Michel Rossignol qui s'est chargé de l'essentiel de l'étape de la production et qui a préparé les listes et l'index, à M. G. W. Hilborn ainsi qu'aux autres membres du personnel. Il est également reconnaissant à Eldon Frost et aux autres membres de la Division des manuscrits, Archives publiques

to time, Canadians reveal themselves, at the political level, as remarkably patronizing toward Newfoundlanders although it must be admitted that this seems to have been more characteristic of officials than of politicians.

At the more technical level, it should be noted that, as in Volume 1, there is no list of documents. The Index, the Table of Contents and the Chronology of principal events should enable readers to find documents on issues which are of particular interest to them. The source of each document is indicated by a symbol printed at the upper right-hand corner followed by the file or volume number. The symbols are explained in the Location of Documents list. Documents with only a file number in the right-hand corner are from the Department of External Affairs files. Similarly, captions of documents to and from officials and divisions of the Department of External Affairs omit the name of the department to avoid repetition. The only other short form used in captions is *Dominions Secretary* instead of *Secretary of State for Dominion Affairs of Great Britain*. In addition to the usual List of Persons, a list of captions has been included to enable readers to identify incumbents of important positions and the members of committees and delegations when the text or the footnotes do not provide this information.

The spelling in the documents has not been standardized but obvious errors have been corrected or noted. A dagger (†) after a reference to a document indicates that it has not been printed. Material within square brackets has been added by the editor unless otherwise noted. Captions clearly indicate if only extracts of a document are being printed and omissions are indicated by suspension points ( . . . ) within square brackets in the text and without square brackets between paragraphs. Extracts from the Debates of the House of Commons and documents printed in the booklet *Report and Documents Relating to the Negotiations for the Union of Newfoundland with Canada* which was tabled in the House are reproduced in both English and French. The translations reproduced in this volume are those which were prepared at that time.

It is the editor's hope that A. E. Ritchie, who conceived this book when Under-Secretary of State for External Affairs, will find it to his liking.

The editor wishes to acknowledge his great indebtedness to the late R. A. MacKay, his mentor during the conduct of Newfoundland business thirty-five years ago, who acted as consultant throughout the preparation of the volume and to Michel Normandin, his indefatigable research assistant during the assembly and selection of the documents. The editor is also greatly indebted to the Historical Division of the Department of External Affairs, to Dr. A. E. Blanchette and his successors as Director, A. F. Hart and H. H. Carter, to Dr. D. M. Page, the Deputy Director, to Michel Rossignol, who carried the main burden during the production stage and prepared the various lists and the index, to G. W. Hilborn, and to the other members of the staff. The editor also acknowledges his indebtedness to Eldon Frost and others in the Manuscript Division of Public Archives Canada, to J. W. O'Brien and others in the Public Records Division as well as to the officials of the reprography section, to Miss M. Forcier of the Privy Council Office, to David Davis and others of the Provincial Archives of Newfoundland and Labrador, to Norman Evans and others in the Public Record Office, London, and to Bernard Cheeseman, O.B.E., former Head of the Library and Records

Canada, à M. J. O'Brien et aux autres membres de la Division des archives d'État, de même qu'aux responsables de la section de reprographie, à Mademoiselle M. Forcier du Bureau du Conseil privé, à David Davis et aux employés des Archives provinciales de Terre-Neuve et du Labrador, à Norman Evans et aux employés du Public Record Office de Londres; enfin, à Bernard Cheeseman, O.B.E., ancien chef archiviste et bibliothécaire du Foreign and Commonwealth Office, de même qu'à MM. Buxton et Groom du même service. Le présent ouvrage aurait été impossible sans leur précieux concours. L'éditeur transmet en outre ses sincères remerciements à M. J. W. Pickersgill dont les conseils, sollicités à l'occasion, ont été très utiles, de même qu'à M<sup>mes</sup> Ardath Francis, Anne Macklem et Mary Pain qui à différentes occasions lui ont fourni une aide appréciable en effectuant des recherches au Public Record Office de Londres. M<sup>me</sup> Peg Blair a participé à l'établissement de la bibliographie.

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L'éditeur dédie cet ouvrage à ses vieux amis de Terre-Neuve, avec l'espoir que son contenu, s'il ne leur apporte pas la liberté, saura du moins alimenter leur réflexion.

PAUL BRIDLE

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The editor commends the book to his old friends in Newfoundland, confident that the truth that is in it, if it will not make them free, will at least give them food for thought.

PAUL BRIDLE

## INTRODUCTION

### TERRE-NEUVE FACE À LA CONFÉDÉRATION AVANT 1940

Terre-Neuve ne fut guère touchée par les courants qui rapprochèrent les membres fondateurs de la confédération canadienne. Au cours des trois siècles précédents, elle était généralement restée à l'écart des deux Canadas, et même des colonies voisines, les futures provinces maritimes. Ni la nécessité d'établir un cadre politique viable pour les Français et les Anglais du Canada, ni le désir de mieux asseoir la défense du territoire ne préoccupaient beaucoup les habitants de la plus ancienne colonie; quant aux politiques commerciales, elles n'attiraient pas non plus les négociants terre-neuviens. Néanmoins, à l'époque où les autres colonies songeaient à s'associer plus étroitement, la situation économique de Terre-Neuve était médiocre et la population en souffrait. C'est en partie pour cette raison que son gouvernement accepta de déléguer des représentants à la conférence sur la confédération qui se tint à Québec en octobre 1864. Les résolutions qui en résultèrent prévoyaient l'entrée de Terre-Neuve.

Ces dispositions n'allaient toutefois jamais entrer en vigueur, même si, au départ la possibilité n'en semblait pas exclue. En effet, un comité du parlement de Terre-Neuve recommanda que la question de la confédération soit soumise à la population lors des élections générales de 1865 et, en novembre, on assista à la victoire du parti en faveur de celle-ci. En outre, le gouvernement britannique, notamment dans des déclarations explicites adressées au parlement par le Gouverneur, fit clairement connaître son désir de voir l'île se joindre à la nouvelle confédération de colonies britanniques. Mais une forte opposition s'étant fait jour tant à l'intérieur qu'à l'extérieur du parlement, et principalement à la chambre de commerce, le gouvernement adopta une attitude attentiste. Toute une année durant, malgré le mandat reçu de ses électeurs, il céda aux pressions de la classe commerçante. Terre-Neuve ne fut pas représentée à la conférence de décembre 1866 à Londres où furent négociées les dispositions finales de la confédération. L'Acte de l'Amérique du Nord britannique, élaboré pour donner effet à ces dispositions, ne contenait plus qu'une clause stipulant la procédure par laquelle Terre-Neuve pourrait entrer dans la confédération à une date ultérieure si elle le désirait, et la mention du nombre de sièges que la province pourrait occuper au Sénat du Canada.

Le gouvernement britannique ne tarda pas à tirer avantage de la première clause. A l'ouverture du parlement de Terre-Neuve en 1869, moins de deux ans après l'adoption de l'Acte de l'Amérique du Nord britannique, le Gouverneur demanda aux représentants du peuple de se pencher sans plus tarder sur la question de la confédération. Un comité de la Chambre fut formé qui élaborait des conditions à négocier avec le gouvernement canadien. Après de houleux débats, le parlement décida par une importante majorité que les conditions proposées seraient soumises au gouvernement du Canada, et une délégation fut envoyée à Ottawa à cette fin.

Dans l'ensemble, les dispositions contenues dans les résolutions de la conférence de Québec étaient déjà avantageuses pour Terre-Neuve. Celles que le



## INTRODUCTION

### NEWFOUNDLAND AND THE CONFEDERATION QUESTION BEFORE 1940

The forces which pulled the original members of the Canadian confederation together were hardly felt in Newfoundland which in the course of three centuries had pursued its existence quite separate from the Canadas and even from the colonies which later became the maritime provinces. Neither the need to find a viable political habitation for the French and English in Canada nor the desire to have a broad basis for defence meant much to the people of the oldest colony and the commercial policies were not attractive to Newfoundland traders. Nevertheless, at the time the other colonies were considering closer association, economic conditions in Newfoundland were poor and the people were suffering. Partly on this account the Newfoundland Government of the day accepted an invitation to send delegates to the conference on confederation which took place in Quebec City in October, 1864. The resolutions which emerged from it contained provisions for Newfoundland's entry.

These provisions never came even close to implementation. At first it seemed that they might. A committee of the Newfoundland Legislature recommended that the question of confederation be submitted to the electorate at the general election which was to be held in 1865, and the election which took place in November of that year resulted in a victory for the party which was pledged to confederation. In addition, the British Government, notably in forthright statements to the Legislature by the Governor, made abundantly clear its wish that Newfoundland join the confederation of British North American colonies that was then taking shape. Nevertheless, because of strong opposition which developed in the legislature, and outside it, especially in the Chamber of Commerce, the Government procrastinated. For a solid year the responsible government elected by the Newfoundland people failed, under pressure from the merchant class, to execute the mandate it had received at the polls. Newfoundland was not represented at the conference in London in December, 1866, at which the final terms of confederation were negotiated. In the British North America Act, framed to give legal effect to the terms, all that remained of the earlier provisions for Newfoundland was a clause outlining a procedure whereby Newfoundland could join the federation at a later date should it wish to do so, and another indicating the number of seats Newfoundlanders would fill in the Canadian Senate.

The British Government was not slow to take advantage of the first of these clauses. At the opening session of the Newfoundland Legislature in 1869, less than two years after the British North America Act had been passed, the Governor urged that action with respect to confederation be no longer delayed. The government responded by appointing a committee of the house which drew up terms for discussion with the Canadian Government. After heated debate, the Legislature decided by a very substantial majority that the proposed terms should indeed be discussed with the Canadian Government and a delegation representing the Newfoundland Government was despatched to Ottawa for this purpose.

parlement terre-neuvien élaboré en 1869, et qui furent acceptées par le Canada cette même année, l'étaient encore plus. Ce résultat s'explique en partie par les bonnes dispositions de sir John A. Macdonald qui, tout en se montrant toujours prudent à l'égard des questions constitutionnelles, ne cessa de favoriser l'entrée de Terre-Neuve dans la fédération canadienne. Vers la fin de 1869, les parlements canadien et britannique prirent les mesures nécessaires pour intégrer la nouvelle province, sous réserve d'une action parallèle par la législature de Terre-Neuve.

Cette action ne prit jamais forme. En 1869, une nouvelle élection eut lieu à Terre-Neuve. Entièrement axée sur la question de la confédération, elle se solda, contrairement à celle de 1865, par un rejet sans équivoque de l'électorat. Encore une fois, comme en 1865 et dans l'intervalle, on assista à des débats publics qui, toutes choses égales d'ailleurs, annonçaient ceux des années 1945 à 1949. Toutefois, seule la campagne de 1869 fut assimilable aux polémiques de la période 1945-1949 quant à la portée et à l'intensité. Pendant les années 1860, la majorité des Terre-Neuviens vivaient dans la partie sud-est de l'île, complètement à l'écart du Canada. Pendant la campagne de 1865, et de façon sporadique au cours des trois années qui suivirent, les grandes questions de fond avaient été abordées principalement au parlement, dans les éditoriaux des journaux et au sein des cercles relativement bien informés que formaient les gens instruits à l'époque. Le résultat de la campagne de 1865 reflétait les vues d'un électorat qui s'était laissé convaincre par le gouvernement en place que l'entrée dans la confédération était souhaitable pour Terre-Neuve. En 1869, en revanche, une campagne fortement anti-confédération dont, il faut bien le dire, toute fiction n'était pas exclue, parvint jusque dans les villages les plus isolés. Plus à l'aise sur le plan économique et moins préoccupés de leur avenir matériel, les Terre-Neuviens prêtèrent foi aux menaces d'une domination et d'une exploitation possibles par le Canada. Aussi votèrent-ils en masse pour le maintien de la situation que leurs pères avaient connue.

Abstraction faite d'une chanson de l'époque décriant la confédération,<sup>3</sup> il semble peu probable que le désir de rester dans le giron britannique ait été un facteur vraiment déterminant. Peut-être l'élite commerçante et dirigeante croyait-elle que, lorsque viendrait pour Terre-Neuve le moment de se dégager de certaines obligations, notamment à l'égard des droits que les Français détenaient sur une partie du littoral, le "French Shore," il serait plus sûr de compter sur la Grande-Bretagne que sur une association nouvelle et encore mal assurée avec le gouvernement d'Ottawa.<sup>4</sup> Mais les Terre-Neuviens qui ne jugeaient pas essentiel de maintenir leur propre indépendance avaient peu à craindre sur le plan politique

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<sup>3</sup> Her face turns to Britain, her back to the Gulf, Come near at your peril, Canadian Wolf.

<sup>4</sup> A la longue, cette conviction s'est révélée un peu illusoire. Même si la France s'est éventuellement désistée de ses droits conventionnels, le gouvernement britannique de son côté, accordait, pendant longtemps au vingtième siècle, beaucoup d'importance aux bonnes relations avec les États-Unis au détriment de l'intérêt que portait Terre-Neuve à percer le marché de poisson des États-Unis et à obtenir l'abandon par les États-Unis de ses droits conventionnels à Terre-Neuve. Ce néo-colonialisme du gouvernement britannique bénéficiait parfois d'une aide voilée du gouvernement du Canada.

The provisions of the Quebec resolutions which related to Newfoundland had on the whole been advantageous from the Newfoundland point of view. The terms which were drawn up by the Newfoundland Legislature in 1869 and which were accepted by the Canadian Government later that year were even more attractive. This in part reflected the positive attitude of Sir John A. Macdonald who, though he was always careful to act constitutionally, consistently favoured Newfoundland's entry into the Canadian federation. Toward the end of 1869, the Canadian and British Parliaments took the steps required to bring Newfoundland into confederation subject to parallel action by the Newfoundland Legislature.

This action was never taken. The Newfoundland election of 1869 was fought almost entirely on the confederation issue and, in contrast to the result in 1865, the proposal that Newfoundland join Canada went down to a resounding defeat. In 1869, as there had been in 1865 and during the intervening years, there was public discussion of the pros and cons of confederation which, *mutatis mutandis*, foreshadowed the debates of the 1945-1949 era. It was only the 1869 campaign, however, which resembled the later one in scope and intensity. In the 1860's the vast majority of the Newfoundland people lived in the southeast part of the island and were far removed from Canada. In the 1865 campaign and in the debate which went on, off and on, during the ensuing three years, the substantive issues had been discussed mainly in the Legislature, in newspaper editorials and in the relatively well-informed circles in which educated people lived and moved. The outcome of the 1865 campaign reflected the outlook of an electorate which, told by the government of the day that confederation would be good for them and for Newfoundland, voted substantially for it. In 1869, in contrast, a strong anti-confederate campaign, compounded of both fact and fiction, was also mounted and carried to the remotest corner of every outport. In the wake of improved economic conditions, Newfoundlanders were now less anxious about their material prospects and paid attention to warnings of domination and potential exploitation from the mainland. They voted by and large to stay where once their fathers stood.

The words of one verse of the anti-confederation song to the contrary notwithstanding,<sup>3</sup> it seems unlikely that a desire to retain the British connection was to any significant extent a determining factor. Among the commercial and governing élite there may have been a belief that, when it came to assisting Newfoundland to throw off such encumbrances as the treaty rights enjoyed by the French on the "French shore," there was more to be gained from the British connection than from a new and untried association with the government in Ottawa.<sup>4</sup> In short, Newfoundlanders who did not feel it essential to maintain their own inde-

<sup>3</sup>Her face turns to Britain, her back to the Gulf, Come near at your peril, Canadian Wolf.

<sup>4</sup>In the long run, this belief proved partly illusory. While French treaty rights were eventually wound up, the British government persisted well into the twentieth century in placing good relations with the United States ahead of Newfoundland's interest in penetrating the United States fish market and in liquidating United States treaty rights in Newfoundland. In this neo-colonialism, the British government sometimes received veiled assistance from the government in Ottawa.

d'une association plus étroite avec le Canada, qui, à cette époque, restait très attaché à la Grande-Bretagne, surtout en comparaison des États-Unis. Néanmoins, c'est le désir de rester indépendant qui prévalut à une écrasante majorité.

Lorsque l'adhésion à la confédération redevint une possibilité sérieuse, ce fut au gouvernement canadien de faire preuve de courtes vues. Cela se produisit en 1888, alors que sir John A. Macdonald, croyant voir dans les difficultés financières croissantes de Terre-Neuve la source possible d'un intérêt renouvelé pour une association avec le Canada, tenta d'organiser à Ottawa de nouvelles négociations sur la question.<sup>5</sup> Cet effort avorta, mais sept ans plus tard, en 1895, sa situation financière ayant atteint un point critique, c'est Terre-Neuve elle-même qui pressentit Ottawa.

Sir Mackenzie Bowell était alors Premier ministre du Canada. Les nouvelles négociations échouèrent parce que le gouvernement canadien ne pouvait pas répondre aux exigences financières de Terre-Neuve sans, selon lui, concéder à la nouvelle province des avantages excessifs par rapport à ceux des autres provinces, notamment les provinces maritimes. Cette attitude présageait étrangement les doutes que Mackenzie King allait avoir deux générations plus tard, à la différence qu'à cette époque plus tardive, le système fédéral canadien aurait acquis suffisamment de souplesse pour laisser à l'imagination le soin de combler le fossé. En 1864, et encore plus en 1869, la souplesse avait fait défaut, mais pas l'imagination. En 1895, ni l'une ni l'autre n'étaient au rendez-vous, avec le résultat que, sur le plan de la politique pratique, l'idée de la confédération fut mise en veilleuse pendant un demi-siècle.

Mais la question n'en fut pas oubliée pour autant, du moins du côté canadien, et chaque fois qu'il en eut l'occasion, le gouvernement britannique ramena sur le tapis sa politique pro-confédération à laquelle il n'avait jamais renoncé. Une de ces occasions sembla se présenter en 1906, lorsque le gouvernement de Terre-Neuve dirigé par un farouche opposant de l'entrée dans la confédération, sir Robert Bond, rencontra ses premières difficultés politiques.

Partout en Amérique du Nord, c'était le temps des grosses fortunes et des magnats que ce soit dans les chemins de fer, les mines ou les banques. Dans certaines régions, y compris à Terre-Neuve, c'était aussi l'époque où religion et politique s'entremêlaient assez ouvertement, la ligne de démarcation s'établissant en général selon l'appartenance à la confession catholique ou protestante. Par ailleurs, le gouvernement britannique d'alors avait tendance à traiter les anciennes colonies, quel que soit leur niveau d'autonomie, de façon plutôt arbitraire pour tout ce qui touchait aux relations extérieures. Ainsi, il ne fallut pas longtemps au Gouverneur général du Canada et au Gouverneur de Terre-Neuve, ainsi qu'au gouvernement britannique par leur entremise, pour s'aviser qu'avec

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<sup>5</sup> Lors de cette initiative, Sir John avait été conseillé et encouragé par A. B. Morine qui, né en Nouvelle-Écosse, avait émigré à Terre-Neuve et avait vite embrassé la cause de la confédération. Il était le premier de nombreux promoteurs canadiens quelque peu étranges qui pendant les deux prochaines décennies, allaient promouvoir la confédération, la vente du Labrador ou autres propositions semblables qui pourraient leur assurer des bénéfices ou en produire pour les intérêts qu'ils représentaient secrètement.

pendence had little to fear politically from closer association with Canada which, at that stage in history, was very British indeed, especially in contrast with the United States. In spite of this, the desire to remain independent overwhelmingly carried the day.

When confederation again emerged as a real possibility it was the Canadian Government which proved shortsighted over terms. The issue first re-emerged in 1888 when Sir John A. Macdonald, thinking that Newfoundland's mounting financial difficulties might be generating renewed interest in closer association with Canada, attempted to arrange a fresh conference in Ottawa to negotiate confederation.<sup>5</sup> This effort proved abortive but seven years later, in 1895, when Newfoundland's financial situation had become critical, the Newfoundland government made overtures to Ottawa.

By this time Sir Mackenzie Bowell was Prime Minister of Canada. The consequent negotiations failed because the Canadian Government could not meet Newfoundland's financial demands without, as it saw it, conceding to Newfoundland terms which would be out of line with those granted to the existing provinces, notably the maritime provinces. This strangely foreshadowed the doubts Mackenzie King entertained two generations later, the difference being that at the later stage sufficient flexibility had been built into the Canadian federal system to allow imagination to bridge the gap. In 1864 and even more in 1869, though there was little flexibility, there had been imagination. In 1895, there was neither, with the result that, in terms of practical politics, confederation went into limbo for half a century.

This did not mean that the issue was forgotten, at least on the Canadian side, and the British Government, whenever there seemed to be an opportunity, carefully dusted off the pro-confederation policy which it always held in readiness on its official shelves. An opportunity seemed to present itself in 1906, when the Newfoundland Government of Sir Robert Bond, a staunch anti-confederationist, was beginning to find itself in political difficulties.

In the whole of North America, this was the era of the big tycoon — the railroad magnate, the mining promoter, the banker. In some areas, Newfoundland included, it was also the era of a fairly open connection between religion and politics, most notably in a tendency for political opinion to divide along Roman Catholic and Protestant lines. At the same time, it was a period in which the British Government was prone to treat former colonies, no matter how fully self-governing, quite arbitrarily in regard to anything to do with external relations. It did not take the Governor General of Canada and the Governor of Newfoundland, and through them the British Government, very long to form the opinion that, with a little luck, the combined influence of the railway and mining interests and the Canadian banks, all of which were considered to be against Sir Robert

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<sup>5</sup> In this initiative, Sir John was advised and encouraged by A. B. Morine, a Nova Scotian who had emigrated to Newfoundland and who quickly espoused the cause of confederation. He was the first of several rather curious Canadian lobbyists who, during the next two decades, tried to promote confederation, the sale of Labrador or some other scheme likely to be of benefit to them or to the interests they covertly represented.

un peu de chance, l'influence conjuguée des intérêts ferroviaires et miniers et des banques canadiennes, (tous considérés comme s'opposant à sir Robert Bond et favorisant la confédération<sup>6</sup>), de même que l'appui éventuel du haut clergé catholique et de certains milieux protestants, suffiraient à faire pencher la balance en faveur de la confédération si la question était de nouveau présentée à l'électorat. L'élément de chance espéré serait la rupture entre sir Robert Bond et sir Edward Morris, ce dernier prenant la tête de l'opposition dans une élection. Sir Edward était catholique et réputé favorable à la confédération.<sup>7</sup> La rupture se produisit bel et bien, mais les hauts personnages qui appuyaient secrètement sir Edward furent déçus lorsque celui-ci se rangea résolument sous la bannière anti-confédératinniste. Au cours de la campagne électorale suivante, en 1908, la confédération prit encore le devant de la scène, non pas en tant qu'objet de débat mais plutôt en tant que moyen de mater l'opposition. L'élection se solda par une impasse qui n'allait être résolue que par une autre élection, six mois plus tard.

Il fait peu de doute que sir Wilfrid Laurier, Premier ministre du Canada à cette époque, aurait souhaité voir Terre-Neuve entrer dans l'union canadienne. Toutefois, comme plus tard ses successeurs, il estimait que l'initiative devait venir de l'autre côté du détroit de Cabot. La seule ouverture qu'il fit jamais fut de convier sir Robert Bond à discuter de la frontière du Labrador, vers la fin de 1906. Avec raison peut-être, sir Robert Bond vit là une invitation voilée à rouvrir le dossier de la confédération et répondit qu'il aborderait la question de la frontière à la Conférence impériale de 1907. Sir Robert se présenta à cette rencontre avec une semaine de retard, d'après le Gouverneur de Terre-Neuve parce qu'il craignait qu'on l'accuse d'avoir discuté de la confédération avec sir Wilfrid Laurier.

Laurier vit briller une dernière lueur d'espoir au début de 1909 lorsqu'il s'intéressa aux efforts en coulisse d'un autre Canadien, un certain Harry J. Crowe, promoteur industriel et spéculateur forestier, qui préconisait un plébiscite sur la confédération à Terre-Neuve. Mais l'intérêt de Laurier tourna rapidement au scepticisme. Mis à part le fait qu'avec son idée de plébiscite Crowe devançait largement son époque, cette entreprise visant à exploiter l'impasse politique à Terre-Neuve reposait sur des bases chancelantes. Non seulement l'idée de la confédération était mal vue depuis 1895, mais l'île connaissait à cette époque une période de prospérité relative. Elle jouissait d'un bon gouvernement et d'une économie à peu près stable. Ce n'est qu'au cours des deux décennies suivantes que sa fragilité intrinsèque, le manque de scrupules de ceux qui l'exploitaient et une sorte de désespoir politique se firent jour.

<sup>6</sup> Il apparaît que quarante ans plus tard, lorsque ça comptait vraiment, les intérêts financiers canadiens ont en effet participé à la réalisation de la confédération. Cependant, comme semble le démontrer la documentation de ce volume, il est difficile de trouver des preuves concluantes.

<sup>7</sup> Les deux gouverneurs ont formé leur opinion en partie à cause d'une visite du Gouverneur général à Terre-Neuve pour, disait-on, des vacances. Une visite qu'il projetait un peu plus tard fut décommandée car on la jugeait déplacée. Comparez avec la visite du Gouverneur général en 1942 et la visite projetée de son successeur en 1947 qui sont mentionnées dans les documents 19, 22 et 359.

Bond and for confederation,<sup>6</sup> along with anticipated support from the Roman Catholic hierarchy and from some sections of the Protestant community, would be sufficient to carry the day for confederation if the issue were put to the people. The required luck was that Sir Edward Morris would break with Sir Robert Bond and lead the opposition to him in an election. Sir Edward was a Roman Catholic and was believed to be in favour of confederation.<sup>7</sup> When the break between Bond and Morris finally came, Sir Edward disappointed his secret supporters in high places by hammering a No-Confederation plank into his platform. In the ensuing election of 1908, confederation loomed fairly large, not as an issue but, rightly or wrongly, as a stick with which to beat the opposition. The election resulted in a deadlock which was broken only by another election six months later.

It seems clear that Sir Wilfrid Laurier, who was Prime Minister of Canada at the time of these events, would have liked to bring about confederation with Newfoundland. At the same time, like later successors, he felt that any initiative should proceed from across the Cabot Strait. The closest he himself came to an initiative was inviting Sir Robert Bond to Ottawa to talk about the Labrador boundary toward the end of 1906. Perhaps rightly, Sir Robert interpreted this as a veiled invitation to discuss confederation and replied that he would talk about the boundary at the forthcoming Imperial Conference of 1907. In the event, Sir Robert arrived a week late at the conference and the Governor of Newfoundland reported that he did so because he was afraid that otherwise he would have been accused of discussing confederation with Sir Wilfrid Laurier while attending it.

The last flicker of Sir Wilfrid's hope for confederation was visible early in 1909 when he seems to have been intrigued by the efforts of yet another Canadian lobbyist, one Harry J. Crowe, a company promoter and timber speculator, to promote a plebiscite on confederation in Newfoundland; at first interested, Sir Wilfrid soon became sceptical. Apart from the fact that, in his notion of a plebiscite, Crowe was well ahead of his time, his effort to exploit the existing political deadlock in Newfoundland was singularly ill-conceived. Not only had confederation been in bad odour since 1895 but Crowe was operating at a time when Newfoundland's fortunes were at the flood. The Island was well governed and its economy relatively stable. It was during the ensuing two decades that its basic frailty, the impudence of the interests exploiting it and a sort of political desperation became apparent.

Once Newfoundland had passed through the ordeal of the First World War, which at the same time improved economic conditions at home, it entered upon the bleak and barren twenties which slowly sapped its financial strength. Other countries, Canada included, were also being slowly gutted into a weakened condi-

<sup>6</sup> It seems likely that forty years later, when the chips were really down, Canadian financial interests actually played some part in helping to bring about confederation. However, as the documentation in this volume tends to suggest, hard evidence of this is hard to find.

<sup>7</sup> The two governors formed their opinion partly with the help of a visit which the Governor General paid to Newfoundland under the guise of a holiday. A somewhat later visit he wished to pay was vetoed as inept. Compare with a visit by the Governor General in 1942 and the visit which his successor wished to pay in 1947, as described in Documents 19, 22 and 359.

Après avoir essuyé l'épreuve de la Première Guerre mondiale qui fut en même temps une source de bienfaits économiques à l'intérieur, Terre-Neuve connut un lent déclin au cours des mornes années 20. D'autres États, y compris le Canada, voyaient également leurs forces régresser inexorablement, et aucun responsable politique dans quelque pays occidental ne songeait à trouver des remèdes aux problèmes de ses voisins, et encore moins à endosser de coûteuses obligations permanentes ou renouvelables. Pourtant, au début des années 30, c'est aux gouvernements britannique et canadien, tout autant qu'à celui de Terre-Neuve, que revint la responsabilité de résoudre le problème financier spécial de l'île. La Grande-Bretagne et le Canada étaient tous deux concernés car, dans son besoin extrême, c'est à eux que Terre-Neuve s'adressait pour obtenir une aide financière. La Grande-Bretagne craignait également — l'Empire existait toujours à l'époque — qu'un manquement à ses obligations par "la plus ancienne colonie" ternirait l'image britannique dans le monde. Quant au Canada, il était directement intéressé puisque les banques canadiennes avaient déjà consenti des avances substantielles au gouvernement de Terre-Neuve.

Pendant deux ans, de 1931 à 1933, le problème fit l'objet de discussions au plus haut niveau dans les trois capitales. En dernière analyse, la seule solution viable s'avéra être un soutien financier direct du Trésor britannique. Au cours des pourparlers, toutefois, d'autres approches furent prises en considération, ou du moins abordées, et l'une d'elle fut tentée. Il s'agissait du prêt conjoint que la Grande-Bretagne et le Canada accordèrent à Terre-Neuve vers la fin de 1932, prévenant ainsi un défaut de paiement sur la dette extérieure de Terre-Neuve, mais imposant à celle-ci le carcan de la Commission Amulree dont les recommandations allaient, un peu plus d'un an après, lui coûter son gouvernement responsable. Ce fut là le prix que Terre-Neuve dut payer pour obtenir que la Grande-Bretagne assume la responsabilité de ses finances pendant une période indéfinie.

Si en juin 1933 le gouvernement du Canada avait été disposé encore une fois à se joindre à la Grande-Bretagne pour acquitter les intérêts de la dette de Terre-Neuve, les conclusions de la Commission Amulree auraient peut-être été différentes. Or, le Premier ministre du Canada, R. B. Bennett, n'avait pu apporter de l'aide une première fois qu'en faisant fi des vues de son Cabinet, et par la suite, il ne fut plus jamais en mesure d'obtenir que son gouvernement vienne à la rescousse de la colonie.

Au cours de la difficile période 1931-1933, le gouvernement canadien n'envisagera jamais sérieusement d'acheter le Labrador. Québec s'y intéressa et, de même il est vrai, Ottawa pendant un certain temps. Mais le prix de 100 000 000\$ était beaucoup trop élevé à l'époque et quelque peu suspect, puisqu'il avait été fixé par un autre Canadien spécialisé dans les tractations de coulisse, un dénommé — comble d'ironie — Samuel de Champlain, qui réclamait par surcroît une commission de 10 p. 100.

Tous les principaux intéressés savaient que, temporairement du moins, la solution logique — l'union avec le Canada — était hors de question. Pourtant, cette solution revenait sur toutes les lèvres. En juin 1931, sir Richard Squires, alors Premier ministre de Terre-Neuve, venu à Ottawa pour tenter d'obtenir un prêt



tion and no one in a position of official responsibility in any western country was thinking in terms of heady political prescriptions for the others' problems, least of all prescriptions which would involve expensive obligations of a permanent or recurring character. Yet in the early thirties it became incumbent upon the British and Canadian Governments, as well as on the Newfoundland Government itself, to search for solutions to Newfoundland's special financial problem. Both Britain and Canada were concerned because it was to them that, in her dire need, Newfoundland was turning for financial assistance. Britain was also concerned because, in the days when there was still a British Empire, it was felt in London that default by "the oldest colony" would have a damaging effect on British credit throughout the world. Canada had its own direct interest through the presence in Newfoundland of Canadian banks which had already made substantial advances to the Newfoundland Government.

The problem was discussed at the highest level in the capitals of all three countries over a period of two years between 1931 and 1933. In the last analysis the only viable solution proved to be direct financial assistance by the British treasury. In the course of the discussions, however, other approaches were considered, or at least touched on, and one was tried. This last was the joint loan which Britain and Canada made to Newfoundland toward the end of 1932, thus preventing a Newfoundland default on its external debt but at the same time saddling Newfoundland with the Amulree Commission whose recommendations resulted in its loss of responsible government a little more than a year later. This was the price Newfoundland ultimately had to pay for assumption by Britain of responsibility for Newfoundland's finances over an indefinite period.

Perhaps if in June, 1933, the Canadian Government had been prepared once again to join the British Government in meeting Newfoundland's interest payments, the Amulree Commission's findings might have been different. In fact, the Canadian Prime Minister, R. B. Bennett, had been able to provide Canadian governmental assistance on the first occasion only by riding roughshod over his Cabinet and he was never again able to interest the Canadian Government in stepping into the breach.

Nor, during those tense 1931-1933 years, did the Canadian Government ever seriously consider purchasing Labrador. Quebec was interested and so, for a time, was Ottawa. But the asking price of \$100,000,000 was far too high by the standards of the time and was in any case somewhat suspect since it was put forward by yet another Canadian lobbyist, this one somewhat incongruously named Samuel de Champlain, who wanted a 10% commission.

All the principals knew that, for the time being at least, the logical solution, confederation with Canada, was out of the question. Yet nearly everyone involved in the Newfoundland problem was thinking or talking about it. In June, 1931, Sir Richard Squires, then Prime Minister of Newfoundland, was in Ottawa to try to raise a bank loan and was able to do so through the good offices of R. B. Bennett who was an influential financier in his own right. In conversation with Sir Richard both in Cabinet meetings and outside, Mr. Bennett went a long way toward proposing confederation negotiations. Sir George Perley, the senior minister in the Canadian Cabinet, took the same line in conversation with the

bancaire, réussit dans son entreprise grâce aux bons offices de R. B. Bennett qui était lui-même un financier influent. M. Bennett fit un effort considérable, tant aux réunions du Cabinet qu'à l'extérieur, pour convaincre sir Richard d'entamer des négociations. De son côté, sir George Perley, le doyen des membres du Cabinet canadien, fit des démarches similaires auprès du haut commissaire de Grande-Bretagne. Selon M. Bennett, sir Richard lui aurait promis de ramener la question de la confédération sur le tapis lors de la prochaine élection terre-neuvienne. Mais, le temps venu, en 1932, aux prises avec de nombreux problèmes internes, sir Richard dut renoncer à cette idée face à une situation déjà précaire.

Sir William Stavert, un banquier canadien étroitement lié à la Banque de Montréal, qui avait succédé au représentant du Trésor britannique, sir Percy Thompson, en tant que conseiller financier du gouvernement de Terre-Neuve, fut délégué par ce dernier à la Commission Amulree. Avant d'assumer ses nouvelles fonctions il consacra beaucoup de temps à tenter d'orienter la Commission vers une recommandation favorable à la confédération. M. C. A. McGrath, un autre banquier canadien qui avait été nommé par le gouvernement britannique conformément au mandat de la Commission, écrivit une longue lettre privée à R. B. Bennett pendant que la Commission siégeait. Il y recommandait que le Canada adopte une attitude généreuse envers Terre-Neuve afin d'y susciter, dans la population, le désir de se joindre au Canada. Le seul Canadien lié à ces événements qui prit le contre-pied fut R. J. Magor, homme d'affaires de Montréal qui avait été nommé pour conseiller le gouvernement de Terre-Neuve sur la réorganisation des services publics. En juin 1933, il envoya une longue lettre à sir William Stavert, en en faisant tenir copie au secrétaire d'État aux Affaires des Dominions dans laquelle il s'opposait fortement à la confédération comme solution au problème de Terre-Neuve. M. Alderdice, Premier ministre de Terre-Neuve à l'époque, ne semble pas l'avoir envisagée, et la Commission Amulree ne rencontra manifestement que peu d'enthousiasme pour cette possibilité dans le cours de ses enquêtes. Quoi qu'il en soit, en dépit de parti pris de deux de ses membres, dans son rapport la Commission se contenta d'aborder la question de la confédération en termes objectifs et plutôt détachés, en recommandant par ailleurs une toute autre approche pour régler la crise de Terre-Neuve.

La lecture des recommandations de la Commission Amulree nous met soudainement en présence d'un milieu décisionnel britannique d'où est singulièrement absente l'atmosphère libertaire de Westminster. Ce milieu est celui des banquiers pragmatiques, des représentants du Trésor à la tête froide et des administrateurs consciencieux et efficaces dont l'honnêteté ne peut faire aucun doute. Du moins à l'époque qui nous occupe, ils évoluaient dans un monde plutôt replié sur lui-même dont ils partageaient tout naturellement la mentalité avec des collègues de différentes parties du monde, y compris le Canada.

La décision de créer la Commission Amulree avait été aussi dure que les conclusions mêmes de celle-ci, et les avait en quelque sorte présagées. Une lettre avait d'ailleurs été écrite un an auparavant par le président de la Banque de Montréal à sir Richard Squires, dans laquelle ce dernier était informé sans ambages que la banque refusait dorénavant d'intervenir dans les finances de Terre-Neuve à moins que le pays ne soit virtuellement réduit au statut de colonie de la

British High Commissioner. According to Mr. Bennett, Sir Richard told him he would make confederation with Canada an issue at the next Newfoundland election. As matters developed, when that election occurred in 1932 Sir Richard had too much domestic trouble on his hands to dream of introducing confederation or any other issue extraneous to his political survival.

Sir William Stavert, a Canadian banker closely connected with the Bank of Montreal, who had succeeded the British Treasury official, Sir Percy Thompson, as financial adviser to the Newfoundland Government, was that government's nominee to the Amulree Commission. Before taking up his new duties he spent a good deal of his time trying to arrange matters so that the Commission would ultimately recommend confederation. C. A. McGrath, another Canadian banker who had been nominated by the British Government in accordance with the Commission's terms of reference, wrote a long private letter to R. B. Bennett while the Commission was in session. In that letter he recommended Canadian generosity toward Newfoundland so that in the end its people would wish to join Canada. The only Canadian connected with these events who took the opposite tack was R. J. Magor, a Montreal businessman who had been appointed to advise the Newfoundland Government on rationalization of public utilities. In June, 1933, he wrote a long letter to Sir William Stavert, with a copy to the Secretary of State for Dominion Affairs, strongly advising against confederation as a solution of the Newfoundland problem. Mr. Alderdice, the Prime Minister of Newfoundland at the time, does not seem to have considered it, and the Amulree Commission evidently encountered relatively little enthusiasm for it in the course of its investigations. At any rate, in spite of the bias of two of its members, its report merely discussed confederation in objective and indeed rather distant terms and went on to recommend quite a different method of coping with the Newfoundland crisis.

When one confronts the recommendations of the Amulree Commission, one is suddenly at a level of British policy-making which is rather far removed from the libertarian atmosphere of Westminster. It is the level of hard-headed bankers, cool Treasury officials and efficient administrators who were demonstrably honest into the bargain. At least in the period we are discussing they inhabited a somewhat inward-looking world which they casually shared with like-minded colleagues in many parts of the world, Canada included.

The decision to set up the Amulree Commission was as tough-minded as the Commission's findings and virtually foreshadowed them. That decision was anticipated by a letter written a year earlier by the President of the Bank of Montreal to Sir Richard Squires in which the Prime Minister of Newfoundland was informed in so many words that the Bank would have nothing further to do with Newfoundland's finances unless the country were virtually reduced to Crown Colony status. That, in the years leading up to this letter, there had been corruption and inept handling of public finance in Newfoundland has certainly been established, but it is fascinating to observe how easily the imperial seed can be implanted. Clive of India confronting the corrupt maharajahs of the southern confederacy would have understood the President of the Bank of Montreal very well. So, for that matter, would he have understood the Governor of Newfound-

Couronne. Il est maintenant établi que la corruption et l'incompétence n'avaient pas été absentes de l'administration des finances publiques à Terre-Neuve, mais n'est-il pas fascinant de constater combien il est facile d'implanter l'idée de l'Empire. Robert Clive qui eut à lutter contre les maharadjahs corrompus de la confédération du sud aurait sympathisé sur ce point avec le président de la Banque de Montréal. De même, il aurait certainement compris le Gouverneur de Terre-Neuve qui, au tournant de ce siècle, tentait de diriger l'action de sir Robert Bond dans tous les domaines, de la confédération aux relations avec les États-Unis.

A cette étape de l'histoire nous nous trouvons devant ce qui semble à première vue un autre paradoxe de la politique décisionnelle de la Grande-Bretagne.<sup>8</sup> Pourquoi, puisque les Britanniques voyaient depuis 1865 dans l'adhésion au Canada la solution au problème de Terre-Neuve, la Commission Amulree l'a-t-elle si sommairement éliminée? Par réalisme, sans aucun doute. Lord Amulree, sûrement aidé et soutenu de très près par P. A. Clutterbuck, le représentant du Dominions Office qui agit en tant que secrétaire de la Commission et qui allait plus tard jouer un si grand rôle comme sous-secrétaire d'État adjoint aux Affaires des Dominions et haut commissaire de Grande-Bretagne au Canada pour faire de la confédération une réalité, a très bien saisi quelles étaient les possibilités à l'époque et a agi en conséquence. C'est peut-être pourquoi, une fois les travaux de la Commission terminés, le gouvernement reconnaissant lui fit cadeau, sur sa demande, d'un plateau d'argent au lieu de l'encrier traditionnel dont il avait déjà reçu un exemplaire en tant que président d'une autre Commission.

Dans son rapport, déposé en octobre 1933, la Commission Amulree recommandait notamment la suspension du gouvernement dans sa forme existante jusqu'à ce que l'île puisse de nouveau suffire à ses propres besoins, et la création d'une commission spéciale dirigée par le Gouverneur et composée de six autres membres, trois de la Grande-Bretagne et trois de Terre-Neuve, pour remplacer le parlement et le Conseil exécutif. La Commission pour Terre-Neuve devrait répondre au secrétaire d'État aux Affaires des Dominions à Londres, qui lui-même assumerait la responsabilité générale des finances de l'île. Il serait entendu qu'une fois les difficultés surmontées et le pays redevenu auto-suffisant, le gouvernement responsable serait rétabli à la demande de la population de Terre-Neuve.

Ces mots en italiques, apparemment limpides et inoffensifs, passèrent presque inaperçus dans le débat et la discussion qui suivirent en Grande-Bretagne et à Terre-Neuve. On pourrait penser que les défenseurs des droits démocratiques que Terre-Neuve avait gagnés de haute lutte réagiraient à l'idée d'insérer cette condition gratuite, puisqu'elle laissait entendre que la population de l'île pouvait bien ne pas souhaiter le rétablissement d'un gouvernement responsable, du moins dans son ancienne forme. De plus, quelle définition donnait-on dans ce contexte à

<sup>8</sup> Pour un autre, voir les documents. Il y avait une période, surtout pendant et même après la Seconde Guerre mondiale, où le gouvernement britannique changea son fusil d'épaule, désirant garder Terre-Neuve dans le camp britannique et s'en occuper. Il est probable que cette attitude était surtout le résultat de l'affection qu'on avait envers Terre-Neuve suite à son appui inébranlable et sans prétensions de la Grande-Bretagne pendant deux guerres.

land in the early years of this century when he was trying to tell Sir Robert Bond what to do about everything from confederation to relations with the United States.

At this stage of history we confront what at first glance seems like yet another paradox of British policy-making.<sup>8</sup> Why, if confederation with Canada had been the considered British remedy for the Newfoundland problem since 1865, did the Amulree Commission so summarily dismiss it? Clearly, out of a sense of realism. Lord Amulree, doubtless aided and abetted very closely by P. A. Clutterbuck, the Dominions Office official who was Secretary of the Commission and who later did so much both as an Assistant Secretary of State for Dominion Affairs and as British High Commissioner to Canada to make confederation a reality, understood very well what was possible at the time and acted accordingly. Perhaps that is why, when the Commission had completed its work, a grateful government acceded to his request for a silver salver in lieu of a silver ink-well on the grounds that he had already received an ink-well as Chairman of another Commission.

In its report, submitted in October, 1933, the Amulree Commission recommended, *inter alia*, that the existing form of government be suspended until such time as the Island might be self-supporting again and that a special Commission of Government, headed by the Governor and composed of three other members from Great Britain and three from Newfoundland, be created to take the place of the existing Legislature and Executive Council. The Commission of Government was to be responsible to the Secretary of State for Dominion Affairs who would assume general responsibility for the Island's finances. It would be understood that, as soon as Newfoundland's difficulties were overcome and the country was again self-supporting, responsible government, *on request from the people of Newfoundland*, would be restored.

The italicised words, seemingly innocuous and forthcoming, went almost unnoticed in the debate and discussion which followed in Great Britain and in Newfoundland. One would have thought that champions of Newfoundland's hard-won democratic rights would have balked at the proposal to insert this gratuitous condition, for by implication it suggested that the people of Newfoundland might not want responsible government restored, at least in its old form. Besides, who in this context were "the people of Newfoundland?" Possibly the proposed stipulation failed to attract attention because neither the white paper based on the Amulree Report nor the body of the consequential Parliamentary Bill explicitly mentioned it. As late as November, 1933, the Prime Minister of Newfoundland, Mr. Alderdice, submitted a plea that any future request for the restoration of self-government which might come from the elected representatives who had abrogated it should be honoured when presented. In the debates on the Newfoundland Bill in the British House of Commons in December many

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<sup>8</sup> For still another, see the documents. There was a period, especially during the Second World War and even after it, when the British government veered toward keeping Newfoundland in the British fold and nurturing it. More than anything else, this probably reflected the affection which had developed for Newfoundland because of its unflinching and self-effacing support of Britain in two wars.

“la population de Terre-Neuve?” Il est possible que cette clause n’ait pas retenu l’attention parce que ni le livre blanc fondé sur le rapport Amulree, ni le texte principal du projet de loi parlementaire qui en découlait, n’en faisait mention explicitement. Encore en novembre 1933, le Premier ministre de Terre-Neuve, M. Alderdice, fit valoir que toute demande future en vue du rétablissement d’un gouvernement responsable émanant des représentants élus qui l’avaient abrogé devrait être honorée sur présentation. Lors des débats sur le projet de loi concernant Terre-Neuve à la Chambre des Communes britannique, en décembre, de nombreux députés demandèrent avec insistance que la décision sur la question de savoir quand les conditions du rétablissement d’un gouvernement responsable pourrait être jugées suffisantes, devraient non pas provenir du gouvernement britannique seul, mais également reposer sur l’expression de la volonté des Terre-Neuviens eux-mêmes. En dernière analyse, le parlement britannique endossa l’idée d’une demande expresse émanant de la population de Terre-Neuve, en incluant une disposition à cet égard dans la loi sur Terre-Neuve qui entérinait explicitement les recommandations de la Commission Amulree.

Il est révélateur, voire ironique, qu’une disposition, qui manifestement visait à rassurer l’opinion quant au rétablissement rapide d’un gouvernement responsable (elle ne visait rien d’autre) devint en fait une condition qui retarda et finalement empêcha cette mesure. C’est en effet cette disposition qui (en partie par suite des efforts bien intentionnés d’un député britannique qui souhaitait ardemment voir Terre-Neuve rester indépendante) mena à l’établissement de la Convention nationale, puis à un referendum qui présentait le Canada comme une option et enfin à l’adhésion de Terre-Neuve au Canada. Les gouvernements héritiers de traditions anciennes ont la mémoire longue. En acceptant les recommandations de la Commission Amulree et en se conformant, non sans arrière-pensée peut-être, aux propositions subséquentes avancées par ses critiques, le gouvernement britannique aura peut-être songé à un précédent gouvernement de Terre-Neuve qui avait laissé la classe commerçante étouffer le parlement en 1865 et 1866, faisant ainsi obstacle à la population de Terre-Neuve alors que pour une fois, bien que naïvement, elle avait eu le bon sens d’entrevoir l’avenir politique de l’île selon la même optique que, dans sa sagesse, le gouvernement britannique lui-même.<sup>9</sup>

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<sup>9</sup> Sources: R. A. MacKay, ed., *Newfoundland. Economic, Diplomatic and Strategic Studies*. Toronto: Oxford University Press, 1946; S. J. R. Noel, *Politics in Newfoundland*. Toronto: University of Toronto Press, 1971; documents du Grey of Howick, Archives publiques du Canada, (MG 27 II B2). Sources britanniques: Public Records Office, références DO 35 412/413/414 et DO 114/58; *Report of the Royal Commission, 1933*. (“Amulree Report”), Command 4480, novembre 1933; *Papers Relating to the Report of the Royal Commission, 1933*. Command 4479, novembre 1933; Chambre des Communes, *Débats*, décembre 1933; Public General Acts and Measures, 24 et 25, Geo V, 1933-34.

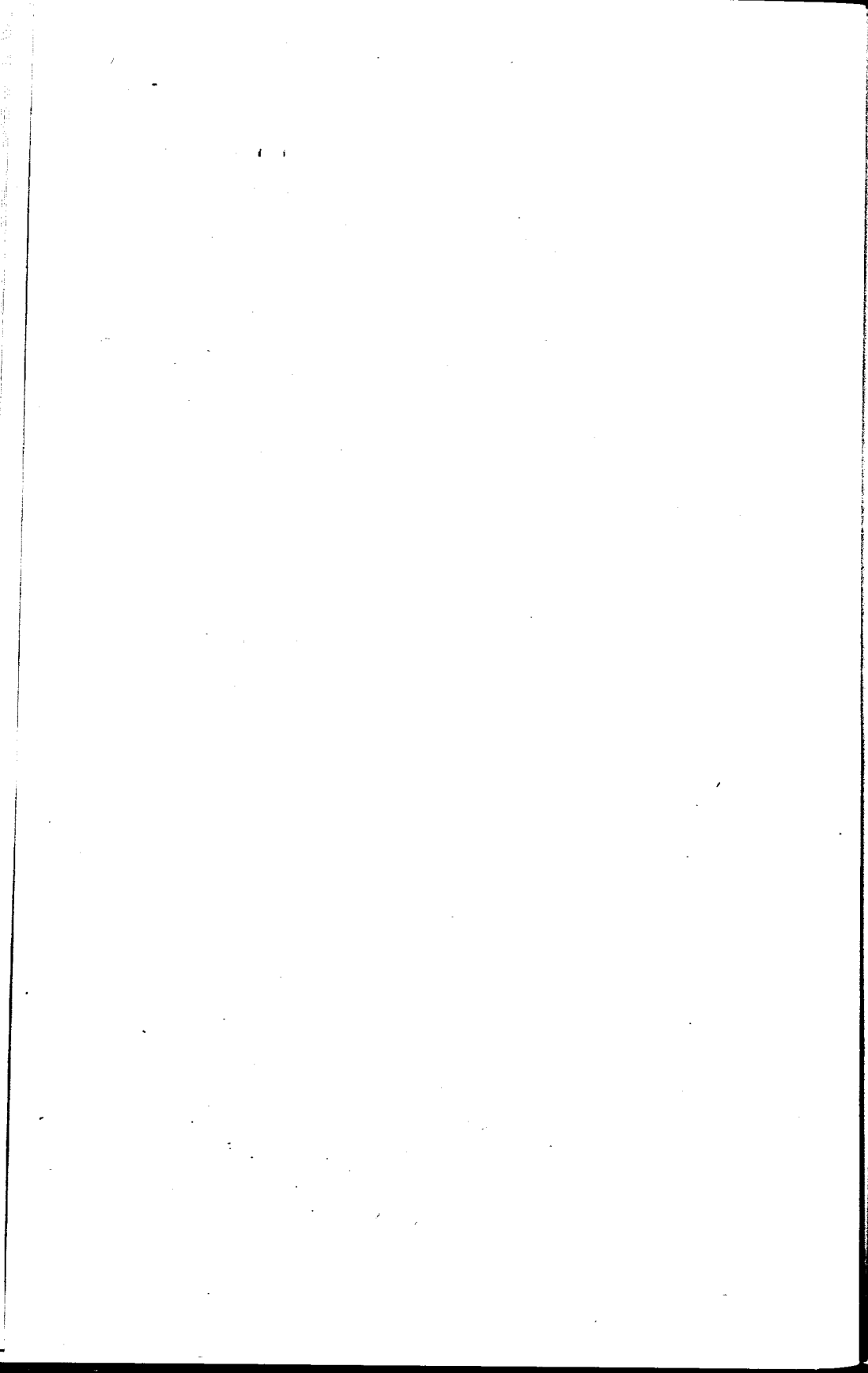
members insisted that the judgement as to when the conditions for restoration of responsible government could be deemed to exist should not be left to the British Government alone but should also be based on some expression of the will of the Newfoundlanders themselves. In the end the provision for a specific request from the people of Newfoundland was endorsed by the British Parliament when it passed the Newfoundland Act which explicitly accepted the recommendations of the Amulree Commission.

It is instructive, and perhaps ironic, to note that a provision which was ostensibly intended to give greater assurance with regard to prompt restoration of responsible government (and nothing else) became in fact a condition which postponed that step and ultimately prevented it. For this was the provision which (partly as a result of later well-meaning elaboration devised by a British Member of Parliament who ardently wished Newfoundland to remain independent) led to the setting up of the National Convention, to a referendum in which confederation with Canada was an option and to confederation's ultimate victory. Old governments have long memories. When it accepted the Amulree Commission's recommendations and as it went along, perhaps disingenuously, with the subsequent suggestions put forward by its critics, the British Government may have been remembering an earlier Newfoundland Government which allowed the merchant class to throttle the Legislature in 1865 and 1866, thus thwarting the Newfoundland people the only time, however naively, they had had the good sense to see Newfoundland's political future in the same terms as, in its wisdom, the British Government did itself.<sup>9</sup>

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<sup>9</sup> Sources: R. A. MacKay, ed., *Newfoundland. Economic, Diplomatic and Strategic Studies*. Toronto: Oxford University Press, 1946; S. J. R. Noel, *Politics in Newfoundland*. Toronto: University of Toronto Press, 1971; the Grey of Howick Papers, Public Archives of Canada, (MG 27 II B2). British sources: Public Records Office, References DO 35 412/413/414 and DO 114/58; *Report of the Royal Commission, 1933*. ("Amulree Report"), Command 4480, November 1933; *Papers Relating to the Report of the Royal Commission, 1933*. Command 4479, November 1933; House of Commons, *Debates*, December 1933; Public General Acts and Measures, 24 and 25, Geo. V, 1933-34.





# CHRONOLOGIE CHRONOLOGY

1942

## SEPTEMBRE

Visite du secrétaire aux Dominions à Terre-Neuve.

1943

## JUIN-AOÛT

Visite à Terre-Neuve de la Mission de bienveillance du parlement britannique.

## 2 DÉCEMBRE

Le sous-secrétaire d'État parlementaire aux Affaires des Dominions annonce que la population de Terre-Neuve pourra choisir la forme de leur gouvernement peu après la fin de la guerre.

1945

## 11 DÉCEMBRE

Le Premier ministre de Grande-Bretagne et le secrétaire aux Dominions annoncent la tenue d'une Convention nationale.

1946

## 21 JUIN

Élection de la Convention nationale.

## 11 SEPTEMBRE

Première réunion de la Convention nationale.

## 23 DÉCEMBRE

Formation de la Ligue pour le gouvernement responsable.

1947

## 29 AVRIL

Première de trois réunions entre la délégation à Londres de la Convention nationale et le secrétaire aux Dominions.

25 JUIN

Première réunion entre la délégation à Ottawa de la Convention nationale et des représentants du gouvernement du Canada.

## 29 SEPTEMBRE

Dernière réunion entre la délégation à Ottawa de la Convention nationale et des représentants du gouvernement du Canada.

1942

## SEPTEMBER

Visit of Dominions Secretary to Newfoundland.

1943

## JUNE-AUGUST

Visit to Newfoundland of Goodwill Mission from British Parliament.

## DECEMBER 2

Parliamentary Under-Secretary of State for Dominion Affairs announces that people of Newfoundland will be able to choose form of their government soon after the end of the war.

1945

## DECEMBER 11

Prime Minister of Great Britain and Dominions Secretary announce that an elected National Convention will be set up.

1946

## JUNE 21

Election of National Convention.

## SEPTEMBER 11

First meeting of National Convention.

## DECEMBER 23

Formation of Responsible Government League.

1947

## APRIL 29

First of three meetings between Delegation to London of the National Convention and the Dominions Secretary.

JUNE 25

First meeting between Delegation to Ottawa of the National Convention and representatives of the Canadian Government.

## SEPTEMBER 29

Last meeting between Delegation to Ottawa of the National Convention and representatives of the Canadian Government.

## 6 NOVEMBRE

Les "Arrangements proposés en vue de l'entrée de Terre-Neuve dans la Confédération" sont annoncés.

1948

## 30 JANVIER

Dissolution de la Convention nationale.

## 21 FÉVRIER

Formation de l'Association pour la Confédération de Terre-Neuve.

## 11 MARS

La dépêche du 2 mars du secrétaire d'État aux Relations avec le Commonwealth au gouverneur de Terre-Neuve annonçant que la Confédération sera une des questions au referendum est rendue publique.

## 20 MARS

Formation du parti pour l'union économique avec les États-Unis.

## 3 JUIN

Premier scrutin du referendum national.

## 22 JUILLET

Deuxième scrutin du referendum national.

## 30 JUILLET

Le Premier ministre annonce que le gouvernement du Canada accepte les résultats du referendum et désire entamer les négociations. Le gouvernement de Grande-Bretagne et le gouvernement de Terre-Neuve se disent d'accord.

## 5 AOÛT

Nomination des membres de la délégation de Terre-Neuve.

## 6 OCTOBRE

Première réunion entre le Comité du Cabinet et la délégation de Terre-Neuve aux négociations des Conditions de l'union.

## 13 NOVEMBRE

Des assignations sont signifiées à la Cour suprême de Terre-Neuve contre la Commission pour Terre-Neuve par six anciens membres de l'Assemblée de Terre-Neuve.

## 26 NOVEMBRE

Une motion présentée à la Chambre des Communes à Londres demande la restauration du gouvernement responsable à Terre-Neuve.

## NOVEMBER 6

The "Proposed Arrangements for the Entry of Newfoundland into Confederation" are announced.

1948

## JANUARY 30

Dissolution of National Convention.

## FEBRUARY 21

Formation of Newfoundland Confederate Association.

## MARCH 11

Despatch of March 2 from Secretary of State for Commonwealth Relations to Governor of Newfoundland announcing that Confederation will be one of the questions in the referendum is made public.

## MARCH 20

Formation of Economic Union with the United States Party.

## JUNE 3

First poll of national referendum.

## JULY 22

Second poll of national referendum.

## JULY 30

Prime Minister announces that the Government of Canada accepts the results of the referendum and is ready to begin negotiations. The Government of Great Britain and the Government of Newfoundland indicate their agreement.

## AUGUST 5

Appointment of members of Delegation of Newfoundland.

## OCTOBER 6

First meeting between Cabinet Committee and Delegation of Newfoundland to the negotiations of the Terms of Union.

## NOVEMBER 13

Writs are issued in the Supreme Court of Newfoundland against the Commission of Government by six former members of the Newfoundland Legislature.

## NOVEMBER 26

A motion presented in the House of Commons in London calls for restoration of responsible government in Newfoundland.

30 NOVEMBRE

Réunion à Londres entre des représentants de la Ligue pour le gouvernement responsable et le secrétaire d'État aux Relations avec le Commonwealth.

NOVEMBER 30

Meeting in London between representatives of the Responsible Government League and Secretary of State for Commonwealth Relations.

9 DÉCEMBRE

Chesley Crosbie annonce qu'il ne signera pas les Conditions de l'union.

DECEMBER 9

Chesley Crosbie announces that he will not sign Terms of Union.

10 DÉCEMBRE

La Ligue pour le gouvernement responsable présente une résolution contre l'union au gouverneur de Terre-Neuve.

DECEMBER 10

Responsible Government League presents resolution against union to Governor of Newfoundland.

11 DÉCEMBRE

Les Conditions de l'union sont signées à Ottawa.

DECEMBER 11

Terms of Union are signed in Ottawa.

1949

28 JANVIER

A. P. Herbert tente de présenter son "Newfoundland Liberation Bill" à la Chambre des Communes à Londres.

1949

JANUARY 28

A. P. Herbert tries to present his Newfoundland Liberation Bill to the House of Commons in London.

7 FÉVRIER

Le Premier ministre présente à la Chambre des Communes à Ottawa un projet de loi en vue de l'approbation par le Parlement canadien des Conditions de l'union.

FEBRUARY 7

Prime Minister presents to the House of Commons in Ottawa a Bill for the approval of the Terms of Union by the Canadian Parliament.

8 FÉVRIER

Une décision de la Cour suprême de Terre-Neuve permet aux six anciens membres de l'Assemblée de Terre-Neuve de se pourvoir devant le Comité juridique du Conseil privé à Londres pour contester le rejet de leurs assignations.

FEBRUARY 8

Supreme Court of Newfoundland grants leave to six former members of Newfoundland Legislature to appeal rejection of their writs to Judicial Committee of the Privy Council in London.

11 FÉVRIER

Troisième lecture à la Chambre des Communes à Ottawa du projet de loi en vue de l'approbation des Conditions de l'union.

FEBRUARY 11

Third Reading by House of Commons in Ottawa of Bill for the approval of the Terms of Union.

14 FÉVRIER

Le Premier ministre soumet à la Chambre des Communes à Ottawa le texte de l'Adresse à Sa Majesté le Roi en vue de faire confirmer les Conditions de l'union.

FEBRUARY 14

Prime Minister presents to House of Commons in Ottawa the text of Address to His Majesty the King to confirm Terms of Union.

15 FÉVRIER

L'amendement du chef de l'Opposition à la Chambre des Communes à Ottawa au texte de l'Adresse à Sa Majesté le Roi n'est pas adopté.

FEBRUARY 15

The amendment of the Leader of the Opposition in the House of Commons in Ottawa to the text of the Address to His Majesty the King is not agreed to.

16 FÉVRIER

L'Adresse est approuvée par la Chambre des Communes à Ottawa.

FEBRUARY 16

Address is approved by House of Commons in Ottawa.

**17 FÉVRIER**

L'Adresse et les Conditions de l'union sont approuvées par le Sénat à Ottawa.

**18 FÉVRIER**

L'assentiment royal est accordé à la loi en vue de l'approbation des Conditions de l'union.

**21 FÉVRIER**

La Commission pour Terre-Neuve donne son approbation aux Conditions de l'union.

**22 FÉVRIER**

Première lecture du projet de loi pour l'amendement de l'Acte de l'Amérique du Nord britannique à la Chambre des Communes à Londres.

**9 MARS**

Troisième lecture du projet de loi à la Chambre des Communes à Londres.

**23 MARS**

L'assentiment royal est accordé à la loi pour l'amendement de l'Acte de l'Amérique du Nord britannique après la troisième lecture à la Chambre des Lords.

**31 MARS**

Terre-Neuve devient la dixième province du Canada.

**1<sup>er</sup> AVRIL**

Des cérémonies en l'honneur de la Confédération se déroulent à Ottawa et à St. John's où le lieutenant-gouverneur, sir Albert Walsh, prête serment et demande à J. R. Smallwood de former un gouvernement provisoire.

**FEBRUARY 17**

Address and Terms of Union are approved by Senate in Ottawa.

**FEBRUARY 18**

Royal Assent is given to Bill approving Terms of Union.

**FEBRUARY 21**

Commission of Government of Newfoundland approves Terms of Union.

**FEBRUARY 22**

First reading of British North America (Amendment) Bill in the House of Commons in London.

**MARCH 9**

Third reading of Bill in House of Commons in London.

**MARCH 23**

Royal Assent is given to British North America (Amendment) Bill after third reading in House of Lords.

**MARCH 31**

Newfoundland becomes the tenth province of Canada.

**APRIL 1**

Confederation ceremonies are held in Ottawa and St. John's where Sir Albert Walsh, after being sworn in as Lieutenant-Governor, calls upon J. R. Smallwood to form a provisional government.

## PROVENANCE DES DOCUMENTS<sup>10</sup> LOCATION OF DOCUMENTS<sup>10</sup>

|  |           |  |
|--|-----------|--|
| Dossiers de la Banque du Canada  | BC        | Bank of Canada Files   |
| Documents de Brooke Claxton, Archives publiques (MG 32 B5)                     | B.C.      | Brooke Claxton Papers, Public Archives (MG 32 B5)                    |
| Documents de C. D. Howe, Archives publiques (MG 27 III B20)                    | C.D.H.    | C. D. Howe Papers, Public Archives (MG 27 III B20)                   |
| Dossiers du Canadien National  | CNR       | Canadian National Railways Files                                     |
| Dossiers du ministère des Finances, Archives publiques (RG 19)                 | DF        | Department of Finance Files, Public Archives (RG 19)                 |
| Dossiers du ministère du Commerce, Archives publiques (RG 20)                  | DTC       | Department of Trade and Commerce Files, Public Archives (RG 20)      |
| Dossiers du Foreign and Commonwealth Office, Grande-Bretagne                   | FCO       | Foreign and Commonwealth Office Files, Great Britain                 |
| Archives provinciales de Terre-Neuve et du Labrador, St. John's                | NPA       | Provincial Archives of Newfoundland and Labrador, St. John's         |
| Bureau du Conseil privé  | PCO       | Privy Council Office   |
| Dossiers du greffe central, Bureau du Conseil privé, Archives publiques (RG 2) | PCO-CRF   | Central Registry Files, Privy Council Office, Public Archives (RG 2) |
| Public Record Office, Grande-Bretagne  | PRO       | Public Record Office, Great Britain                                  |
| Documents de P. W. Crummey, Archives publiques (MG 32 D1)                      | P.W.C.    | P. W. Crummey Papers, Public Archives (MG 32 D1)                     |
| Documents de R. A. MacKay, Archives publiques (MG 30 E159)                     | R.A.M.    | R. A. MacKay Papers, Public Archives (MG 30 E159)                    |
| Documents de L. S. St. Laurent, Archives publiques (MG 26L)                    | L.S.St.L. | L. S. St. Laurent Papers, Public Archives (MG 26L)                   |

<sup>10</sup> Ceci est une liste des symboles utilisés pour indiquer la provenance des documents. Les cotes des collections déposées aux Archives publiques du Canada sont entre parenthèses. Les documents avec seulement un numéro de dossier et aucun symbole dans le coin supérieur droit, proviennent des dossiers du ministère des Affaires extérieures déposés aux Archives publiques du Canada (RG 25).

<sup>10</sup> This is a list of the symbols used to indicate the location of documents. The call numbers of collections deposited at the Public Archives of Canada are in parenthesis. Documents with only a file number and no symbol in the upper right-hand corner are from files of the Department of External Affairs deposited in the Public Archives of Canada (RG 25).

Documents personnels de L. S. St. Laurent

L.S.St.L./P

Personal Papers of L. S. St. Laurent

Documents de W. L. Mackenzie King, Archives publiques (Notes et mémorandums: MG 26 J4; lettres: MG 26 J1)

W.L.M.K.

W. L. Mackenzie King Papers, Public Archives (Notes and memorandums: MG 26 J4; Letters: MG 26 J1)

## LISTE DES PERSONNALITÉS<sup>11</sup> LIST OF PERSONS<sup>11</sup>

- ABBOTT, D. C.**, ministre de la Défense nationale pour les Services navals, avril 1945-déc. 1946; ministre de la Défense nationale, août 1945-déc. 1946; ministre des Finances, déc. 1946-1954; membre, Comité du Cabinet sur Terre-Neuve, nov. 1946-déc. 1948.
- ADDISON**, lord, secrétaire d'État aux Affaires des Dominions de Grande-Bretagne, 1945-47.
- AMMON, C. G.**, député, Parlement de Grande-Bretagne, 1935-44; président, mission de bienveillance à Terre-Neuve, juin-août 1943.
- ANGUS, H. F.**, conseiller spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures, 1941-45.
- ASHBOURNE, T. G. W.**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Ottawa, avril-oct. 1947.
- ATTLEE, Clement R.**, secrétaire d'État aux Affaires des Dominions de Grande-Bretagne, 1942-43; lord président du Conseil, 1943-45; premier ministre adjoint, 1942-45; premier ministre, 1945-50.
- BALDWIN, J. R.**, secrétaire adjoint du Cabinet, 1946-mars 1949; secrétaire, Comité du Cabinet sur Terre-Neuve, nov. 1946-déc. 1948; membre, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-juillet 1948; membre, Comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- BALLAM, C. H.**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Ottawa, avril-oct. 1947; ministre du Travail, gouvernement provisoire de Terre-Neuve, 1<sup>er</sup> avril-mai 1949.
- BATES, Stewart**, directeur général, recherche économique, ministère de la Reconstruction et des Approvisionnements, 1946-47; sous-ministre des Pêcheries, 1948-54; membre, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-juillet 1948; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- ABBOTT, D. C.**, Minister of National Defence for Naval Services, April 1945-Dec. 1946; Minister of National Defence, Aug. 1945-Dec. 1946; Minister of Finance, Dec. 1946-1954; member, Cabinet Committee on Newfoundland, Nov. 1946-Dec. 1948.
- ADDISON**, Lord, Secretary of State for Dominion Affairs of Great Britain, 1945-47.
- AMMON, C. G.**, Member of Parliament, Great Britain, 1935-44; Chairman, Goodwill Mission to Newfoundland, June-Aug. 1943.
- ANGUS, H. F.**, Special Wartime Assistant to Under-Secretary of State for External Affairs, 1941-45.
- ASHBOURNE, T. G. W.**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to Ottawa, April-Oct. 1947.
- ATTLEE, Clement R.**, Secretary of State for Dominion Affairs of Great Britain, 1942-43; Lord President of the Council, 1943-45; Deputy Prime Minister, 1942-45; Prime Minister, 1945-50.
- BALDWIN, J. R.**, Assistant Secretary to the Cabinet, 1946-March 1949; Secretary, Cabinet Committee on Newfoundland, Nov. 1946-Dec. 1948; member, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-July 1948; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- BALLAM, C. H.**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to Ottawa, April-Oct. 1947; Minister of Labour, Provisional Government of Newfoundland, April 1-May 1949.
- BATES, Stewart**, Director General, Economic Research, Department of Reconstruction and Supply, 1946-47; Deputy Minister of Fisheries, 1948-54; member, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-July 1948; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.

<sup>11</sup> Ceci est une sélection des principales personnalités canadiennes et de certaines personnalités de Terre-Neuve et de Grande-Bretagne souvent mentionnées dans les documents. Les notices biographiques se limitent aux fonctions qui se rapportent aux documents reproduits dans ce volume.

<sup>11</sup> This is a selection of important Canadian personalities and some personalities of Newfoundland and Great Britain often mentioned in the documents. The biographical details refer only to the positions pertinent to the documents printed herein.

- BRACKEN, John**, chef, parti Progressiste conservateur, 1942-oct. 1948; chef de l'Opposition à la Chambre des Communes, 1942-oct. 1948.
- BRADLEY, F. Gordon**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; président, nov. 1946-oct. 1947; président, délégation à Londres, mars-mai 1947; président, délégation à Ottawa, avril-oct. 1947; président, Association pour la Confédération de Terre-Neuve, 1948; membre, délégation de Terre-Neuve aux négociations des Conditions de l'union, août-déc. 1948; secrétaire d'État, 1<sup>er</sup> avril 1949-1953.
- BRIDGES, Frank**, ministre des Pêcheries, août 1945-août 1947; membre, Comité du Cabinet sur Terre-Neuve, nov. 1946-août 1947.
- BRIDLE, P. A.**, troisième secrétaire, haut commissariat à Terre-Neuve, sept. 1945-août 1946; membre, deuxième direction politique, ministère des Affaires extérieures, août 1946-jan. 1948; membre, direction du Commonwealth britannique, ministère des Affaires extérieures, jan.-mai 1948; secrétaire, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-mai 1948; deuxième secrétaire, haut commissariat à Terre-Neuve, mai 1948-mars 1949; haut commissaire par intérim à Terre-Neuve, mai-sept. 1948, mars 1949.
- BRITTON, J. C.**, secrétaire commercial, haut commissariat à Terre-Neuve, 1945-48.
- BURCHELL, C. J.**, haut commissaire à Terre-Neuve, sept. 1941-jan. 1944, sept. 1948-mars 1949.
- BURRY, le révérend Lester**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Ottawa, avril-oct. 1947.
- BUTT, A. B.**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Londres, mars-mai 1947.
- CANNON, A. E. L.**, troisième secrétaire, haut commissariat à Terre-Neuve, août 1946-nov. 1947; deuxième secrétaire, déc. 1947-avril 1948.
- CAREW, W. J.**, secrétaire de la Commission pour Terre-Neuve, 1934-mars 1949; greffier du Conseil exécutif de Terre-Neuve, avril-mai 1949.
- CASHIN, major P. J.**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Londres, mars-mai 1947; porte-parole de la Ligue pour le gouvernement responsable, 1946-49.
- BRACKEN, John**, Leader, Progressive Conservative Party, 1942-Oct. 1948; Leader of the Opposition in the House of Commons, 1942-Oct. 1948.
- BRADLEY, F. Gordon**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; Chairman, Nov. 1946-Oct. 1947; Chairman, Delegation to London, March-May 1947; Chairman, Delegation to Ottawa, April-Oct. 1947; President, Newfoundland Confederate Association, 1948; member, Delegation of Newfoundland to the Negotiations of the Terms of Union, Aug.-Dec. 1948; Secretary of State, April 1, 1949-1953.
- BRIDGES, Frank**, Minister of Fisheries, Aug. 1945-Aug. 1947; member, Cabinet Committee on Newfoundland, Nov. 1946-Aug. 1947.
- BRIDLE, P. A.**, Third Secretary, High Commission in Newfoundland, Sept. 1945-Aug. 1946; member, Second Political Division, Department of External Affairs, Aug. 1946-Jan. 1948; member, British Commonwealth Division, Department of External Affairs, Jan.-May 1948; Secretary, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-May 1948; Second Secretary, High Commission in Newfoundland, May 1948-March 1949; Acting High Commissioner in Newfoundland, May-Sept. 1948, March 1949.
- BRITTON, J. C.**, Commercial Secretary, High Commission in Newfoundland, 1945-48.
- BURCHELL, C. J.**, High Commissioner in Newfoundland, Sept. 1941-Jan. 1944, Sept. 1948-March 1949.
- BURRY, Reverend Lester**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to Ottawa, April-Oct. 1947.
- BUTT, A. B.**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to London, March-May 1947.
- CANNON, A. E. L.**, Third Secretary, High Commission in Newfoundland, Aug. 1946-Nov. 1947; Second Secretary, Dec. 1947-April 1948.
- CAREW, W. J.**, Secretary of the Commission of Government of Newfoundland, 1934-March 1949; Clerk of the Executive Council of Newfoundland, April-May 1949.
- CASHIN, Major P. J.**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to London, March-May 1947; spokesman for Responsible Government League, 1946-49.



- CHADWICK, G. W.** St. John, Dominions Office of Grande-Bretagne, 1940-46; secrétaire, mission de bienveillance à Terre-Neuve, juin-août 1943; mission à Terre-Neuve, fév.-mai 1946.
- CHEVRIER, Lionel**, ministre des Transports, 1945-54.
- CLAXTON, Brooke**, ministre de la Santé nationale et du Bien-être social, 1944-46; ministre de la Défense nationale, 1946-54; président adjoint, Comité du Cabinet sur Terre-Neuve, nov. 1946-déc. 1948.
- CLUTTERBUCK, P. A.**, secrétaire adjoint, Dominions Office de Grande-Bretagne, 1940-42; sous-secrétaire d'État adjoint aux Affaires des Dominions, 1942-avril 1946; haut commissaire de Grande-Bretagne, mai 1946-52.
- COLDWELL, M. J.**, chef, fédération du commonwealth coopératif (CCF), 1940-58.
- COYNE, J. E.**, assistant administratif des gouverneurs de la Banque du Canada, 1946-50; membre, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-juillet 1948; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- CRANBORNE, lord**, secrétaire d'État aux Affaires des Dominions de Grande-Bretagne, 1940-42, 1943-45.
- CROSBIE, Chesley A.**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Londres, mars-mai 1947; chef, parti pour l'union économique avec les États-Unis, 1948; membre, délégation de Terre-Neuve aux négociations des Conditions de l'union, août-déc. 1948.
- CRUMMEY, J. W.**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Ottawa, mai-oct. 1947.
- DREW, George**, chef, parti Progressiste conservateur, oct. 1948-56; chef de l'Opposition à la Chambre des Communes, oct. 1948-56.
- DRIEDGER, E. A.**, officier juridique, ministère de la Justice, 1946-55; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- DUNN, P. D. H.**, commissaire aux Ressources naturelles de Terre-Neuve, 1941-45.
- DUPLESSIS, Maurice**, premier ministre, province de Québec, 1944-59.
- CHADWICK, G. W.** St. John, Dominions Office of Great Britain, 1940-46; Secretary, Goodwill Mission to Newfoundland, June-Aug. 1943; mission to Newfoundland, Feb.-May 1946.
- CHEVRIER, Lionel**, Minister of Transport, 1945-54.
- CLAXTON, Brooke**, Minister of National Health and Welfare, 1944-46; Minister of National Defence, 1946-54; Deputy Chairman, Cabinet Committee on Newfoundland, Nov. 1946-Dec. 1948.
- CLUTTERBUCK, P. A.**, Assistant Secretary, Dominions Office of Great Britain, 1940-42; Assistant Under-Secretary of State for Dominion Affairs, 1942-April 1946; High Commissioner of Great Britain, May 1946-52.
- COLDWELL, M. J.**, Leader, Cooperative Commonwealth Federation (CCF), 1940-58.
- COYNE, J. E.**, Executive Assistant to the Governors of the Bank of Canada, 1946-50; member, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-July 1948; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- CRANBORNE, Lord**, Secretary of State for Dominion Affairs of Great Britain, 1940-42, 1943-45.
- CROSBIE, Chesley A.**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to London, March-May 1947; Leader, Party for Economic Union with the United States, 1948; member, Delegation of Newfoundland to the Negotiations of the Terms of Union, Aug.-Dec. 1948.
- CRUMMEY, J. W.**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to Ottawa, May-Oct. 1947.
- DREW, George**, Leader, Progressive Conservative Party, Oct. 1948-56; Leader of the Opposition in the House of Commons, Oct. 1948-56.
- DRIEDGER, E. A.**, Legal Officer, Department of Justice, 1946-55; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- DUNN, P. D. H.**, Commissioner for Natural Resources of Newfoundland, 1941-45.
- DUPLESSIS, Maurice**, Premier, Province of Québec, 1944-59.

- EMERSON**, sir Edward, commissaire à la Justice et à la Défense de Terre-Neuve, 1940-44; administrateur et juge-en-chef de Terre-Neuve, 1945-49.
- EMRYS-EVANS**, P. V., sous-secrétaire d'État parlementaire aux Affaires des Dominions de Grande-Bretagne, 1942-45.
- FOX**, C. F., président, Convention nationale de Terre-Neuve, sept.-nov. 1946.
- FUDGE**, Pierce, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Londres, mars-mai 1947.
- GARNER**, J. J. S., secrétaire privé du secrétaire d'État aux Affaires des Dominions de Grande-Bretagne, 1940-43; secrétaire principal, haut commissariat de Grande-Bretagne, 1943-46; haut commissaire adjoint de Grande-Bretagne, 1946-48; sous-secrétaire d'État adjoint aux Relations avec le Commonwealth de Grande-Bretagne, 1948-51.
- GIBSON**, Colin, ministre de la Défense nationale pour l'Air, mars 1945-déc. 1946; secrétaire d'État, déc. 1946-1<sup>er</sup> avril 1949; ministre des Mines et des Ressources, 1<sup>er</sup> avril 1949-50.
- GREGG**, M. F., ministre des Pêcheries, sept. 1947-jan. 1948; ministre des Affaires des anciens combattants, jan. 1948-août 1950; membre, Comité du Cabinet sur Terre-Neuve, sept. 1947-déc. 1948.
- GRUCHY**, Philip, vice-président, Anglo-Newfoundland Development Co. Ltd.; membre, délégation de Terre-Neuve aux négociations des Conditions de l'union, août-déc. 1948.
- GUSHUE**, Raymond, président, Commission des pêcheries de Terre-Neuve, 1936-52.
- HARRIS**, W. E., adjoint parlementaire du secrétaire d'État aux Affaires extérieures, oct. 1947-nov. 1948; adjoint parlementaire du Premier ministre, nov. 1948-avril 1949.
- HEENEY**, A. D. P., greffier du Conseil privé et secrétaire du Cabinet, 1940-49; sous-secrétaire d'État aux Affaires extérieures, avril 1949-52.
- HERBERT**, sir Alan P., député, Parlement de Grande-Bretagne, 1935-50; membre, mission de bienveillance à Terre-Neuve, juin-août 1943.
- HIGGINS**, G. F., membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Ottawa, avril-oct. 1947.
- EMERSON**, Sir Edward, Commissioner for Justice and Defence of Newfoundland, 1940-44; Administrator and Chief Justice of Newfoundland, 1945-49.
- EMRYS-EVANS**, P. V., Parliamentary Under-Secretary of State for Dominion Affairs of Great Britain, 1942-45.
- FOX**, C. F., Chairman, National Convention of Newfoundland, Sept.-Nov. 1946.
- FUDGE**, Pierce, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to London, March-May 1947.
- GARNER**, J. J. S., Private Secretary to Secretary of State for Dominion Affairs of Great Britain, 1940-43; Senior Secretary, High Commission of Great Britain, 1943-46; Deputy High Commissioner of Great Britain, 1946-48; Assistant Under-Secretary of State for Commonwealth Relations of Great Britain, 1948-51.
- GIBSON**, Colin, Minister of National Defence for Air, March 1945-Dec. 1946; Secretary of State, Dec. 1946-April 1, 1949; Minister of Mines and Resources, April 1, 1949-50.
- GREGG**, M. F., Minister of Fisheries, Sept. 1947-Jan. 1948; Minister of Veterans Affairs, Jan. 1948-Aug. 1950; member, Cabinet Committee on Newfoundland, Sept. 1947-Dec. 1948.
- GRUCHY**, Philip, Vice-President, Anglo-Newfoundland Development Co. Ltd.; member, Newfoundland Delegation to the Negotiations of the Terms of Union, Aug.-Dec. 1948.
- GUSHUE**, Raymond, Chairman, Newfoundland Fisheries Board, 1936-52.
- HARRIS**, W. E., Parliamentary Assistant to Secretary of State for External Affairs, Oct. 1947-Nov. 1948; Parliamentary Assistant to Prime Minister, Nov. 1948-April 1949.
- HEENEY**, A. D. P., Clerk of the Privy Council and Secretary to the Cabinet, 1940-49; Under-Secretary of State for External Affairs, April 1949-52.
- HERBERT**, Sir Alan P., Member of Parliament of Great Britain, 1935-50; member, Goodwill Mission to Newfoundland, June-Aug. 1943.
- HIGGINS**, G. F., member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to Ottawa, April-Oct. 1947.

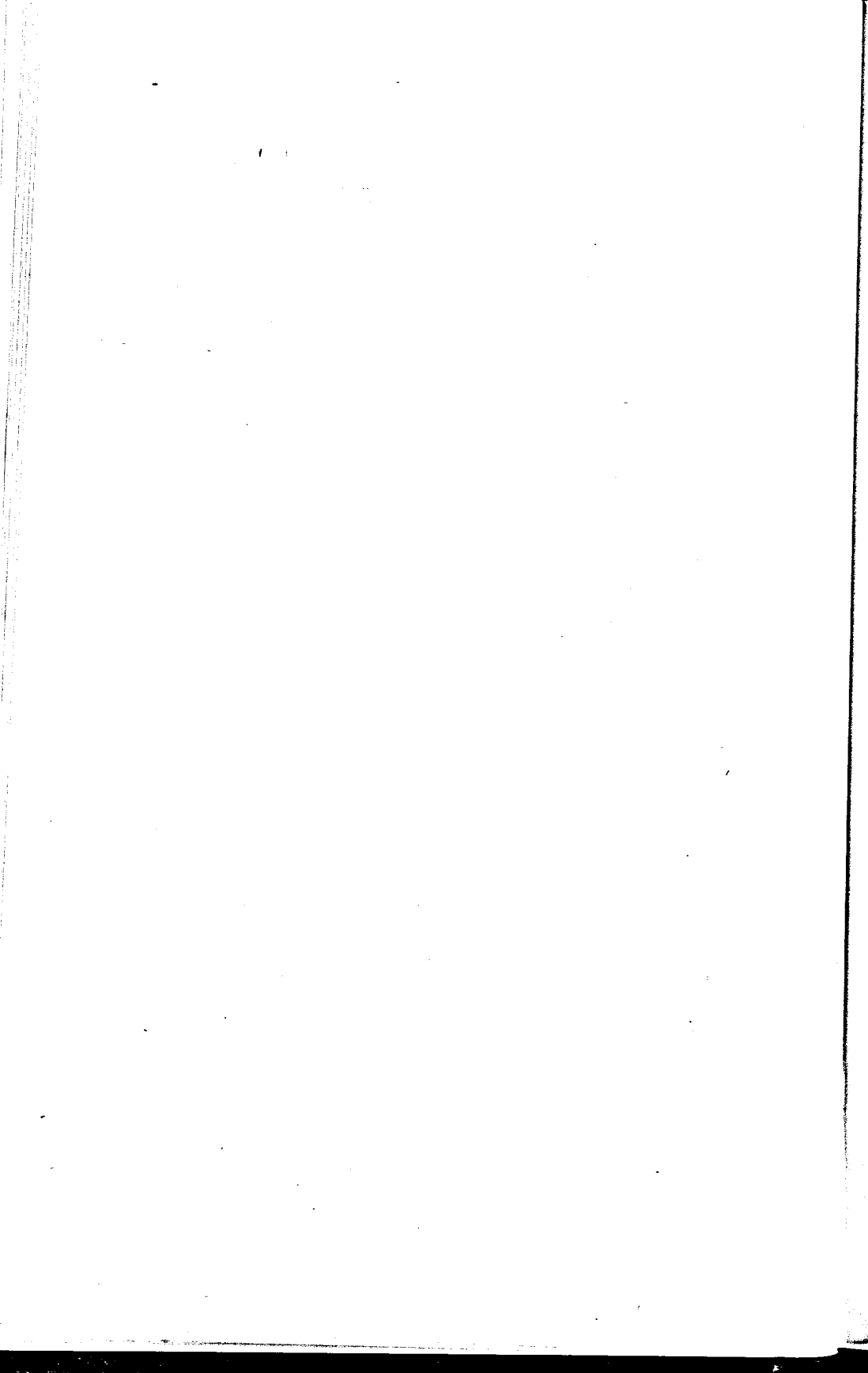
- HOCKIN, A. B.**, ministère des Finances; membre, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-juillet 1948; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- HOLLETT, Malcolm**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Londres, mars-mai 1947.
- HOLMES, S. L.**, haut commissaire adjoint de Grande-Bretagne, 1944-46.
- HOPKINS, E. R.**, conseiller juridique, ministère des Affaires extérieures, 1947-49; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- HORNE, H. R.**, ministère des Affaires extérieures; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- HOWE, C. D.**, ministre des Munitions et des Approvisionnements, avril 1940-déc. 1945; ministre de la Reconstruction, oct. 1944-déc. 1945; ministre de la Reconstruction et des Approvisionnements, jan. 1946-nov. 1948; ministre du Commerce, jan. 1948-57; membre, Comité du Cabinet sur Terre-Neuve, nov. 1946-déc. 1948.
- HOWES, J. E.**, adjoint administratif, Banque du Canada, 1948-49; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- ILSLEY, J. L.**, ministre des Finances, juillet 1940-déc. 1946; ministre de la Justice, déc. 1946-juin 1948; membre, Comité du Cabinet sur Terre-Neuve, nov. 1946-juin 1948.
- JAMIESON, Donald**, journaliste, Terre-Neuve, 1946-49; directeur de la campagne, parti pour l'union économique avec les États-Unis, 1948.
- JOB, R. B.**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Ottawa, avril-mai 1947.
- KEENLEYSIDE, H. L.**, sous-secrétaire d'État adjoint aux Affaires extérieures, 1941-44; haut commissaire par intérim à Terre-Neuve, jan.-avril 1944; sous-ministre des Mines et des Ressources, 1947-50.
- KEOUGH, W. J.**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Londres, mars-mai 1947; ministre des Ressources naturelles, gouvernement provisoire de Terre-Neuve, 1<sup>er</sup> avril-mai 1949.
- HOCKIN, A. B.**, Department of Finance; member, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-July 1948; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- HOLLETT, Malcolm**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to London, March-May 1947.
- HOLMES, S. L.**, Deputy High Commissioner of Great Britain, 1944-46.
- HOPKINS, E. R.**, Legal Adviser, Department of External Affairs, 1947-49; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- HORNE, H. R.**, Department of External Affairs; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- HOWE, C. D.**, Minister of Munitions and Supply, April 1940-Dec. 1945; Minister of Reconstruction, Oct. 1944-Dec. 1945; Minister of Reconstruction and Supply, Jan. 1946-Nov. 1948; Minister of Trade and Commerce, Jan. 1948-57; member, Cabinet Committee on Newfoundland, Nov. 1946-December 1948.
- HOWES, J. E.**, Administrative Assistant, Bank of Canada, 1948-49; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- ILSLEY, J. L.**, Minister of Finance, July 1940-Dec. 1946; Minister of Justice, Dec. 1946-June 1948; member, Cabinet Committee on Newfoundland, Nov. 1946-June 1948.
- JAMIESON, Donald**, broadcaster, Newfoundland, 1946-49; Campaign Manager, Economic Union With the United States Party, 1948.
- JOB, R. B.**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to Ottawa, April-May 1947.
- KEENLEYSIDE, H. L.**, Assistant Under-Secretary of State for External Affairs, 1941-44; Acting High Commissioner in Newfoundland, Jan.-April 1944; Deputy Minister of Mines and Resources, 1947-50.
- KEOUGH, W. J.**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to London, March-May 1947; Minister of Natural Resources, Provisional Government of Newfoundland, April 1-May 1949.

- KING, W. L. Mackenzie**, Premier ministre, 1935-15 nov. 1948; secrétaire d'État aux Affaires extérieures, 1935-4 sept. 1946.
- LESSARD, J. C.**, sous-ministre des Transports, 1948-54; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- MCCANN, J. J.**, ministre des Services de guerre nationaux, 1945-48; ministre du Revenu national, 1945-57; membre, Comité du Cabinet sur Terre-Neuve, nov. 1946-déc. 1948.
- MACDONALD, sir Gordon**, gouverneur de Terre-Neuve, 1946-mars 1949.
- MACDONALD, J. S.**, conseiller, ministère des Affaires extérieures, 1940-44; haut commissaire à Terre-Neuve, mai 1944-mai 1948.
- MACDONALD, Malcolm**, haut commissaire de Grande-Bretagne, 1941-46.
- MACDONALD, V. C.**, doyen, faculté de Droit, Université Dalhousie, Halifax, 1934-50; conseiller juridique, délégation de Terre-Neuve aux négociations des Conditions de l'union, août-déc. 1948.
- MCEVOY, J. B.**, président, Convention nationale de Terre-Neuve, oct. 1947-jan. 1948; membre, délégation de Terre-Neuve aux négociations des Conditions de l'union, août-déc. 1948.
- MACHTIG, sir Eric**, sous-secrétaire d'État permanent aux Affaires des Dominions de Grande-Bretagne, 1940-47; sous-secrétaire d'État permanent aux Relations avec le Commonwealth, 1947-48.
- MACKAY, R. A.**, conseiller spécial du sous-secrétaire d'État aux Affaires extérieures, 1943-oct. 1947; membre, deuxième direction politique, ministère des Affaires extérieures, 1945-oct. 1946; professeur, Université Dalhousie, Halifax, oct. 1946-sept. 1947; membre, deuxième direction politique, ministère des Affaires extérieures, sept. 1947-jan. 1948; chef, direction du Commonwealth britannique, ministère des Affaires extérieures, jan. 1948-52; membre, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-juillet 1948; président, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- MARSHALL, W. M.**, secrétaire aux Finances de Terre-Neuve, 1938-49; conseiller, délégation de Terre-Neuve aux négociations des Conditions de l'union, août-déc. 1948.
- MASSEY, Vincent**, haut commissaire en Grande-Bretagne, 1935-mai 1946.
- KING, W. L. Mackenzie**, Prime Minister, 1935-Nov. 15, 1948; Secretary of State for External Affairs, 1935-Sept. 4, 1946.
- LESSARD, J. C.**, Deputy Minister of Transport, 1948-54; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- MCCANN, J. J.**, Minister of National War Services, 1945-48; Minister of National Revenue, 1945-57; member, Cabinet Committee on Newfoundland, Nov. 1946-Dec. 1948.
- MACDONALD, Sir Gordon**, Governor of Newfoundland, 1946-March 1949.
- MACDONALD, J. S.**, Counsellor, Department of External Affairs, 1940-44; High Commissioner in Newfoundland, May 1944-May 1948.
- MACDONALD, Malcolm**, High Commissioner of Great Britain, 1941-46.
- MACDONALD, V. C.**, Dean, Law School, Dalhousie University, Halifax, 1934-50; Legal Adviser, Delegation of Newfoundland to the Negotiations of the Terms of Union, Aug.-Dec. 1948.
- MCEVOY, J. B.**, Chairman, National Convention of Newfoundland, oct. 1947-jan. 1948; member, Delegation of Newfoundland to the Negotiations of the Terms of Union, Aug.-Dec. 1948.
- MACHTIG, Sir Eric**, Permanent Under-Secretary of State for Dominion Affairs of Great Britain, 1940-47; Permanent Under-Secretary of State for Commonwealth Relations, 1947-48.
- MACKAY, R. A.**, Special Assistant to Under-Secretary of State for External Affairs, 1943-Oct. 1947; member, Second Political Division, Department of External Affairs, 1945-Oct. 1946; Professor, Dalhousie University, Halifax, Oct. 1946-Sept. 1947; member, Second Political Division, Department of External Affairs, Sept. 1947-Jan. 1948; Head, British Commonwealth Division, Department of External Affairs, Jan. 1948-52; member, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-July 1948; Chairman, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- MARSHALL, W. M.**, Secretary for Finance of Newfoundland, 1938-49; Adviser, Delegation of Newfoundland to the Negotiations of the Terms of Union, Aug.-Dec. 1948.
- MASSEY, Vincent**, High Commissioner in Great Britain, 1935-May 1946.

- MAYHEW, R. W.**, ministre des Pêcheries, juin 1948-52; membre, Comité du Cabinet sur Terre-Neuve, sept.-déc. 1948.
- MAYHEW, R. W.**, Minister of Fisheries, June 1948-52; member, Cabinet Committee on Newfoundland, Sept.-Dec. 1948.
- NEAL, A. L.**, ministère du Commerce; membre, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-juillet 1948.
- NEAL, A. L.**, Department of Trade and Commerce; member, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-July 1948.
- NOEL-BAKER, Philip**, secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne, 1947-50.
- NOEL-BAKER, Philip**, Secretary of State for Commonwealth Relations of Great Britain, 1947-50.
- PEARSON, L. B.**, sous-secrétaire d'État adjoint aux Affaires extérieures, 1941-42; ministre-conseiller, légation aux États-Unis, 1942-44; ministre aux États-Unis, 1944-45; ambassadeur aux États-Unis, 1945-46; sous-secrétaire d'État aux Affaires extérieures, oct. 1946-10 sept. 1948; secrétaire d'État aux Affaires extérieures, 10 sept. 1948-57; membre, Comité du Cabinet sur Terre-Neuve, sept.-déc. 1948.
- PEARSON, L. B.**, Assistant Under-Secretary of State for External Affairs, 1941-42; Minister-Counsellor, Legation in United States, 1942-44; Minister in United States, 1944-45; Ambassador in United States, 1945-46; Under-Secretary of State for External Affairs, Oct. 1946-Sept. 10, 1948; Secretary of State for External Affairs, Sept. 10, 1948-57; member, Cabinet Committee on Newfoundland, Sept.-Dec. 1948.
- PELLETIER, Paul**, Bureau du Conseil privé; secrétaire adjoint, Comité du Cabinet sur Terre-Neuve, sept.-déc. 1948; secrétaire, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- PELLETIER, Paul**, Privy Council Office; Assistant Secretary, Cabinet Committee on Newfoundland, Sept.-Dec. 1948; Secretary, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- PICKERSGILL, J. W.**, secrétaire particulier du secrétaire d'État aux Affaires extérieures, 1942-juin 1945; adjoint spécial du Premier ministre, juin 1945-52.
- PICKERSGILL, J. W.**, Private Secretary to Secretary of State for External Affairs, 1942-June 1945; Special Assistant to the Prime Minister, June 1945-52.
- POTTLE, H. L.**, commissaire aux Affaires intérieures et à l'Éducation de Terre-Neuve, 1947-mars 1949; ministre du Bien-être, gouvernement provisoire de Terre-Neuve, 1<sup>er</sup> avril-mai 1949.
- POTTLE, H. L.**, Commissioner for Home Affairs and Education of Newfoundland, 1947-March 1949; Minister of Welfare, Provisional Government of Newfoundland, April 1-May 1949.
- PUDDESTER, H. G.**, secrétaire à la Justice de Terre-Neuve, 1944-49; conseiller, délégation de Terre-Neuve aux négociations des Conditions de l'union, août-déc. 1948.
- PUDDESTER, H. G.**, Secretary for Justice of Newfoundland, 1944-49; adviser, Delegation of Newfoundland to the Negotiations of the Terms of Union, Aug.-Dec. 1948.
- PUDDESTER, sir John**, commissaire à la Santé publique et au Bien-être social, 1934-47; vice-président, Commission pour Terre-Neuve, 1934-47.
- PUDDESTER, Sir John**, Commissioner for Public Health and Welfare of Newfoundland, 1934-47; Vice-Chairman, Commission of Government of Newfoundland, 1934-47.
- QUINTON, H. W.**, commissaire aux Affaires intérieures et à l'Éducation de Terre-Neuve, jan.-sept. 1947; commissaire à la Santé publique et au Bien-être social, sept. 1947-mars 1949; ministre de la Santé publique, gouvernement provisoire de Terre-Neuve, 1<sup>er</sup> avril-mai 1949.
- QUINTON, H. W.**, Commissioner for Home Affairs and Education of Newfoundland, Jan.-Sept. 1947; Commissioner for Public Health and Welfare, Sept. 1947-March 1949; Minister of Public Health, Provisional Government of Newfoundland, April-May 1949.
- RASMINSKY, Louis**, adjoint administratif des gouverneurs de la Banque du Canada, 1943-54.
- RASMINSKY, Louis**, Executive Assistant to the Governors of the Bank of Canada, 1943-54.

- REID, Escott**, conseiller, haut commissariat en Grande-Bretagne, 1945-46; chef, deuxième direction politique, ministère des Affaires extérieures, fév. 1946-jan. 1948; sous-secrétaire d'État adjoint aux Affaires extérieures, avril 1947-sept. 1948; sous-secrétaire d'État suppléant aux Affaires extérieures, sept. 1948-52; sous-secrétaire d'État par intérim aux Affaires extérieures, sept. 1948-49.
- ROBERTSON, N. A.**, sous-secrétaire d'État aux Affaires extérieures, 1941-sept. 1946; haut commissaire en Grande-Bretagne, oct. 1946-fév. 1949; greffier du Conseil privé et secrétaire du Cabinet, mars 1949-52.
- ROBERTSON, McL. W.**, chef du gouvernement au Sénat, 1945-53; ministre sans portefeuille, 1945-53; membre, Comité du Cabinet sur Terre-Neuve, nov. 1946-sept. 1948.
- ST. LAURENT, Louis S.**, ministre de la Justice, déc. 1941-9 déc. 1946; secrétaire d'État aux Affaires extérieures, 4 sept. 1946-10 sept. 1948; ministre de la Justice, 1<sup>er</sup> juillet-15 nov. 1948; Premier ministre, 15 nov. 1948-57; président, Comité du Cabinet sur Terre-Neuve, nov. 1946-déc. 1948.
- SHARP, M. W.**, directeur, direction de la politique économique, ministère des Finances, 1947-51; membre, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-juillet 1948; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- SKELTON, D. A.**, conseiller de recherche, Banque du Canada, 1945-48; sous-ministre adjoint, ministère du Commerce, 1948-50; directeur général, section de la recherche économique, ministère de la Reconstruction et des Approvisionnements, 1948-49; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- SMALLWOOD, J. R.**, membre, Convention nationale de Terre-Neuve, sept. 1946-jan. 1948; membre, délégation à Ottawa, avril-oct. 1947; directeur de la campagne, Association pour la Confédération de Terre-Neuve, 1948; membre, délégation de Terre-Neuve aux négociations des Conditions de l'Union, août-déc. 1948; premier ministre et ministre du Développement industriel, gouvernement provisoire de Terre-Neuve, 1<sup>er</sup> avril-mai 1949.
- STEIN, C.**, officier juridique, ministère de la Justice, 1940-47; sous-ministre adjoint de la Justice, 1948-49; membre, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-juillet 1948; membre, comité de direction, Comité interministériel sur Terre-Neuve, août 1948-mars 1949.
- REID, Escott**, Counsellor, High Commission in Great Britain, 1945-46; Head, Second Political Division, Department of External Affairs, Feb. 1946-Jan. 1948; Assistant Under-Secretary of State for External Affairs, April 1947-Sept. 1948; Deputy Under-Secretary of State for External Affairs, Sept. 1948-52; Acting Under-Secretary of State for External Affairs, Sept. 1948-49.
- ROBERTSON, N. A.**, Under-Secretary of State for External Affairs, 1941-Sept. 1946; High Commissioner in Great Britain, Oct. 1946-Feb. 1949; Clerk of the Privy Council and Secretary to the Cabinet, March 1949-52.
- ROBERTSON, McL. W.**, Government Leader in the Senate, 1945-53; Minister without Portfolio, 1945-53; member, Cabinet Committee on Newfoundland, Nov. 1946-Sept. 1948.
- ST. LAURENT, Louis S.**, Minister of Justice, Dec. 1941-Dec. 9, 1946; Secretary of State for External Affairs, Sept. 4, 1946-Sept. 10, 1948; Minister of Justice, July 1-Nov. 15, 1948; Prime Minister, Nov. 15, 1948-57; Chairman, Cabinet Committee on Newfoundland, Nov. 1946-Dec. 1948.
- SHARP, M. W.**, Director, Economic Policy Division, Department of Finance, 1947-51; member, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-July 1948; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- SKELTON, D. A.**, Research Adviser, Bank of Canada, 1945-48; Assistant Deputy Minister, Department of Trade and Commerce, 1948-50; Director General, Economic Research Branch, Department of Reconstruction and Supply, 1948-49; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.
- SMALLWOOD, J. R.**, member, National Convention of Newfoundland, Sept. 1946-Jan. 1948; member, Delegation to Ottawa, April-Oct. 1947; Campaign Manager, Newfoundland Confederate Association, 1948; member, Delegation of Newfoundland to the Negotiations of the Terms of Union, Aug.-Dec. 1948; Premier and Minister of Industrial Development, Provisional Government of Newfoundland, April 1-May 1949.
- STEIN, C.**, Legal Officer, Department of Justice, 1940-47; Assistant Deputy Minister of Justice, 1948-49; member, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-July 1948; member, Steering Committee, Interdepartmental Committee on Newfoundland, Aug. 1948-March 1949.

- THOMPSON, J. C.**, conseiller financier, délégation de Terre-Neuve aux négociations des Conditions de l'union, août-déc. 1948.
- VARCOE, F. P.**, sous-ministre de la Justice, 1942-57.
- WALSH, sir Albert**, commissaire aux Affaires intérieures et à l'Éducation de Terre-Neuve, 1944-47; commissaire à la Justice et à la Défense, 1947-49; président, délégation de Terre-Neuve aux négociations des Conditions de l'union, août-déc. 1948; lieutenant-gouverneur de Terre-Neuve, 1<sup>er</sup> avril-sept. 1949.
- WALWYN**, vice-amiral sir Humphrey, gouverneur de Terre-Neuve, 1936-46.
- WATTS, E. S.**, Banque du Canada; membre, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-juillet 1948.
- WERSHOF, M. H.**, membre, direction juridique, ministère des Affaires extérieures, avril 1946-déc. 1947; membre, Comité interministériel sur les relations entre le Canada et Terre-Neuve, nov. 1946-déc. 1947; conseiller, haut commissariat en Grande-Bretagne, jan. 1948-50.
- WILD, Ira**, commissaire aux Finances de Terre-Neuve, 1941-46.
- WINTER, G. A.**, directeur, T. and M. Winter Ltd.; membre, délégation de Terre-Neuve aux négociations des Conditions de l'union, août-déc. 1948; ministre des Finances, gouvernement provisoire de Terre-Neuve, 1<sup>er</sup> avril-mai 1949.
- WINTER, H. A.**, commissaire aux Affaires intérieures et à l'Éducation de Terre-Neuve, 1941-44; commissaire à la Justice et à la Défense, 1945-47; juge, Cour suprême de Terre-Neuve, 1947-49.
- WRONG, H. H.**, sous-secrétaire d'État adjoint aux Affaires extérieures, 1942-44; sous-secrétaire d'État associé aux Affaires extérieures, 1944-46; ambassadeur aux États-Unis, 1946-53.
- THOMPSON, J. C.**, Financial Adviser, Delegation of Newfoundland to the Negotiations of the Terms of Union, Aug.-Dec. 1948.
- VARCOE, F. P.**, Deputy Minister of Justice, 1942-57.
- WALSH, Sir Albert**, Commissioner for Home Affairs and Education of Newfoundland, 1944-47; Commissioner for Justice and Defence, 1947-49; Chairman, Delegation of Newfoundland to the Negotiations of the Terms of Union, Aug.-Dec. 1948; Lieutenant-Governor of Newfoundland, April 1-Sept. 1949.
- WALWYN, Vice-Admiral Sir Humphrey**, Governor of Newfoundland, 1936-46.
- WATTS, E. S.**, Bank of Canada; member, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-July 1948.
- WERSHOF, M. H.**, member, Legal Division, Department of External Affairs, April 1946-Dec. 1947; member, Interdepartmental Committee on Canada-Newfoundland Relations, Nov. 1946-Dec. 1947; Counsellor, High Commission in Great Britain, Jan. 1948-50.
- WILD, Ira**, Commissioner for Finance of Newfoundland, 1941-46.
- WINTER, G. A.**, Director, T. and M. Winter Ltd.; member, Delegation of Newfoundland to the Negotiations of the Terms of Union, Aug.-Dec. 1948; Minister of Finance, Provisional Government of Newfoundland, April 1-May 1949.
- WINTER, H. A.**, Commissioner for Home Affairs and Education of Newfoundland, 1941-44; Commissioner for Justice and Defence, 1945-47; Judge, Supreme Court of Newfoundland, 1947-49.
- WRONG, H. H.**, Assistant Under-Secretary of State for External Affairs, 1942-44; Associate Under-Secretary of State for External Affairs, 1944-46; Ambassador in United States, 1946-53.





**LISTE DES PERSONNALITÉS  
(EN-TÊTES)<sup>12</sup>  
LIST OF PERSONS  
(CAPTIONS)<sup>12</sup>**

**CHEF, LA DEUXIÈME DIRECTION POLITIQUE:** Escott Reid, février 1946-janvier 1948.

**CHEF, LA DIRECTION DU COMMONWEALTH BRITANNIQUE:** R. A. MacKay, janvier 1948-1952.

**COMITÉ DE DIRECTION, COMITÉ INTER-MINISTÉRIEL SUR TERRE-NEUVE (1948):** R. A. MacKay, président, E. R. Hopkins, H. R. Horne, J. E. Coyne, J. Howes, M. W. Sharp, A. B. Hockin, S. Bates, C. Stein, E. A. Driedger, A. Skelton, J. C. Les-sard, J. R. Baldwin, Paul Pelletier.<sup>15</sup>

**COMITÉ DU CABINET SUR TERRE-NEUVE (1947):** L. S. St. Laurent, président, Brooke Claxton, J. L. Ilsley, C. D. Howe, D. C. Abbott, J. J. McCann, sénateur W. McL. Robertson, Frank Bridges, M. F. Gregg (septembre).<sup>17</sup>

**ACTING HIGH COMMISSIONER IN NEWFOUNDLAND:** H. L. Keenleyside, January-April 1944; P. A. Bridle, May-September 1948.<sup>13</sup>

**CABINET COMMITTEE ON NEWFOUNDLAND (1947):** L. S. St. Laurent, Chairman, Brooke Claxton, J. L. Ilsley, C. D. Howe, D. C. Abbott, J. J. McCann, Senator W. McL. Robertson, Frank Bridges, M. F. Gregg (September).<sup>14</sup>

**CABINET COMMITTEE ON NEWFOUNDLAND (1948):** L. S. St. Laurent, Chairman, C. D. Howe, Brooke Claxton, D. C. Abbott, J. J. McCann, M. F. Gregg, R. W. Mayhew, L. B. Pearson.<sup>16</sup>

**DELEGATION OF NEWFOUNDLAND TO THE NEGOTIATIONS OF THE TERMS OF UNION:** A. J. Walsh, Chairman, F. G. Bradley, C. A. Crosbie, Philip Gruchy, J. B. McEvoy, J. R. Smallwood, G. A. Winter.<sup>18</sup>

<sup>12</sup> Cette sélection d'en-têtes, en ordre alphabétique, permettra au lecteur d'identifier les titulaires des postes importants et les membres des comités et des délégations lorsque le texte ou les notes ne donnent pas ces renseignements.

<sup>13</sup> The list indicates only Acting High Commissioners who replaced High Commissioners pending the arrival of their successors.

<sup>14</sup> The members of sub-committees during discussions with the Delegation to Ottawa of the National Convention are listed in the enclosure of Document 421.

<sup>15</sup> Pour une liste des membres et des sous-comités du Comité interministériel, voir la pièce jointe 2 du document 740.

<sup>16</sup> For the list of members of the sub-committees during the negotiations of the Terms of Union, see Appendix H.

<sup>17</sup> Les membres des sous-comités lors des discussions avec la Délégation à Ottawa de la Convention nationale sont indiqués dans la pièce jointe du document 421.

<sup>18</sup> See footnote 16.

<sup>12</sup> This selection of captions listed in alphabetical order will enable readers to identify incumbents of important positions and the members of committees and delegations when the text or footnotes do not provide this information.

- COMITÉ DU CABINET SUR TERRE-NEUVE (1948):** L. S. St. Laurent, président, C. D. Howe, Brooke Claxton, D. C. Abbott, J. J. McCann, M. F. Gregg, R. W. Mayhew, L. B. Pearson.<sup>19</sup>
- COMITÉ INTERMINISTÉRIEL SUR LES RELATIONS ENTRE LE CANADA ET TERRE-NEUVE (1946-1947):** R. A. MacKay, M. H. Wershof, P. A. Bridle, J. R. Baldwin, M. W. Sharp, A. B. Hockin, S. Bates, C. Stein, J. E. Coyne, G. S. Watts.
- COMITÉ INTERMINISTÉRIEL SUR TERRE-NEUVE (1948):** Voir Comité de direction.
- DÉLÉGATION À LONDRES DE LA CONVENTION NATIONALE DE TERRE-NEUVE:** F. G. Bradley, président, A. B. Butt, W. J. Keough, P. J. Cashin, M. M. Hollett, C. A. Crosbie, Pierce Fudge.
- DÉLÉGATION À OTTAWA DE LA CONVENTION NATIONALE DE TERRE-NEUVE:** F. G. Bradley, président, T. G. W. Ashbourne, C. H. Ballam, le révérend Lester Burry, J. W. Crummey, G. F. Higgins, J. R. Smallwood.<sup>21</sup>
- DÉLÉGATION DE TERRE-NEUVE AUX NÉGOCIATIONS DES CONDITIONS DE L'UNION:** A. J. Walsh, président, F. G. Bradley, C. A. Crosbie, Philip Gruchy, J. B. McEvoy, J. R. Smallwood, G. A. Winter.<sup>22</sup>
- GOUVERNEUR DE TERRE-NEUVE:** vice-amiral sir Humphrey Walwyn, 1936-1946; sir Gordon Macdonald, 1946-mars 1949.
- HAUT COMMISSAIRE À TERRE-NEUVE:** C. J. Burchell, septembre 1941-janvier 1944; par intérim, H. L. Keenleyside, janvier-avril 1944; J. S. Macdonald, mai 1944-mai 1948; par intérim, P. A. Bridle, mai-septembre 1948; C. J. Burchell, septembre 1948-mars 1949.<sup>24</sup>
- DELEGATION TO LONDON OF THE NATIONAL CONVENTION OF NEWFOUNDLAND:** F. G. Bradley, Chairman, A. B. Butt, W. J. Keough, P. J. Cashin, M. M. Hollett, C. A. Crosbie, Pierce Fudge.
- DELEGATION TO OTTAWA OF THE NATIONAL CONVENTION OF NEWFOUNDLAND:** F. G. Bradley, Chairman, T. G. W. Ashbourne, C. H. Ballam, Reverend Lester Burry, J. W. Crummey, G. F. Higgins, J. R. Smallwood.<sup>20</sup>
- DOMINIONS SECRETARY:** See Secretary of State for Dominion Affairs of Great Britain.
- GOVERNOR OF NEWFOUNDLAND:** Vice-Admiral Sir Humphrey Walwyn, 1936-1946; Sir Gordon Macdonald, 1946-March 1949.
- HEAD, BRITISH COMMONWEALTH DIVISION:** R. A. MacKay, January 1948-1952.
- HEAD, SECOND POLITICAL DIVISION:** Escott Reid, February 1946-January 1948.
- HIGH COMMISSIONER IN NEWFOUNDLAND:** C. J. Burchell, September 1941-January 1944; Acting, H. L. Keenleyside, January-April 1944; J. S. Macdonald, May 1944-May 1948; Acting, P. A. Bridle, May-September 1948; C. J. Burchell, September 1948-March 1949.<sup>23</sup>
- INTERDEPARTMENTAL COMMITTEE ON CANADA-NEWFOUNDLAND RELATIONS (1946-1947):** R. A. MacKay, M. H. Wershof, P. A. Bridle, J. R. Baldwin, M. W. Sharp, A. B. Hockin, S. Bates, C. Stein, J. E. Coyne, G. S. Watts.
- INTERDEPARTMENTAL COMMITTEE ON NEWFOUNDLAND (1948):** See Steering Committee.

<sup>19</sup> Pour la liste des membres des sous-comités lors des négociations des Conditions de l'union, voir l'appendice H.

<sup>20</sup> See footnote 14.

<sup>21</sup> Voir la note 17.

<sup>22</sup> Voir la note 19.

<sup>23</sup> See footnote 13.

<sup>24</sup> La liste indique seulement les hauts commissaires par intérim qui ont remplacé le haut commissaire en attendant l'arrivée de son successeur.

**HAUT COMMISSAIRE PAR INTÉRIM À TERRE-NEUVE:** H. L. Keenleyside, janvier-avril 1944; P. A. Bridle, mai-septembre 1948.<sup>25</sup>

**PREMIER MINISTRE:** W. L. Mackenzie King, octobre 1935-15 novembre 1948; L. S. St. Laurent, 15 novembre 1948-juin 1957.

**PREMIER MINISTRE DE GRANDE-BRETAGNE:** Winston S. Churchill, 1940-1945; Clement R. Attlee, 1945-1950.

**REPRÉSENTANTS DU GOUVERNEMENT DU CANADA:** Voir Comité du Cabinet sur Terre-Neuve (1947).

**SECRÉTAIRE AUX DOMINIONS:** Voir Secrétaire d'État aux Affaires des Dominions de Grande-Bretagne.

**SECRÉTAIRE D'ÉTAT AUX AFFAIRES DES DOMINIONS DE GRANDE-BRETAGNE:** lord Cranborne, 1940-1942; Clement Attlee, 1942-1943; lord Cranborne, 1943-1945; vicomte Addison, 1945-1947.

**SECRÉTAIRE D'ÉTAT AUX AFFAIRES EXTÉRIEURES:** W. L. Mackenzie King, octobre 1935-4 septembre 1946; L. S. St. Laurent, 4 septembre 1946-10 septembre 1948; L. B. Pearson, 10 septembre 1948-juin 1957.

**SECRÉTAIRE D'ÉTAT AUX RELATIONS AVEC LE COMMONWEALTH DE GRANDE-BRETAGNE:** Philip Noel-Baker, 1947-1950.

**PRIME MINISTER:** W. L. Mackenzie King, October 1935-November 15, 1948; L. S. St. Laurent, November 15, 1948-June 1957.

**PRIME MINISTER OF GREAT BRITAIN:** Winston S. Churchill, 1940-1945; Clement R. Attlee, 1945-1950.

**REPRESENTATIVES OF GOVERNMENT OF CANADA:** See Cabinet Committee on Newfoundland (1947).

**SECRETARY OF STATE FOR COMMONWEALTH RELATIONS OF GREAT BRITAIN:** Philip Noel-Baker, 1947-1950.

**SECRETARY OF STATE FOR DOMINION AFFAIRS OF GREAT BRITAIN:** Lord Cranborne, 1940-1942; Clement Attlee, 1942-1943; Lord Cranborne, 1943-1945; Viscount Addison, 1945-1947.

**SECRETARY OF STATE FOR EXTERNAL AFFAIRS:** W. L. Mackenzie King, October 1935-September 4, 1946; L. S. St. Laurent, September 4, 1946-September 10, 1948; L. B. Pearson, September 10, 1948-June 1957.

**STEERING COMMITTEE, INTERDEPARTMENTAL COMMITTEE ON NEWFOUNDLAND (1948):** R. A. MacKay, Chairman, E. R. Hopkins, H. R. Horne, J. E. Coyne, J. E. Howes, M. W. Sharp, A. B. Hockin, S. Bates, C. Stein, E. A. Driedger, A. Skelton, J. C. Lessard, J. R. Baldwin, Paul Pelletier.<sup>26</sup>

<sup>25</sup> Voir la note 24.

<sup>26</sup> For a list of the members and sub-committees of the Interdepartmental Committee, see enclosure 2 of Document 740.

## ILLUSTRATIONS

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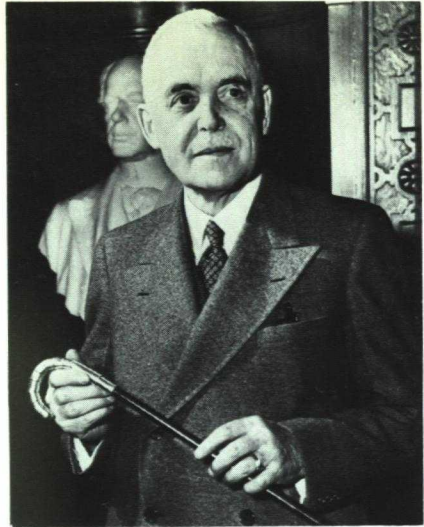
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W. L. Mackenzie King



C-8099

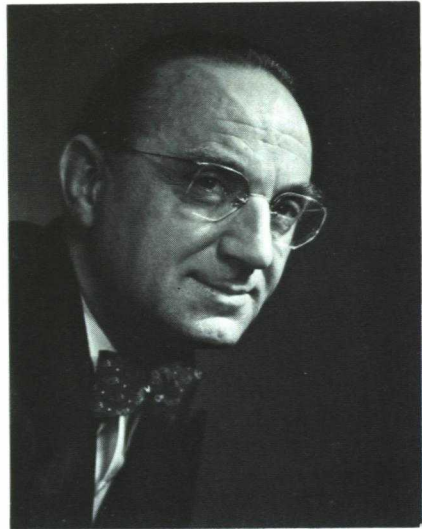
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F. G. Bradley



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P. J. Cashin



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J. B. McEvoy



C-23130

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R. A. MacKay



Newfoundland Historical Society

C. J. Burchell



Newfoundland Historical Society

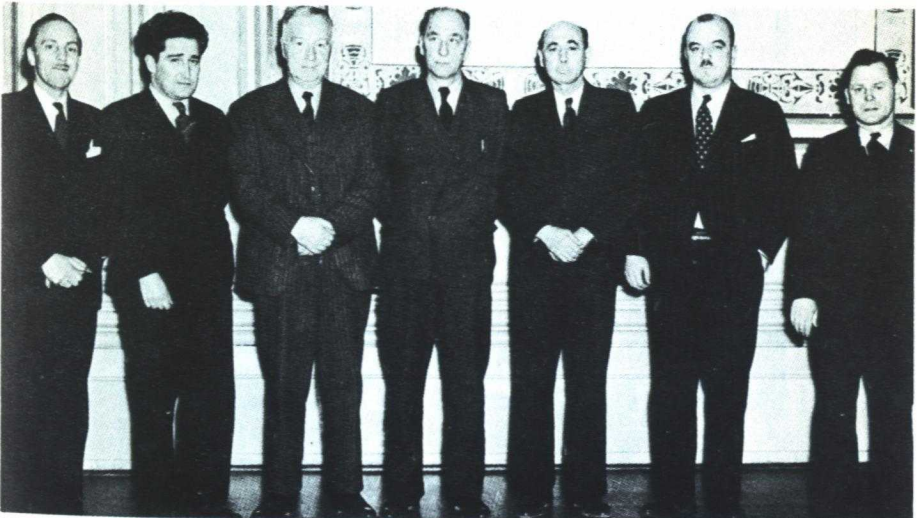
J. S. Macdonald



Provincial Archives of Newfoundland and Labrador

Les membres de la Commission pour Terre-Neuve, septembre 1947 à mars 1949. De g. à d.: H. W. Quinton, commissaire à la Santé publique et au Bien-être social; R. L. M. James, commissaire aux Finances; A. J. Walsh, commissaire à la Justice et à la Défense; sir Gordon Macdonald, gouverneur de Terre-Neuve et président de la Commission; W. H. Finn, commissaire aux Ressources naturelles; J. S. Neill, commissaire aux Services publics et aux Approvisionnement; H. L. Pottle, commissaire aux Affaires intérieures et à l'Éducation. Debout: W. J. Carew, secrétaire.

Members of the Commission of Government of Newfoundland, September 1947 to March 1949. L. to r.: H. W. Quinton, Commissioner for Public Health and Welfare; R. L. M. James, Commissioner for Finance; A. J. Walsh, Commissioner for Justice and Defence; Sir Gordon Macdonald, Governor of Newfoundland and Chairman of Commission; W. H. Finn, Commissioner for Natural Resources; J. S. Neill, Commissioner for Public Utilities and Supply; H. L. Pottle, Commissioner for Home Affairs and Education. Standing: W. J. Carew, Secretary.

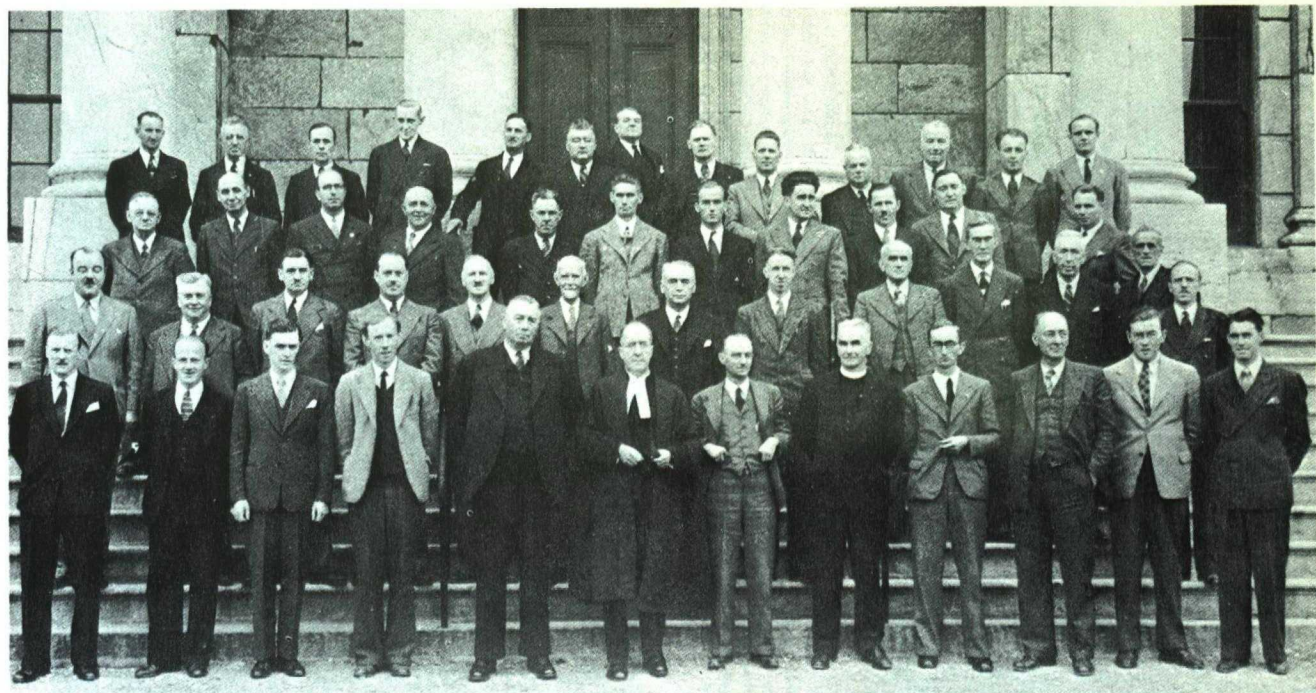


Book of Newfoundland, Vol. III

Les membres de la délégation à Londres de la Convention nationale de Terre-Neuve, mai 1947. De g. à d.: A. B. Butt, W. J. Keough, P. J. Cashin, F. G. Bradley, Malcolm Hollett, C. A. Crosbie, Pierce Fudge.

Members of the Delegation to London of the National Convention of Newfoundland, May 1947. L. to r. A. B. Butt, W. J. Keough, P. J. Cashin, F. G. Bradley, Malcolm Hollett, C. A. Crosbie, Pierce Fudge.





Book of Newfoundland, Vol. III

Les membres de la Convention nationale de Terre-Neuve:

Members of the National Convention of Newfoundland:

PREMIÈRE RANGÉE — FIRST ROW

Gordon Warren (secrétaire/secretary); Joseph Fowler (Port de Grave); Francis Ryan (secrétaire adjoint/assistant secretary); le professeur/Professor Wheare (conseiller politique/political adviser); K. M. Brown (Bonavista South); le juge/Judge C. F. Fox (président/chairman); J. R. Smallwood (Bonavista Centre); le révérend/Reverend Lester Burry (Labrador); Alfred Watton (Fogo); F. Gordon Bradley (Bonavista East); Isaac Newell (White Bay); Michael Harrington (St. John's West).

DEUXIÈME RANGÉE — SECOND ROW

Chesley A. Crosbie (St. John's West); Edmund C. Cranford (Trinity Centre); Charles H. Ballam (Humber); Edgar L. Hickman (St. John's East); Thomas Ashbourne (Twillingate); R. B. Job (St. John's East); Roland G. Starks (Green Bay); Michael J. McCarthy (Port au Port); Wellington Crummey (Bay de Verde); Colin G. Jones (Harbour Grace); Albert F. Penney (Carbonear); J. Hamman (Harbour Main); A. B. Butt (St. John's West Extern).

TROISIÈME RANGÉE — THIRD ROW

Kenneth M. MacDonald (Grand Falls); Malcolm Hollett (Grand Falls); Reuben T. Vardy (Trinity North); Charles L. Bailey (Trinity South); John T. Spencer (Hermitage); John J. MacCormick (St. Mary's); Francis L. Ryan (Placentia West); William J. Keough (St. George's); Frank D. Fogwill (St. John's East Extern); Edmund P. Reddy (Burin East); Leonard J. Miller (Placentia East).

QUATRIÈME RANGÉE — FOURTH ROW

Edgar Roberts (St. Barbe); Percy Figary (Burgeo West); D. J. Jackman (Bell Island); Gordon F. Higgins (St. John's East); Daniel Hillier (Burin West); William J. Banfield (Fortune Bay); Wilfred Dawe (Bay Roberts); Pierce Fudge (Humber); Archibald Northcott (Lewisporte); Frederick Goodyear (Ferryland); Peter J. Cashin (St. John's West); Samuel E. Vincent (Bonavista North); Thomas Kennedy (Harbour Main).



PA-128075

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Le secrétaire d'État aux Affaires extérieures, L. S. St. Laurent, accueille les membres de la délégation à Ottawa de la Convention nationale à leur arrivée à Ottawa le 24 juin 1947. De g. à d.: G. F. Higgins, J. R. Smallwood, T. G. W. Ashbourne, L. S. St. Laurent, F. G. Bradley, le révérend Lester Burry, C. H. Ballam, J. W. Crummey.

The Secretary of State for External Affairs, L. S. St. Laurent, greets the members of the Delegation to Ottawa of the National Convention on their arrival in Ottawa on June 24, 1947. L. to r.: G. F. Higgins, J. R. Smallwood, T. G. W. Ashbourne, L. S. St. Laurent, F. G. Bradley, Reverend Lester Burry, C. H. Ballam, J. W. Crummey.

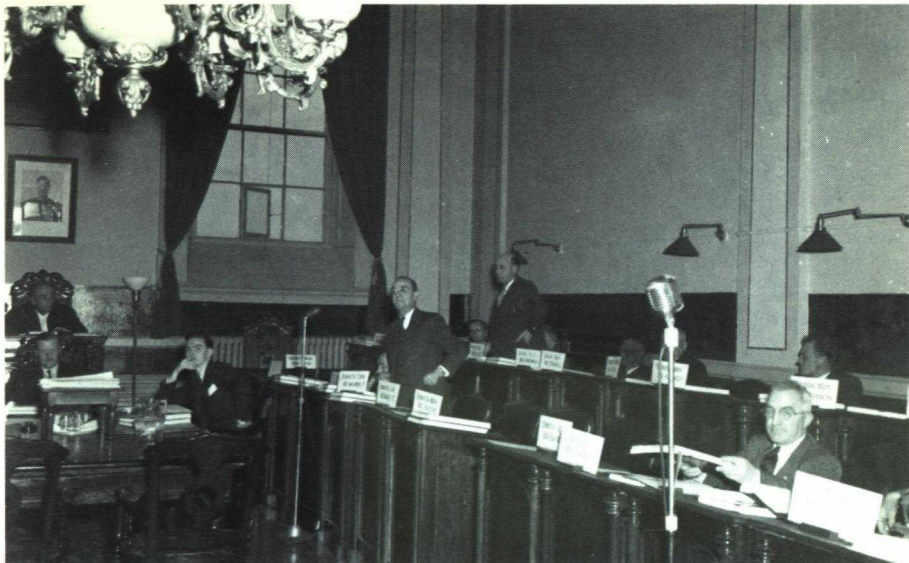


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La première réunion entre la délégation à Ottawa de la Convention nationale et les représentants du gouvernement du Canada le 25 juin 1947. Assis, de g. à d.: J. R. Smallwood, F. G. Bradley, W. L. Mackenzie King, L. S. St. Laurent, J. L. Ilsley. Debout, de g. à d.: J. W. Crummey, le révérend Lester Burry, T. G. W. Ashbourne, D. C. Abbott, G. F. Higgins, J. J. McCann, C. H. Ballam, Frank Bridges.

First meeting between the Delegation to Ottawa of the National Convention and representatives of the Government of Canada on June 25, 1947. Seated, l. to r.: J. R. Smallwood, F. G. Bradley, W. L. Mackenzie King, L. S. St. Laurent, J. L. Ilsley. Standing, l. to r.: J. W. Crummey, Reverend Lester Burry, T. G. W. Ashbourne, D. C. Abbott, G. F. Higgins, J. J. McCann, C. H. Ballam, Frank Bridges.



Provincial Archives of Newfoundland and Labrador

J. R. Smallwood s'adresse aux membres de la Convention nationale le 10 octobre 1947 après la présentation du rapport sur les réunions à Ottawa. On peut voir des copies du rapport sur les bureaux. F. G. Bradley, dans le fauteuil du président à gauche, démissionna comme président un peu plus tard dans la journée.

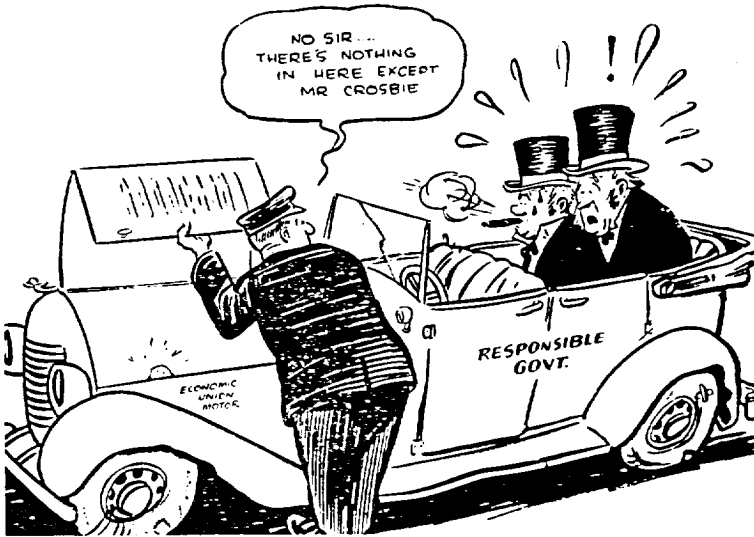
J. R. Smallwood addresses the members of the National Convention on October 10, 1947, after the presentation of the report on the meetings in Ottawa. Copies of the report can be seen on the desks. F. G. Bradley, in the Chairman's chair on the left, resigned as Chairman later that day.



Provincial Archives of Newfoundland and Labrador

En l'absence du gouverneur, sir Edward Emerson, administrateur et juge-en-chef de Terre-Neuve, a prononcé un discours lors de la dissolution de la Convention nationale le 30 janvier 1948. Assis à sa droite, J. B. McEvoy, président de la Convention nationale.

In the absence of the Governor, Sir Edward Emerson, Administrator and Chief Justice of Newfoundland, delivered a speech at the dissolution of the National Convention on January 30, 1948. Seated on his right, J. B. McEvoy, Chairman of the National Convention.

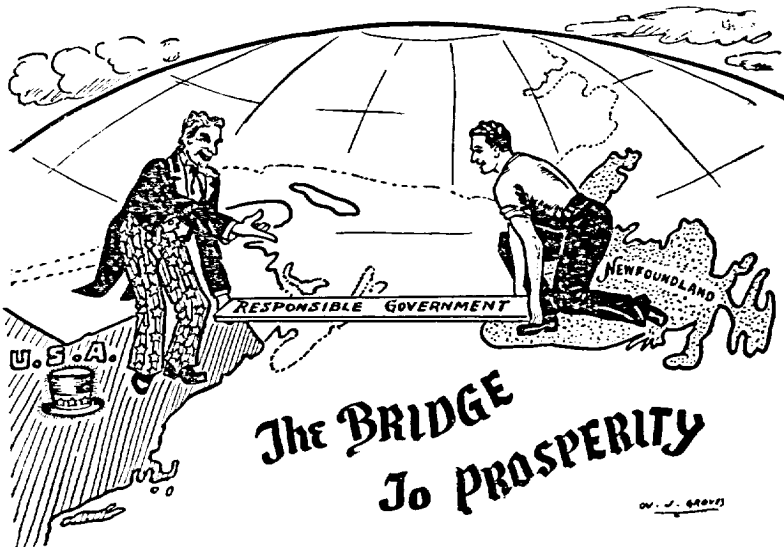


Book of Newfoundland, Vol. III

Un exemple de caricatures qui ont paru pendant la campagne référendaire de 1948 dans *The Confederate*, un journal établi par l'Association pour la Confédération de Terre-Neuve pour défendre sa cause.

An example of cartoons which appeared during the referendum campaign of 1948 in *The Confederate*, a newspaper established by the Newfoundland Confederate Association to defend its cause.

### Don't Throw The Golden Opportunity Away



The Independent

Un exemple de caricatures qui ont paru pendant la campagne référendaire de 1948 dans *The Independent*, un journal établi par la Ligue pour le gouvernement responsable pour défendre sa cause.

An example of cartoons which appeared during the referendum campaign of 1948 in *The Independent*, a newspaper established by the Responsible Government League to defend its cause.



Provincial Archives of Newfoundland and Labrador

Un camion avec des hautparleurs et des bannières passe dans les rues lors de la campagne référendaire de 1948 pour encourager les électeurs à voter pour le gouvernement responsable.

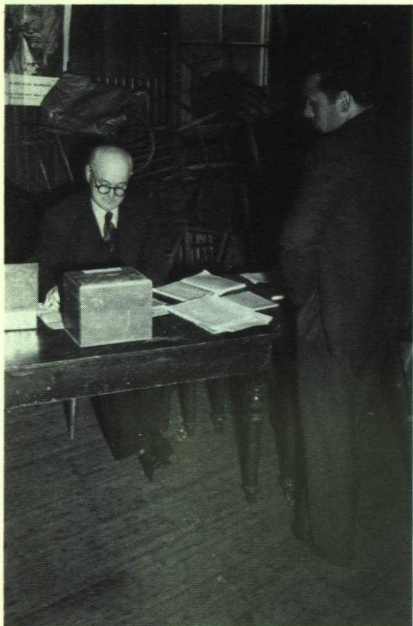
A truck with loudspeakers and banners passes in the streets during the 1948 referendum campaign to encourage voters to vote for responsible government.



Provincial Archives of Newfoundland and Labrador

Pendant la campagne référendaire, on rappelait constamment aux Terre-Neuviens les options qui se présentaient à eux comme le démontre ce char allégorique.

During the referendum campaign, Newfoundlanders were constantly reminded of the options facing them as demonstrated by this parade float.



Le referendum de 1948. Deux scrutins ont eu lieu, le premier le 3 juin et le deuxième le 22 juillet.

The referendum of 1948. Two polls were held, the first on June 3 and the second on July 22.

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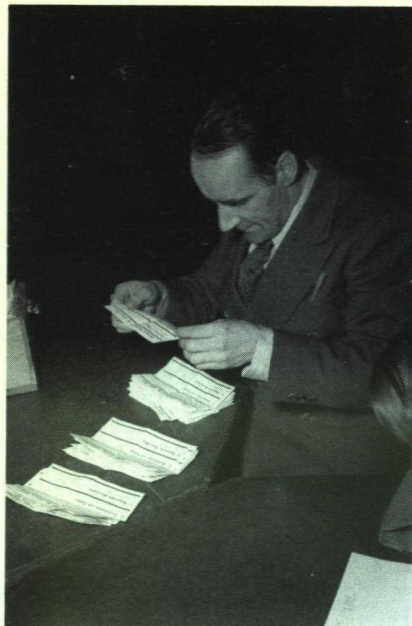


Provincial Archives of Newfoundland and Labrador



Provincial Archives of Newfoundland and Labrador





Le dépouillement des votes du referendum de 1948. Dans la photo à gauche, on procède au dépouillement des votes du scrutin du 3 juin de la circonscription électorale de St. John's East.

The counting of the votes of the referendum of 1948. In the photo on the left, the votes of the June 3 poll of the electoral district of St. John's East are being counted.

Provincial Archives of Newfoundland and Labrador



Provincial Archives of Newfoundland and Labrador

Des citoyens de Corner Brook lisent l'édition du 31 juillet 1948 du *Western Star* et du *Evening Telegram* de St. John's annonçant la décision du gouvernement du Canada d'accepter les résultats du referendum et d'entamer les négociations des Conditions de l'union avec Terre-Neuve.

Citizens of Corner Brook read the July 31, 1948, edition of *The Western Star* and the St. John's *Evening Telegram* announcing the decision of the Government of Canada to accept the results of the referendum and to begin negotiations of the Terms of Union with Newfoundland.



PA-128007

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PA-133277

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La délégation de Terre-Neuve aux négociations des Conditions de l'union peu avant l'ouverture officielle des négociations le 6 octobre 1948. De g. à d.: A. J. Walsh, F. G. Bradley, J. B. McEvoy, J. R. Smallwood, G. A. Winter, Philip Gruchy. C. A. Crosbie arriva quelques jours plus tard.

The Delegation of Newfoundland to the Negotiations of the Terms of Union await the formal opening of the negotiations on October 6, 1948. L. to r.: A. J. Walsh, F. G. Bradley, J. B. McEvoy, J. R. Smallwood, G. A. Winter, Philip Gruchy. C. A. Crosbie arrived a few days later.



PA-133278

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Le président de la délégation de Terre-Neuve, A. J. Walsh, s'adresse au Comité du Cabinet, à gauche, et à la délégation de Terre-Neuve, à droite, réunis dans l'enceinte du Sénat à Ottawa pour l'ouverture officielle des négociations des Conditions de l'union le 6 octobre 1948.

The Chairman of the Delegation of Newfoundland, A. J. Walsh, addresses the Cabinet Committee, on the left, and the Delegation of Newfoundland, on the right, assembled in the Senate Chamber in Ottawa for the formal opening of the negotiations of the Terms of Union on October 6, 1948.



PA-133279

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L. S. St. Laurent s'entretient avec A. J. Walsh peu après l'ouverture officielle des négociations. A gauche: J. J. McCann. Au centre: J. B. McEvoy.

L. S. St. Laurent in conversation with A. J. Walsh shortly after the formal opening of the negotiations. On the left: J. J. McCann. In the centre: J. B. McEvoy.



Provincial Archives of Newfoundland and Labrador

Pendant les négociations, la Ligue pour le gouvernement responsable organisa plusieurs réunions à la caserne C.L.B. de St. John's pour protester contre la façon dont l'union serait effectuée.

During the negotiations, the Responsible Government League held a number of meetings at the C.L.B. Armoury in St. John's to protest against the manner in which union would be effected.



Provincial Archives of Newfoundland and Labrador

Le 12 novembre 1948, une délégation de la Ligue pour le gouvernement responsable quitta St. John's pour défendre leur cause à Londres. De g. à d.: J. G. Higgins, P. J. Cashin, F. W. Marshall.

On November 12, 1948, a delegation from the Responsible Government League left St. John's to present their case in London. L. to r.: J. G. Higgins, P. J. Cashin, F. W. Marshall.



J. R. Smallwood signant les Conditions de l'union de Terre-Neuve au Canada dans l'enceinte du Sénat à Ottawa le 11 décembre 1948. Les signatures dans le document original sont reproduites à droite.

J. R. Smallwood signing the Terms of Union of Newfoundland with Canada in the Senate Chamber in Ottawa on December 11, 1948. The signatures in the original document are reproduced on the right.

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L. S. St. Laurent et A. J. Walsh se serrent la main après la signature des Conditions de l'union le 11 décembre 1948. Debout derrière eux, de g. à d.: M. F. Gregg, J. J. McCann, Brooke Claxton, F. G. Bradley, G. A. Winter, Philip Gruchy, J. R. Smallwood, J. B. McEvoy.

L. S. St. Laurent and A. J. Walsh shake hands after the signing of the Terms of Union on December 11, 1948. Standing behind them, l. to r.: M. F. Gregg, J. J. McCann, Brooke Claxton, F. G. Bradley, G. A. Winter, Philip Gruchy, J. R. Smallwood, J. B. McEvoy.

On behalf of Canada:

Wm. H. Laurier

Arthur Meighen

On behalf of Newfoundland:

Albert J. Walsh

~~Wm. M. Bartley~~

Philip Guechy

John S. B. B. B.

Joseph A. Smallwood

or J. S. B. B.



C-21398

La signature par le Gouverneur général, le 18 février 1949, du Bill en vue de l'approbation des Conditions de l'union de Terre-Neuve au Canada adopté par le Parlement du Canada. De g. à d. le Premier ministre L. S. St. Laurent; le vicomte Alexander of Tunis (assis); D<sup>r</sup> Gaspard Fauteux, président de la Chambre des Communes; le sénateur J. H. King, président du Sénat.

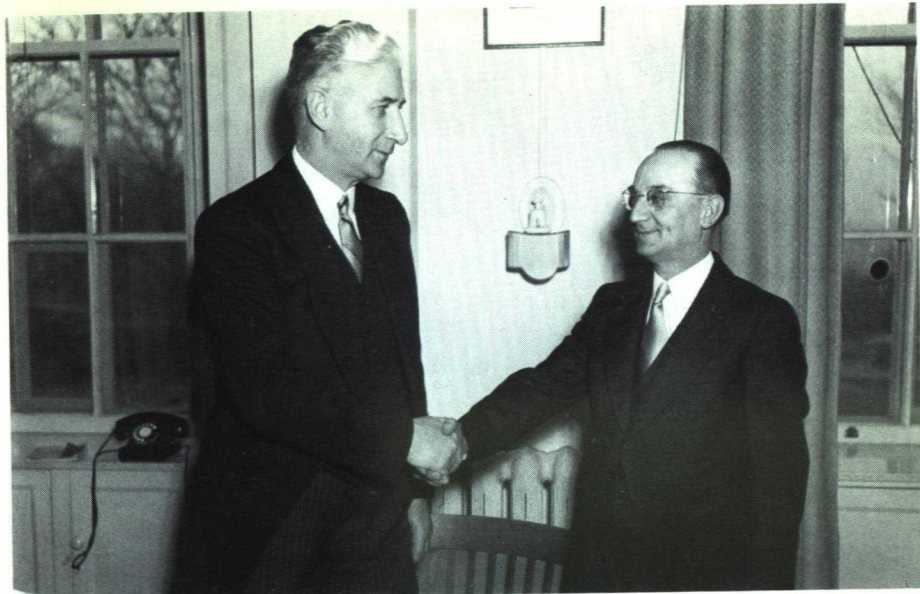
Signing by Governor General, on February 18, 1949, of Bill to Approve Terms of Union of Newfoundland with Canada passed by the Parliament of Canada. L. to r.: Prime Minister L. S. St. Laurent; Viscount Alexander of Tunis (seated); Dr. Gaspard Fauteux, Speaker of the House of Commons; Senator J. H. King, Speaker of the Senate.



Provincial Archives of Newfoundland and Labrador

Sir Albert Walsh fut assermenté en tant que lieutenant-gouverneur de la nouvelle province lors d'une cérémonie à l'Hôtel du gouvernement à St. John's le 1<sup>er</sup> avril 1949. De g. à d.: Colin Gibson, secrétaire d'État; sir Albert Walsh; sir Edward Emerson, administrateur et juge-en-chef de Terre-Neuve; W. J. Carew.

Sir Albert Walsh was sworn in as Lieutenant Governor of the new province during a ceremony at Government House in St. John's on April 1, 1949. L. to r.: Colin Gibson, Secretary of State; Sir Albert Walsh; Sir Edward Emerson, Administrator and Chief Justice of Newfoundland; W. J. Carew.



Provincial Archives of Newfoundland and Labrador

Après la cérémonie, le lieutenant-gouverneur, sir Albert Walsh, nomma J. R. Smallwood premier ministre de Terre-Neuve.

After the ceremony, the Lieutenant Governor, Sir Albert Walsh, appointed J. R. Smallwood as Premier of Newfoundland.



Provincial Archives of Newfoundland and Labrador

Le premier ministre J. R. Smallwood et les membres du Cabinet provisoire. Assis, de g. à d.: W. J. Keough, J. R. Smallwood, H. W. Quinton. Debout, de g. à d.: G. A. Winter, L. R. Curtis, H. L. Pottle, C. H. Ballam, S. J. Hefferton, P. S. Forsey, M. J. Sinnott.

Premier J. R. Smallwood and the members of the provisional Cabinet. Seated, l. to r.: W. J. Keough, J. R. Smallwood, H. W. Quinton. Standing, l. to r.: G. A. Winter, L. R. Curtis, H. L. Pottle, C. H. Ballam, S. J. Hefferton, P. S. Forsey, M. J. Sinnott.





C-14159

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Les principaux participants à la cérémonie à Ottawa. De g. à d.: L. S. St. Laurent, Premier ministre; le vicomte Alexander of Tunis, Gouverneur général; F. G. Bradley, nommé secrétaire d'État juste avant la cérémonie; W. L. Mackenzie King, ancien Premier ministre.

The principal participants in the ceremony in Ottawa. L. to r.: L. S. St. Laurent, Prime Minister; Viscount Alexander of Tunis, Governor General; F. G. Bradley, appointed Secretary of State just before the ceremony; W. L. Mackenzie King, former Prime Minister.



C-6255

Le Premier ministre L. S. St. Laurent cisèle le premier trait sur l'écusson de l'Arc de la Tour de la Paix qui portera les armoiries de Terre-Neuve. Cléophas Soucy, le sculpteur de l'arc, et F. G. Bradley assistent à la scène.

Prime Minister L. S. St. Laurent cuts the first line on the shield of the Arch of the Peace Tower which will bear the coat of arms of Newfoundland. Cléophas Soucy, sculptor of the Arch, and F. G. Bradley look on.



PA-129851

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L'union de Terre-Neuve au Canada fut saluée par une cérémonie à Ottawa le 1<sup>er</sup> avril 1949 devant l'Arc de la Tour de la Paix des Édifices du Parlement.

The union of Newfoundland with Canada, was greeted with a ceremony in Ottawa on April 1, 1949, in front of the Arch of the Peace Tower of the Parliament Buildings.



C-14159

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Les principaux participants à la cérémonie à Ottawa. De g. à d.: L. S. St. Laurent, Premier ministre; le vicomte Alexander of Tunis, Gouverneur général; F. G. Bradley, nommé secrétaire d'État juste avant la cérémonie; W. L. Mackenzie King, ancien Premier ministre.

The principal participants in the ceremony in Ottawa. L. to r.: L. S. St. Laurent, Prime Minister; Viscount Alexander of Tunis, Governor General; F. G. Bradley, appointed Secretary of State just before the ceremony; W. L. Mackenzie King, former Prime Minister.

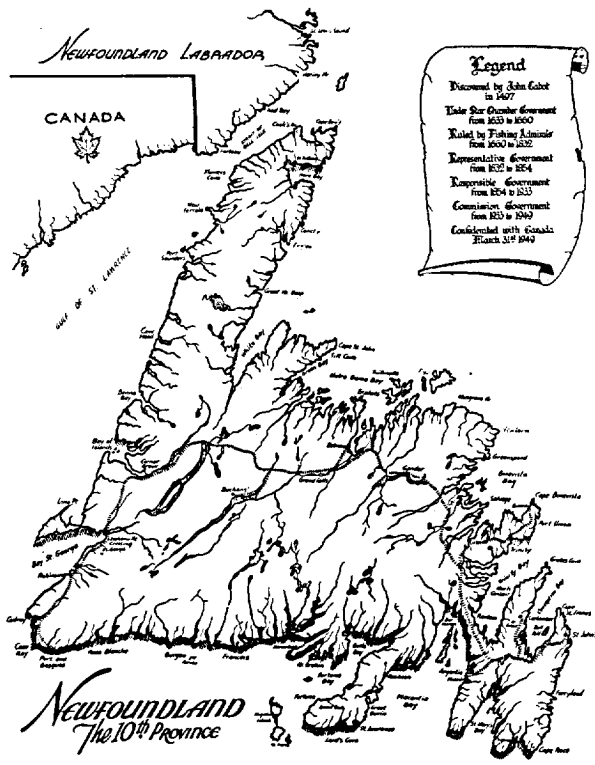


C-6255

Le Premier ministre L. S. St. Laurent cisèle le premier trait sur l'écusson de l'Arc de la Tour de la Paix qui portera les armoiries de Terre-Neuve. Cléophas Soucy, le sculpteur de l'arc, et F. G. Bradley assistent à la scène.

Prime Minister L. S. St. Laurent cuts the first line on the shield of the Arch of the Peace Tower which will bear the coat of arms of Newfoundland. Cléophas Soucy, sculptor of the Arch, and F. G. Bradley look on.

# "God Guard Thee, Newfoundland"



Première page de l'édition souvenir du 31 mars 1949 du Daily News de St. John's.

First page of March 31, 1949, souvenir edition of the St. John's Daily News.

CHAPITRE I/CHAPTER I

LES ANNÉES DE FORMATION  
(1940-1946)  
THE FORMATIVE YEARS  
(1940-1946)

1.

2828-40

*Le sous-secrétaire d'État aux Affaires extérieures au  
gérant, l'agence des nouvelles de la Presse canadienne*  
*Under-Secretary of State for External Affairs to  
Manager, Canadian Press News Service*

Ottawa, February 14, 1940

Dear Mr. Carnegie,

I am returning the letter from Mr. Jeffery which you kindly lent me to read. It is a very interesting and significant communication.

Yours sincerely,

[O. D. SKELTON]

[PIÈCE JOINTE/ENCLOSURE]

*Le rédacteur en chef du Evening Telegram de St. John's au  
gérant, l'agence des nouvelles de la Presse canadienne*  
*Editor, St. John's Evening Telegram, to  
Manager, Canadian Press News Service*

St. John's, January 21, 1940

Dear Mr. Carnegie,

I have some reason to believe Confederation is once again under discussion. That belief does not just arise from the fact that in recent months some of our Commissioners have been visiting Ottawa, nor is it merely the suspicions aroused in a newspaper man's mind by official denials that any such matter is under consideration.

It would not surprise me in the least if at no distant date something definite on the subject was heard. Personally, I should be glad to learn that Confederation was a real issue. For six years we have experimented with Government by Commission. Whatever may have been the advantages — and they have mainly been in the form of financial assistance from the United Kingdom — which may have to be very much curtailed with a war on its hands — it is difficult to conceive how

the system can continue much longer. What has very conclusively been demonstrated is that Civil Servants of the type entrusted with the task of solving economic and industrial problems are attempting something quite outside their scope. Their best are but palliatives which they are enabled to apply because they have the British Treasury to draw upon. Further, it is impossible to believe that any administration can hope to function effectively unless it has some measure of public opinion behind it. In no class of the community today is Commission Government favoured. My feeling is that only uncertainty as to the alternative acts as a deterrent to such an expression of public sentiment as to make its continuance impossible. In my own case as editor of a paper with very considerable influence and to which many are looking for a lead, it is the one thing that holds my hand.

There are, of course, many matters to be considered both by Canada and Newfoundland in any discussion of the question. Here, public sentiment has undergone a great change since Confederation was last a real issue. The situation in certain common industries, air service development, questions of defence and other matters that the war may tend to bring to the front suggest that it may once again become an issue. My feeling is that whatever happens Newfoundland is unlikely to have Dominion status restored. It might be regarded as sacrilege even to suggest it, but one cannot help feeling that such a status should never have been conferred upon a community of 300,000 people.

You are in the best position to learn whether there is anything doing in this matter. Perhaps it may lead to our meeting again. I hope so.<sup>1</sup>

Yours sincerely,

C. E. A. JEFFERY

2.

2727-AF-40

*Extraits d'une lettre du haut commissaire à Terre-Neuve  
au sous-secrétaire d'État aux Affaires extérieures*

*Extracts from Letter from High Commissioner in Newfoundland  
to Under-Secretary of State for External Affairs*

St. John's, September 19, 1941

Dear Mr. Robertson,

The Honourable J. T. Thorson<sup>2</sup> wrote me under date of August 22,<sup>1</sup> extending his best wishes to me in connection with my appointment as High Commissioner

<sup>1</sup>Il n'y a pas de documents dans les dossiers qui pourraient corroborer l'opinion de M. Jeffery qu'on était en train de discuter de la confédération. La lettre est reproduite ici pour sa prescience.

<sup>2</sup>Ministre des Services de guerre nationaux.

<sup>1</sup>There are no documents in the files to corroborate Mr. Jeffery's belief that confederation was then under discussion. The letter is reproduced because of its prescience.

<sup>2</sup>Minister of National War Services.

to Newfoundland.<sup>3</sup> With that letter, he enclosed a copy of a letter which Mr. Lash, Director of Public Information, sent to you under date of July 23,<sup>†</sup> dealing with the matter of publicity in various parts of the Empire. Mr. Lash's letter was in reply to your letter of July 22,<sup>†</sup> with which you enclosed copy of the letter which I sent to Mr. Thorson.<sup>†</sup>

The matter of obtaining better publicity in Newfoundland is one which should be given immediate attention. Since my arrival here, I have watched both daily papers and find that, while they carry quite a few items of interest regarding Canada, the items are generally two or three weeks old. For example, *The Evening Telegram* of September 18 had several articles regarding Canada and also two photographs. One photograph was of the Right Honourable Mackenzie King trying out a gas mask on his visit to London. The other was of Mr. King's arrival at the airport at Montreal.

I am sure that these items and photographs must have been sent to Newfoundland by the Director of Public Information at Ottawa. If I am correct in this, I would like to be advised as to the general nature of the information which is being sent to Newfoundland and to whom it is sent, whether direct to the newspapers or to one of the Departments of Government here.

I am enclosing a copy of *The Evening Telegram* of September 18 which will show you the nature of the Canadian information which is being published. I should add that this issue contains much more information about Canada than any issue of any other daily papers since my arrival here.

What I have noted is lacking, however, is recent cable news from Canada. For example, the report of Mr. King's speech on Wednesday night, September 17, consisted of only a few lines and was very incomplete.

...

I think it would be of very considerable value if cabled news were sent by the Director of Information to both the morning and evening papers in St. John's, and possibly to the *Western Star*, which is published, I think, at Corner Brook.<sup>4</sup> I feel quite sure that these papers would be very pleased to agree to use this service if they obtained it without cost.

The situation here is quite different from Australia as the papers here have only a small circulation and cannot afford to pay for cabled service from the outside world.

I should add that it is unfortunate that Canada has not a good short wave broadcasting station. I was anxious to hear Mr. King's speech on Wednesday night and inquired from the broadcasting station here as to whether or not it would be possible for me to pick it up on my own radio. They told me, however,

<sup>3</sup>C. J. Burchell fut nommé haut commissaire à Terre-Neuve en juillet 1941. Voir le volume 1, chapitre I, partie 3, section a, sous-section v.

<sup>3</sup>C. J. Burchell was appointed High Commissioner in Newfoundland in July 1941. See Volume 1, Chapter I, Part 3, Section a, sub-section v.

<sup>4</sup>Cette suggestion n'a pas eu de suite car on croyait que les agences de nouvelles commerciales s'y opposeraient.

<sup>4</sup>This suggestion was not pursued because it was anticipated that the commercial news services would object.

that they paid no attention to any radio broadcasts from Canada as the reception here was not good enough, although at times it might be possible to pick up the short wave station at Halifax or at Sydney. These stations, however, are usually so weak, as compared with the stations from Europe or the United States, that nobody ever attempts to listen in.

On the evening of Mr. King's speech, the broadcasting station here, which has a very powerful receiver, endeavored to pick up Mr. King's speech for me but found they could not do so.

Yours faithfully,

C. J. BURCHELL

3.

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*Mémorandum du sous-secrétaire d'État parlementaire aux Affaires des Dominions de Grande-Bretagne au secrétaire aux Dominions et au sous-secrétaire d'État permanent aux Affaires des Dominions de Grande-Bretagne<sup>5</sup>*

*Memorandum from Parliamentary Under-Secretary of State for Dominions Affairs of Great-Britain to Dominions Secretary and to Permanent Under-Secretary of State for Dominions Affairs of Great-Britain<sup>5</sup>*

[n. d.]

Mr. Garner's<sup>6</sup> succinct views on Newfoundland substantially represent my views and make it unnecessary for me to put in a long report. I therefore enclose a memorandum<sup>7</sup> on my general impressions, dictated in a great hurry on the morning I left Newfoundland, in order to put something on paper while my impressions were still vivid.

It is quite impossible in a three days' stay to get anything but a superficial impression. Nevertheless, if I stayed in Newfoundland for a year my considered opinion would not probably differ very much from my superficial impression. On further reflection I should like to elaborate my views on the best form of Government. This question is intimately connected with the future prosperity of the Island.

Is the Commission Government popular? It is impossible to form a true picture of the popularity of the Government by cross-examining for 10 minutes some of the leading men in the Island. One could not get the views of the man in the street. Since my return I have got a clearer indication of this by talking to the men of the Newfoundland Regiment in Norfolk. I was surprised to find how unpopular the Commission Government was. Yet, when one remembers that

<sup>5</sup>Voir aussi les documents 19 et 24.

<sup>6</sup>M. Garner avait accompagné M. Shakespeare lors de sa visite à Terre-Neuve.

<sup>7</sup>Ce mémorandum n'est pas une pièce jointe mais en effet les paragraphes suivants.

<sup>5</sup>See also Documents 19 and 24.

<sup>6</sup>Mr. Garner had accompanied Mr. Shakespeare on his visit to Newfoundland.

<sup>7</sup>The memorandum is not an enclosure but in fact the following paragraphs.



elected Governments outlive the esteem with which they were held a few years before, it is understandable that a non-elected Government loses its goodwill even earlier. In spite of the artificial prosperity that war conditions have created in the Island, I believe that if there were a referendum tomorrow on the question of the continuance of the Commission Government or a return to Dominion Status, there would be a large majority for the latter alternative.

What is best for the future of Newfoundland? I dismiss the solution that the Island should become a tenth Province of Canada although, if she did so, her future might be more prosperous. Equally I dismiss the possibility of the Island coming under the aegis of the United States. Neither of these alternatives would be acceptable to the Islanders who are exclusively of Scottish, Irish and English stock and intensely loyal.

Two alternatives, then, are left:

(1) That as soon as may be we restore Dominion Status and let Newfoundland carry on with the pedestrian semi-corrupt Government from which she has suffered in the past. or

(2) That we really make a success of the Commission Government by preparing, putting into operation and financing large schemes of development which should have been undertaken during the last 50 years. These plans would take at least 5 and probably 10 years to complete. We should announce this policy in justification of the continuance of the Commission Government and should promise that on the completion of this plan Dominion Status would be restored if there were a popular demand for it.

If one considers this problem solely from the angle of political philosophy, the first alternative is the right one but it is not in the interests of the Island. I therefore suggest that we really make a bold and comprehensive effort to repair the deficiencies of years of unimaginative government. I may add that Americans and Canadians, who are pouring millions of pounds into the Island for war purposes, are shocked at the general state of its development.

What would a scheme as suggested involve? It would be no good tinkering with the problem and small grants of a few £100,000 from the British Treasury or through the Colonial Development Act would not meet the need. I could not, of course, in three days form any conception of what the cost of a development scheme of this nature would be. I only got the impression of an island with primitive road conditions which would disgrace a cannibal island in the Pacific and of a complete lack of telephone and modern communications — I could not even telephone from Gander to St. John's without going through three different systems, one being a teleprinter.

The first essential is to open up the island by trunk roads running East and West, with secondary or lesser roads to the main outports, and further trunk roads running North and South, particularly in the West, to open up the areas where the land is suitable for cultivation. This development could not be done by grants-in aid or out of the revenue. I could not give an estimate of the cost because difficult engineering problems are involved but it might amount to several hundred millions of dollars over ten years. The loan charges would be met out of revenue, preferably with an annual grant from the British Treasury to continue even if Dominion Status were subsequently restored.

We should also have to organise a re-housing campaign. The housing conditions in St. John's are a disgrace. There are hardly any buildings with architectural features. The city bears a resemblance to some of the derelict places in South Wales such as Pembroke Dock or Haverford West. It presents a melancholy, dingy and dismal appearance.

Thirdly, we should embark on a policy of mixed fishing and agricultural settlements on the lines of the Gorvin Report.

I admit that the capital expended on roads and communications would not bear interest for years to come but unless this elementary and essential development is undertaken it is idle to talk about attracting new industries to Newfoundland or of increasing its population. Moreover, any progress in the development of agricultural settlements must depend on the opening up of communications. In time developments as indicated would lead to all the secondary industries that such provision usually brings in its train, i.e. the springing up of small communities, shops, factories, petrol stations etc.

The first thing to do then, if the general line of advance is conceded, is to get a comprehensive plan prepared for a 5- or 10- year programme. Sir John Puddester is thinking along these lines and spoke to me of reconstruction to be instituted after the last war. The Commission Government will have at its disposal the report already prepared by Gorvin which I understand contains many attractive and practical features but which ceased to be practical politics owing to the outbreak of war and the fractious personality of its author. I doubt, however, whether the technical efficiency of the advisers to the Government is sufficient even for the survey. Nor would it be sufficient to initiate schemes conceived to be practical.

There is at the present moment a survey being carried out under the auspices of Chatham House<sup>8</sup> but I am not sure what are the terms of reference and whether the survey includes anything more than the economic conditions of the Island. If it is a truthful enquiry, it may well be of a revealing and even hostile nature. Would it be possible officially to recognize this survey as being undertaken by an authoritative body to extend its terms of reference to include future development and to attach to its personnel experts of proved competence on questions of road construction, telephone communications and agricultural development?

Alternatively, we could send out a small commission and get the Commission Government to agree to use it to study these problems on its behalf. Whichever course is adopted I am sure this survey should be undertaken now and the widest publicity should be given to the fact that it was being undertaken. This would do much to create the impression that we mean business in Newfoundland and that the Commission Government has sufficient imagination and vision to plan ahead. When the war is over I fancy both Canada and the United States will take less interest in Newfoundland and back to the Island will come 7,000 ex-service men. The termination of the artificial conditions of war and the imposition of the inevitable trade depression that will follow in the post-war years will bring oppro-

<sup>8</sup>Le Royal Institute of International Affairs.  
Voir l'appendice B.

<sup>8</sup>The Royal Institute of International Affairs.  
See Appendix B.

brium on the Commission Government unless it is ready at the right time to meet the distress by well planned works of reconstruction.

I, personally, should therefore like to [see an?] announcement that for at least 5 years the Commission Government will continue and will be charged with the task of carrying out a bold, imaginative plan of development and, in the meantime, a thorough survey is to be made in pursuance of the plan. If so, there would be less argument as to the best form of Government; criticism would be stifled and the interest of the whole Island would be centred on this attempt to make Newfoundland an island developed abreast of its strategic importance and proud of its British connection.

G. H. S[HAKESPEARE]

4.

2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

SECRET

St. John's, December 11, 1941

Dear Mr. Robertson,

I have been quite surprised in the last few days to come in contact quite accidentally with a few people — some of them of considerable standing, e.g. Mr. Justice Dunfield of the Supreme Court — who have very pronounced views in favor of Newfoundland entering the Canadian Confederation. Whenever the subject is brought up when I am present, I am always careful not to enter the discussion except to say that this is a matter for the Newfoundlanders to decide for themselves.

I find that the attitude of the great majority of the people here is that they think Canada is standing by ready to gobble Newfoundland up at the proper time. They look with great suspicion on the spending by Canada of money for the defence of Newfoundland, as apparently they fear the Greeks bringing gifts.

What I have been thinking about for the last few days is the almost entire lack of cultivation of Newfoundland by the Canadian Government since Confederation, which I think is unfortunate, and it will take considerable time and education to change the attitude towards Canada which has been developed, largely by local politicians, during the past fifty or sixty years.

I can recall some instances in which the attitude of Canada has been anything but helpful to Newfoundland and in respect of which Newfoundlanders have so many grievances.

I have been trying to recall to mind from memory anything which Canada has done up to the outbreak of the present war which can be said to have been helpful to Newfoundland. I can recall, for example, that Canadian banks came into Newfoundland after the bank crash here in 1894 and that must have stabilized things here. I know also that Canada gave some financial assistance at the time of

the collapse of this country in 1932 or before the British Government finally decided to take over the whole indebtedness of the country, and there must of course be other instances in which Canada has been of assistance to Newfoundland.

I cannot recall any instances of any attempt by the Canadian Government to educate the people of Newfoundland with respect to Canada and Canadians. I have, for example, no recollection of any official visit ever having been made by a Canadian Prime Minister to Newfoundland since Confederation.

As I mentioned in my despatch No. 91 of December 3, 1941,<sup>†</sup> it will take some thought and some planning to educate, or really to re-educate, the people of Newfoundland about Canada. This I regard as an essential preliminary to any plan of Newfoundland coming into the Canadian Confederation.

You will appreciate that sometimes the opinions I send to you may be subject to change as I get fully to understand the situation or because of new developments. It will take me many months here to understand the situation fully and the possibilities. But it may be of some value to you and to myself if I speak out loud and pass on my views to you from time to time.

I think it of some importance that some of our Cabinet Ministers should come to Newfoundland, such as the Minister of National Defence, the Minister for Air, and the Minister for Naval Defence, and that when here they should give a thought-out address to the people of this country. I mention particularly these Cabinet Ministers because they would naturally be expected here in the course of their duties.

The St. Andrew's Society here has invited the Minister for the Navy to speak on Burns night, January 25. I passed on the invitation to him but if Parliament is to open on January 21, as at present planned, I expect this will prevent Mr. Macdonald from being here on that occasion. I am sure, however, that it would be helpful if the Newfoundlanders could be put more in direct contact with some of the splendid men we have in the Canadian Cabinet at the present time.<sup>9</sup>

Yours faithfully,

C. J. BURCHELL

...

5.

2828-40

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Under-Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

PERSONAL. CONFIDENTIAL.

Ottawa, January 3, 1942

My dear Burchell,

I have received and read with great interest your letter of December 22<sup>†</sup> in which you outlined the working of the Commission of Government in Newfound-

<sup>9</sup>Cette lettre fut signalée au Premier ministre.

<sup>†</sup>This letter was referred to Prime Minister.

land and gave your impressions of the various members of the Commission. So far as I am acquainted with the Commissioners I agree with your estimates.

It is difficult to avoid the conclusion which you reach that the system of government now pertaining [obtaining?] in Newfoundland is about as unsatisfactory as a system could be. I hope that some other scheme may soon be worked out and that the present arrangement will be superseded by the establishment of a government that is responsible to the governed.

The relationship of the present situation in Newfoundland to the long-run interests of Canada in that Island is a matter upon which I would be glad to receive your comments. It is quite clear that we can never divorce ourselves from an active interest in conditions in Newfoundland and that, in fact, we may eventually have to take a very much closer and more immediate part in the fate of our nearest neighbour on the east. It is well that we should be thinking about these things and I shall be glad to receive from time to time your comments on them. Unfortunately, it is almost impossible for us here to give to such matters the attention that their importance would justify. We are, however, always interested in and prepared to give serious consideration to any views that you may express in this connection.

Yours sincerely,

N. A. R[OBERTSON]

6.

2828-40

*Extraits d'une lettre du sous-secrétaire d'État adjoint aux  
Affaires extérieures au haut commissaire à Terre-Neuve*

*Extracts from Letter from Assistant Under-Secretary of State for  
External Affairs to High Commissioner in Newfoundland*

SECRET AND PERSONAL

Ottawa, February 6, 1942

My dear Burchell,

Thank you for your letter of January 27,<sup>1</sup> in which you refer to my letter concerning Professor Lower's articles.

...

My personal view is that we would be better off in almost every way if we could avoid taking over the responsibility for the Government of Newfoundland. On the other hand, defence considerations make it, in my opinion, inevitable that we must either take Newfoundland into confederation, or else have so close an alliance with the island that we can be assured that the necessary defence precautions are effectively maintained.

With kindest regards,

Yours sincerely,

H. L. KEENLEYSIDE

7.

2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

SECRET AND CONFIDENTIAL

St. John's, February 21, 1942

Dear Norman [Robertson],

I am enclosing herewith an address delivered by Cyril J. Fox, K.C.,<sup>†</sup> at the Methodist College Literary Institute banquet, celebrating the 75th anniversary of that organization which was held on February 17.

As I advised in my letter of February 19,<sup>†</sup> I was the guest of Sir John Puddester that evening.

I was very much impressed by the address given by Mr. Fox and asked him for a copy which I received today.

You will find the address interesting and instructive as giving the view of one Newfoundlander of the present situation.

Mr. Fox is the head of one of the leading firms of lawyers in this city and is sane, sound and reliable and held in high esteem here.

You will note particularly the following words of his speech dealing with the future of Newfoundland when peace is restored, in which he says:

"And then to our own advancement. No longer unknown, prominent where previously she was obscure: in close alliance with her great sister Dominion — glorious Canada — 'Star of resplendent front' — and the mighty Nation to the South — with whom and under the aura of whose inspiring and sustaining comradeship we of the Empire will yet tread the road to victory in 'majesty and dignity' — Newfoundland's opportunities, with her markets reopened, her commerce resumed and her normal life restored, are bound to be many. Let us strive and prepare now to avail of them."

It was certainly refreshing and novel to me to hear a Newfoundlander speak of Canada in this way.

After Mr. Fox had delivered his address, I happened to be talking to him alone in one of the ante-rooms and when I congratulated him on his address, he volunteered the information that in his very strong opinion, the whole future of Newfoundland must lie in confederation with Canada. As usual, when this is suggested to me by a Newfoundlander, I did not follow it up or accept it, but merely said that it was a long way off, or words to that effect.

As I mentioned to you in a previous letter, men keep bobbing up in conversation with me who, I find, are strong for confederation with Canada. Mr. Justice Dunfield is a very strong advocate of confederation, so also is Cyril Fox, and one or two others whom I have met who are men of real influence here.

I am, however, keeping more or less away from contact with men with these views as I do not want to be accused of associating too much with them with ulterior motives of confederation in mind.

I asked the Honourable Mr. Dunn, Commissioner for Natural Resources, to dine with me and with other guests last evening. All the others present were Canadians, including General Page<sup>10</sup> and Judge Ryan, and in talking with me, in a conversation which must have been overheard by others present, he started in to impress upon me the desirability of Canada preparing to take Newfoundland into confederation.<sup>11</sup> I told him, as I have told others, that that was a long way off and if we did accept Newfoundland in confederation, it meant a long headache for us.

I think that you will agree that this is the proper attitude for me to take; first because I am not sure yet in my own mind that it would be a wise thing for Canada to do to take Newfoundland into confederation, because of the many problems with which we would be faced, and secondly, even if I thought it was desirable, I am sure that the request must come from Newfoundlanders themselves and not from Canadians.

In a conversation with Mr. Pick,<sup>12</sup> Mr. Angus<sup>13</sup> put forward the possibility of Canada acquiring from the United Kingdom the \$100,000,000 securities which represented the national debt of Newfoundland. I think this suggestion has some merit, but it would be fatal even to put it forward, let alone to arrange it at the present time. It could only be put forward as a suggestion if, as, and when negotiations were really commenced between Newfoundland and Canada with a view of Newfoundland entering confederation.

Yours faithfully,

C. J. BURCHELL

8.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 164

St. John's, March 20, 1942

Sir,

I have the honour to enclose herewith an article<sup>†</sup> which appeared in the *Fishermen's Advocate* of March 6 and 13, 1942, in the form of a letter from F. Gordon Bradley of Bonavista.

<sup>10</sup>Major-général L. F. Page, officier général commandant les forces militaires interarmes canadiennes et terre-neuviennes à Terre-Neuve.

<sup>11</sup>Voir aussi les documents 31, 65 et 104.

<sup>12</sup>Troisième secrétaire, haut commissariat à Terre-Neuve.

<sup>13</sup>H. F. Angus, adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures.

<sup>10</sup>Major-General L. F. Page, General Officer Commanding Combined Newfoundland and Canadian Military Forces in Newfoundland.

<sup>11</sup>See also Documents 31, 65 and 104.

<sup>12</sup>Third Secretary, High Commission in Newfoundland.

<sup>13</sup>H. F. Angus, Special Wartime Assistant to Under-Secretary of State for External Affairs.

2. As you will note from reading the article, Mr. Bradley is a vigorous writer and can express his ideas very fluently. His letter is an attack on the present system of Government and on the British Government for putting through the present arrangement under which Newfoundland is governed.

3. I have not met Mr. Bradley personally, but I understand that he was a follower of Sir Richard Squires and was himself a former Leader of the Liberal Party in Newfoundland. His was the only vote recorded in the Newfoundland Legislature against the Address to the Throne, asking for the temporary revocation of the Letters Patent under which Newfoundland is governed and the setting up of the present form of Commission of Government.

4. My information about Mr. Bradley is that he is a graduate in Law of Dalhousie University. He practised for a time in St. John's and was Attorney-General in Sir Richard Squires' Cabinet. He is a man of about fifty-five years of age and is understood to have considerable means.

5. After the Commission of Government was set up, he did not resume practice in St. John's but went to one of the outports, I think Grand Falls, and obtained an appointment as a magistrate.

6. His actions and writings have earned for him the description of being what is called in Newfoundland "communistic." I think perhaps a better description of him is anti-Capitalistic, although I understand he is a bit of a Capitalist himself.

7. He retired, or perhaps was retired, from the position of magistrate and established himself as a merchant in Bonavista where he is now residing.

8. I am told that he has a likeable personality but is very extreme in his views and at the present time would carry very little weight in this country.

9. You will, however, be interested in reading his article and will probably agree with some of his criticisms of the present system of Government.

10. Personally, I find myself in considerable agreement with him as I cannot believe it was essential that Newfoundland should have had to do away entirely with its Legislature and revert to a status as low, or perhaps even lower, than that of a Crown Colony.

I have etc.

C. J. BURCHELL

9.

2828-40

*Extrait d'une lettre du haut commissaire à Terre-Neuve  
au sous-secrétaire d'État aux Affaires extérieures*

*Extract from Letter from High Commissioner in Newfoundland  
to Under-Secretary of State for External Affairs*

St. John's, April 10, 1942

Dear Norman [Robertson],

I have your despatch No. 69 of March 31, 1942,<sup>†</sup> which refers to the article by F. Gordon Bradley. In that despatch you state as follows:



“This and other despatches on the political situation and on economic conditions should enable us to form a fairly complete picture of conditions in Newfoundland and I hope that in the near future it will be possible for someone in this Department to put together a brief or dossier analysing the information.”

I hope nobody thinks, on the basis of my despatches and letters to you, that he can put together a brief or dossier which will be at all adequate to give a picture of the situation here.

In one of my early letters, you will remember that I promised to think out loud in writing you and to give you my personal views on certain matters as I saw them from time to time. I think I also mentioned that my views in any matter might be subject to change as I obtained further enlightenment and saw the picture from a different angle.

I have been here now over six months, but I have to report that there are so many currents and cross-currents here that I could not attempt to write a report on the situation here with any degree of accuracy. It will take me a number of months more to study the people in the City of St. John's alone. Moreover, I would have to move around among the outports, which I have not attempted to do, as this is a summer or early fall task.

In one of my recent letters I mentioned the strength of the British tradition. I would say that in the City of St. John's, and particularly among certain sections of people, this is still very strong.

On the other hand, undoubtedly beneath the surface and among other sections of the people, there is quite a strong undercurrent running towards the U.S.A. This is particularly strong in the case of people who have made frequent visits to the United States or who have resided there and subsequently returned to Newfoundland. I am reliably informed also that in several of the outports there are a number of people — fishermen and others — who would strongly support Newfoundland going in with the U.S.A. instead of with Canada. These are people who lived in the United States for a period of years or whose sons or daughters went over there and did fairly well. I understand that in many of the better class of outports, the best houses are built with American money i.e. money earned either by the owner himself or some of his family who lived in the United States. A personal visit to some of these places would be necessary to get more exact information.

I think, however, that a general statement can be made that most thinking people in this country have decided that the future of Newfoundland lies with either one of the two countries in North America. If there was any break-up of the Empire, such, for example, as Australia pulling out and joining up with the U.S.A. so that the British tradition was weakened, I am afraid that the pull by Newfoundland would be towards the U.S.A. and not towards Canada. Developments in India will also affect the situation here.

I would think that our policy in Canada at the present time should be to increase the number of links in the chain which now connects Newfoundland with Canada. The attitude of the present Commission of Government is to lean

very heavily on Canada for support and I think that support should be given wherever this can reasonably be done.<sup>14</sup>

...

Yours faithfully,

C. J. BURCHELL

10.

2727-AF-40

*Mémoire du troisième secrétaire<sup>15</sup>*

*Memorandum by Third Secretary<sup>15</sup>*

[Ottawa,] May 20, 1942

NEWFOUNDLAND

Shortly after Mr. Burchell took up his duties as Canadian High Commissioner at St. John's, this office was included in the list of offices to which press circular information telegrams were distributed. The two chief Newfoundland newspapers are the St. John's *Telegram* (evening), and the St. John's *The Daily News* (morning). Upon inquiry, it was learned that the amount of news concerning Canada in the Newfoundland press was extremely limited. The Canadian Press wires approximately 600 words per day to the St. John's *Telegram* and about 800 words daily to the St. John's *News*, while only a portion of this material dealt with news about Canada. A survey indicated that of the material going forward to Newfoundland from the Halifax office of the Canadian Press, world news made up 90.8%, general Canadian news, 5.8%, and news of Canada's war effort, 3.4%. In addition, of course, the Newfoundland papers also received the mailed feature service of the Canadian Press which contained a good deal of information about Canada.

It is clear that the press cablegram service has proved to be most useful in St. John's, both newspapers indicating their interest in receiving these telegrams. In a letter of December 8, 1941,<sup>†</sup> Mr. Burchell wrote as follows:

"Both St. John's papers have published practically all our news dispatches in full for the past two months, usually with a good display. Moreover both papers are very grateful to receive this service.

I try to stagger the dispatches from week to week so as to give the morning paper the right of way for the despatch one week and the afternoon paper the following week."

In a further letter of December 29, 1941,<sup>†</sup> Mr. Burchell wrote:

"All the despatches have been, without exception I think, published in both the daily papers in St. John's and usually in a prominent front-page position. The despatches have all been concise, well-written and informative, and the editors of both papers have expressed to me personally their pleasure at receiving them.

<sup>14</sup>Cette lettre fut signalée au Premier ministre.

<sup>15</sup>S. F. Rae.

<sup>14</sup>This letter was referred to Prime Minister.

We are delivering these press circulars by our office messenger to the newspaper offices and usually arrange to time the delivery so that one week the press circular will appear first in the morning paper and the following week will appear first in the afternoon paper."

11.

2727-AF-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 313

St. John's, June 1, 1942

Sir,

I have the honour to remind you that in the earlier weeks of my coming to Newfoundland, I wrote one or two despatches informing you that there was very little news of value in the two papers published in St. John's, namely *The Daily News* and *The Evening Telegram*.

2. In talking to the proprietor of *The Evening Telegram* two or three days ago, he informed me that the reason why there were so few press despatches from Canada published in Newfoundland was on account of the cost. He told me that some years ago, (I think he said before the days of the Commission of Government), the Canadian Press and other despatches were supplied directly to and paid for by the Newfoundland Government. These were posted up at various telegraph offices in Newfoundland and were supplied to the newspapers at quite a nominal cost.

3. When the practice of the Government obtaining these telegraphic despatches was discontinued, the cost to the newspapers was very substantially increased and they felt they could only afford to get an occasional despatch.

4. With the opening of the Trans-Canada Air Lines service, the situation is completely changed. Both papers are now receiving despatches by airmail and are printing Canadian items of interest and Canadian articles which frequently occupy a substantial portion of the space in both papers.

5. I think this is of real advantage as it keeps the people of Newfoundland in closer touch with what is going on in Canada. Most of the despatches bear a date two or three days old but they do give much more information to Newfoundlanders about Canada than they have had for many years.

6. In conversation with the proprietor of *The Evening Telegram* recently, I asked him if he desired to receive the telegraphic despatch which the Department of External Affairs sent me from time to time. He told me that he thought these despatches very informative and very well written and said that he hoped that I would still continue to receive them and stated that he would be glad to publish them.

I have etc.

C. J. BURCHELL

12.

2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

St. John's, June 1, 1942

Dear Norman [Robertson],

Major-General Page called me yesterday morning to inform me that a number of citizens have received letters from *The Financial Post* asking them to give their views on Newfoundland coming into confederation.

The General seemed quite distressed about the matter and thought that something should be done about it.

My own reaction to the suggestion was the same as when Mr. Angus asked me, on my recent visit to Ottawa, as to the advisability of holding a Gallup poll in Newfoundland on the subject of confederation. I am very distinctly and very positively against any such suggestion.

This morning's *Daily News* contains an editorial on the matter, a copy of which is enclosed herewith.<sup>1</sup>

I am surprised at the mildness of this editorial because the editor is a very strong anti-confederate. There is bound, however, to be an explosion from him later on.

We have been getting along very nicely and smoothly in this Office, both with the Commission of Government and with the people, and I am sure that General Page, Rear-Admiral Murray<sup>16</sup> and Air Commodore McEwan<sup>17</sup> will make the same statement. It therefore does seem a great pity to have this question of confederation brought up for consideration at this time when we are in the middle of a war. It can do no good and may do a very serious amount of harm.

The anti-confederate feeling here is very strong as the people of this country have been taught by the politicians of the last sixty years to be against confederation. It may very well be that after the war is over, a poll of this kind would be of some value but it certainly cannot be any good now when our thoughts are turned on the war and not on such matters as confederation.

For example, I am afraid that if the Newfoundland papers take this question up in their usual vigorous style, I may have some difficulty in persuading the Commission of Government to make the arrangements with me about the Naval property, such as have been suggested. The Commission of Government is much more sensitive than people think to public opinion and if a strong anti-Canadian feeling is aroused by the discussion over this proposed poll, I think I would have to

<sup>16</sup>Officier supérieur, détachement à Terre-Neuve, Marine royale canadienne.

<sup>17</sup>Commandant de l'aviation, premier groupe aérien à Terre-Neuve, Corps d'aviation royal canadien.

<sup>16</sup>Flag Officer, Newfoundland Force, Royal Canadian Navy.

<sup>17</sup>Air Officer Commanding, No. 1 Group, Newfoundland, Royal Canadian Air Force.

decide to postpone my presentation of the suggestion to the Commission until after the excitement has died down.

I do not know that you can do anything about the matter. I suppose the Censor could stop publication, but I would doubt if you would want to go to this extreme, especially in the case of *The Financial Post*.

To say the least of it, it is unfortunate that *The Financial Post* would have undertaken this poll without conferring either with your Office or with this Office. The first intimation I had was from General Page yesterday morning.

Yours faithfully,

C. J. BURCHELL

13.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 329

St. John's, June 9, 1942

Sir,

With reference to my despatch No. 290 of May 27, 1942,<sup>1</sup> and to recent correspondence concerning the government and political future of Newfoundland, I have the honour to bring to your attention extracts from recent articles by "Wayfarer"<sup>18</sup> in *The Daily News* on the subject of the restoration of responsible government.

2. One of the arguments against the return to self-government has been the low level of political life which is said to have existed under the old regime. On the subject of political corruption "Wayfarer" had the following to say in his column of June 4, claiming, it will be noted, that political corruption in Newfoundland was relatively insignificant compared with what is now going on in Canada and the United States:

"That is the first part of the letter. One could be sympathetic with the writer's point of view. We, too, know something about politics of the past. We have seen something of its venality. Yet we are not satisfied that we cannot have good government if we want it. Now that is the crux of the whole thing. Do we want it?"

Relatively speaking, political corruption in this country was almost picayunish compared with what is now going on in Canada and the United States. But we could not afford it on even a picayune scale. We have learned a lesson in that respect. Consequently we cannot return to self-government without first having applied appropriate safeguards to check the dishonest ambitions of those to whom politics is not an opportunity to serve the country but to benefit themselves.

One thing we cannot ignore. That is the deep-rooted desire in the hearts of most men to govern themselves. Newfoundland does not want for talent. It has leaders if they will only accept the responsibility. Theirs will be the decision as to

<sup>18</sup>A. B. Perlin.

whether future self-government will be good or bad because self-government we will surely have."

3. In the same article "Wayfarer" criticizes the Commission for its failure to recognize its temporary nature, in the following terms:

"The great fault of the Commission system is its failure to recognize its own transitional aspect. It is a stop-gap. It was never intended to be a permanent system. Its purpose was to reorganize abused institutions, give the country a rest from active political strife and make the best use of that rest period to endeavour to inculcate in the people a true understanding of the citizen's responsibility for his own good government.

That is the respect in which the Commission of Government has proved itself an utter and complete failure. It sees itself as a permanent oligarchy. It has done nothing at all to prepare the people for assumption of the responsibilities of self-government. It seems more concerned with getting a pat on the back from the Dominions Office than catering to the natural democratic instincts of the people."

4. He concludes his article by arguing that the demand for self-government will be inevitable and that there is a need for political education to prepare the people for it. I quote from his remarks as follows:

"But make no mistake about this. The people, sooner or later, are going to demand self-government. You cannot stop this. They will be merely following a natural instinct which will develop into a tide that cannot be dammed. Even if the present system were as close to perfection as any system of administration could be, the urge for self-government would remain. It must be recognized and efforts must be made to direct it along the right path.

It is the bounden duty of the Commission to recognize this fact and to direct their attention to it. The political education of the people must be undertaken on an expensive and intensive scale. Newfoundlanders should be given the responsible positions in the civil service at the earliest possible moment. The responsibilities of citizenship must be stressed day in and day out by precept and example. That is our view. What do others think?"

5. In his column of May 14, in discussing the need for extensive public library facilities, "Wayfarer" made the following observations:

"That people don't know more about democratic responsibility is the fault of a Government which was charged most particularly with the political education of the people. It has done absolutely nothing in that respect. The Education Department is spending more money than it has ever had to spend but just how much better is popular understanding of the things that matter . . . Adult Educational activities are in many respects, chiefly because of their practical and homely approach, sounder stuff than the formal education that is handed out in our schools . . . So we again suggest to the Education Dept. and the Public Libraries Board that they get their heads together and do their utmost to make use of broadcasting as a means for creating the better understanding that so many among us need to be able to accept the responsibilities of useful citizenship."

6. In his article of May 8 entitled "The Road Back" the same writer made the following statements:

"When you are denied self-government and you have not got good, in the form of efficient government to replace it, the urge to political independence becomes that much stronger . . . . Now one of the grievous faults to be laid to the door of the Commission is its complete indifference to the political education of the people. The result is that within the past eight years enough people have come of voting age to swing an election one way or the other and hardly one of them knows anything about self-government or its responsibilities and duties. That is something I cannot understand. However, I don't intend to talk about the deficiencies of the Commission and I doubt if my list of these would compare in length to that which any of the rest of you might compile. I am talking about the restoration of responsible government which I am sure will come after the war . . . . We shall have to think about whether we want to go right back to full responsible government or approach it gradually. Then we have to think about how we propose to make it work so that we can eliminate the dangers of incompetence in office or graft in its minor or major forms, and whether our economic and financial problems are of a character that will permit their solution by the applied wisdom of practical Newfoundlanders. Of course, you can't be dogmatic about such questions just now because we don't know what changes the war is going to cause in the world's way of living."

7. The Royal Commission appointed in 1933 under the chairmanship of Lord Amulree to examine into the future of Newfoundland, dealt, in its report published in November of that year, primarily with the financial situation, in accordance with its terms of reference, but also surveyed social, economic and political conditions in the country. It was most critical of the government of the country. I cite the following brief extracts taken from various parts of the report:

"Politics in Newfoundland have never been such as to inspire wholehearted confidence in the ability of the people to govern themselves wisely, but there is general agreement that a process of deterioration, which has now reached almost unbelievable extremes, may be said to have set in about a quarter of a century ago . . . . The evidence tendered to us from all sides and from responsible persons in all walks of life leaves no doubt that for a number of years there has been a continuing process of greed, graft and corruption which has left few classes of the community untouched by its insidious influences." (Paragraph 218).

"There is no leisured class, and the great majority of the people are quite unfitted to play a part in public life . . . . The so-called "modernization" of politics, and the introduction into political life of men who sought to make a living out of their political activities, have been responsible for this deplorable state of affairs." (Paragraph 228).

"In short, public life in Newfoundland is confused by many obligations, political, denominational and domestic; in the gratification of these, the obligations of good government are apt to be ignored." (Paragraph 235).

"This continuous process of misgovernment has increased the burden on the fishermen and on the poorer members of the community until it is now insupportable." (Paragraph 237).

"Those difficulties are largely attributable to the reckless waste and extravagance, and to the absence of constructive and efficient administration, engendered by a political system which for a generation has been abused and exploited for personal or party ends, even when the Prime Minister of the day has struggled for honest and clean government." (Paragraph 545).

8. In its recommendations the Amulree Report favoured the suspension of responsible government for a limited number of years in order to assist the effective recovery of the country. This was claimed to be necessary in order to give the country "a rest from politics" and a "freedom from the undercurrents of political influence."

9. In making this recommendation the Commission stated: "In spite of a strong predisposition in favour of the maintenance of established representative institutions and of responsible government, we have been forced to the conclusion that only by a radical change of regime for a limited period of years can the Island be assisted to effective recovery." However, the Commission did not seem to be over-concerned with the maintenance of a democratic form of government for, in paragraph 555, they said that "considerations of constitutional status were regarded more as a matter for academic discussion than as a practical issue." They also used the term "constitutional niceties."

10. A common reaction to the Amulree Report among Newfoundlanders is that it greatly exaggerated political conditions existing at the time and their quite natural reply is to argue that the governments of the United Kingdom, Canada and the United States are not without their imperfections.

11. After eight years of Government-by-Commission, there is no question that Newfoundlanders have been disappointed in the work of the present regime, which is now most unpopular. In fact the criticism directed against the Commission of Government is often carried to such an extent as to be quite unreasonable and even the few good things it has done are likely to be overlooked. However, it is admitted by some at least that the Commission has accomplished some very useful work, particularly in the administrative field, such as an improvement in the Customs administration and tax collections, a partial reorganization of the civil service and an extension of public health services. Apart from these, the most general criticism is that it has lacked initiative and a constructive programme. In particular there is a common complaint that it has failed to prepare the country for a return to self-government. The Amulree Report, both in its analysis and in its recommendations, was primarily and almost exclusively concerned with the financial situation and made few suggestions for steps which might be taken to bring about conditions favourable to effective democratic government.

12. It did make some subsidiary recommendations on the subject of education, the need for public libraries and a system of municipal government.

13. In the field of education it would appear that the Commission has made some progress, especially in teacher training and the improvement of the school curriculum. It was announced by the Vice-Chairman of the Commission at the beginning of this year that free and compulsory education throughout the Island would be introduced, but it is difficult to see how or when this will actually be



done. Some efforts have been made to develop a programme of adult education but work of this kind has been limited by the small sums of money allotted for it. In the present fiscal year only \$20,000 was appropriated for adult education.

14. The Department of Agriculture and Rural Reconstruction has for several years been attempting to encourage the co-operative movement and has created study clubs in many of the outports in order to organize the village communities and to encourage local leadership.

15. A public library was opened in St. John's in 1936 and a travelling library has been in existence for several years. A few weeks ago the Public Libraries Board announced a programme for establishing libraries in twenty-five settlements over a period of five years with the assistance of the Government and the Carnegie Corporation. The scheme is to have the outports create and organize their own local library boards which would then be eligible for assistance from the capital.

16. It will thus be seen that the Commission of Government has not completely neglected the field of education for citizenship, but it may be doubted whether its work has begun to offset the serious effect of having a generation of young people grow up to whom democratic government has little practical meaning.

17. The Amulree Report made a number of recommendations for the reorganization of the civil service in Newfoundland and also suggested that experts should be called in to give advice on several subjects. After the Commission of Government was created in February, 1934, a number of British civil servants were brought to Newfoundland to improve the administration of various departments. Some steps have been taken to develop the civil service on the merit system. A common criticism heard locally is that it was the duty of the outside experts only to reorganize certain of the administrative departments and to train Newfoundlanders to do the work themselves. After eight years there are still a number of English civil servants occupying important posts in the Government. Thus the Secretary for Posts and Telegraphs, the Chairman of the Customs Board, the Purchasing Agent and the Auditor General are all seconded British civil servants. Also the Director of Agriculture is an Englishman.

18. The Amulree Report pointed out that "since, outside St. John's, there was no municipal Government in the Island, and no direct taxation (apart from income-tax, which was only payable by the few) the people who did not pause to consider how the money was to be provided or what would be the end of this orgy of extravagance." (Paragraph 220). It stated that "the absence of any form of Municipal Government and the conduct of the entire administration of the country from St. John's have had an unfortunate effect on the people in retarding the development of a public spirit and a sense of civil responsibility." (Parag. 617). It recommended that the new Government should do everything in its power to encourage the formation of municipalities.

19. A Statute was passed in 1937 by the Commission of Government in order to permit the creation of Municipal Councils, but this legislation has had no practical results up to the present. Mr. J. H. Penson, then Commissioner for Finance, in his budget speech delivered on July 3, 1941, made the following remarks on this subject:

"It has long been recognized that lack of municipal organizations outside the City of St. John's and the Company Towns has been a hindrance to progress. Local social problems, many of them really urgent, can properly be handled only by an organization of a municipal character. At the same time the establishment of municipal councils would provide political experience throughout the country, and this experience is essential for the successful resumption of Responsible Government . . . Hitherto, however, communities have for the most part been reluctant to take the steps provided by the Statutes of 1933 and 1937 and this notwithstanding the efforts of this Government and past Governments. It is with the object of encouraging the establishment of such self-governing organizations that provision is made in the present Budget for grants to local Municipal Authorities to be set up under these Statutes, or under special Acts such as that under which the Town of Windsor is at present working. The principle which we now desire to recommend is that of a proportionate grant to be made by the central Government in aid of the finances of new municipal bodies. The proposal is that a municipal authority should obtain a grant-in-aid from the Exchequer on the basis of a sliding scale depending upon the amount actually collected in cash by municipal taxation . . . It is hoped, however, that the advantages of the proposals now to be made will quickly be appreciated and that the number of municipalities to be formed will grow."

20. The town of Windsor, to which Mr. Penson referred in his remarks quoted above, was organized under a special act in 1938. Windsor is a residential community adjacent to the paper town of Grand Falls. It now has a Board of Management elected every two years by a town meeting of qualified voters. It has certain limited powers of taxation and has only such functions as the control of buildings, sanitation, water supply, streets and roads.

21. In recent months the community of West Corner Brook, a suburb of the other paper town of Corner Brook, has shown some interest in the creation of a town council and has received encouragement in this matter from Sir John Pud-  
dester, Commissioner for Public Health and Welfare.<sup>19</sup>

22. In order to deal with some of the problems of local administration the Government has attempted to have the District Magistrates perform certain non-judicial functions. The nature of this work was described as follows in the Annual Report of the Commission of Government for 1938:

"Under the new scheme initiated in 1935 the magistrate is intended to be a general administrative officer as well as a judicial officer, to devote himself to social and economic work, to have a general supervision over all the activities of Government in his district and to afford a channel of communication between the people and the Government. He is also to have a general position of inspection over all services except those, such as Customs, Post Office and Education, which have their own technical systems of inspection. The position of the magistrates under the new scheme has not yet fully developed. They perform however a very useful function in reporting on the affairs of their districts and dealing ad hoc

<sup>19</sup>Plusieurs autres municipalités s'incorporèrent par la suite dans la période avant la confédération.

<sup>19</sup>Several other municipalities were subsequently incorporated in the period before confederation.

with matters referred to them by the Administrative Departments . . . . The practice has been established of holding an annual convention of magistrates in St. John's in order that they may compare notes with one another and with the various Departments of the Government."

23. Generally it may be said that the Commission of Government, whether through its own fault or the inertia and indifference of the people of Newfoundland, has achieved very little in preparing the country for the restoration of responsible government.

24. The Amulree Report, in summarizing its principal recommendation said: "It would be understood that, as soon as the Island's difficulties are overcome and the country is again self-supporting, responsible government, on request from the people of Newfoundland, would be restored." (Parag. 634(4)(g)). In the Address to the King from the Legislature of Newfoundland, the Legislature asked that the then existing Letters Patent should be suspended and that new Letters Patent should be issued "which would provide for the administration of the Island until such time as it may become self-supporting again on the basis of the recommendations which are contained in the report of the Royal Commission and of which a summary is set out in the annex hereto." The annex to the address includes the above quoted recommendation from the Amulree Report.

25. In the Newfoundland Act 1933, Chapter 2 24 Geo. V, passed by the Parliament of the United Kingdom, authorization is given for the issue of new Letters Patent for the Government of Newfoundland and the existing Letters Patent were declared to be suspended "on the basis of the recommendations of the Royal Commission referred to" in the address from the Legislature of Newfoundland.

26. It may be pointed out that the criteria of "self-supporting" are nowhere set out. Also there is no machinery provided by which the people of Newfoundland can make an official "request" for a restoration of self-government.

I have etc.

C. J. BURCHELL

14. PRO/DO 35 723/N2/73/X/J7827

*Mémoire du sous-secrétaire d'État parlementaire aux Affaires des  
Dominions de Grande-Bretagne au secrétaire aux Dominions et au  
sous-secrétaire d'État permanent aux Affaires des Dominions  
de Grande-Bretagne*

*Memorandum from Parliamentary Under-Secretary of State for Dominions  
Affairs of Great-Britain to Dominions Secretary and to Permanent  
Under-Secretary of State for Dominions Affairs of Great-Britain*

London, June 10, 1942

NEWFOUNDLAND

Newfoundland contains the largest population of people sprung from these islands which do not govern themselves. The immediate reasons for the withdrawal of self-government were incompetence and corruption. It is, however,

necessary to go further and examine the deeper causes of the failure, and the only failure in the history of the British Empire, of our own people to govern themselves. Poverty, semi-starvation, lack of education and a narrow sectarianism are at the roots of most inefficient and corrupt governments, and they all contributed to the breakdown in Newfoundland. There seems to be no other reason why the Newfoundlanders should not have been as successful as other British peoples who have built up successful and prosperous Dominions and Colonies elsewhere in the world. They spring from the same stock, share the same traditions and have the same close ties with this country as the rest of the Empire. Ever since Parliament decided that Newfoundland should cease to be a self-governing Dominion and placed the responsibility for its administration on this country, it has been a challenge to us to conduct its affairs in such a manner that it will be able once again to control its own destinies.

When it became clear in 1933 that action was necessary, it had been a very long time since such a large area of the Empire inhabited solely by people of British descent, had been brought under "Downing Street rule." The problem of Newfoundland arose about the same time that the ratification of the Statute of Westminster defined Imperial relationships and marked a stage which had been reached as the result of the events and of changing political thought during the previous thirty years. The idea of a Dominion reverting to the status of a Crown Colony was almost unthinkable. There was no provision in the Imperial structure for such a contingency. Nothing of the kind had occurred since the suspension of the Cape Constitution during the Boer War.

It was against this background that the Newfoundland crisis developed. No one had any experience of dealing with the situation which arose and compelled the Government of the day to take action contrary to the whole trend of recent thought on Imperial questions. The problem could only be solved by reversing a policy, which had become established and universally accepted both in this country and in the Dominions. It was clear that the country was incapable of ruling itself, and that its finances must be placed on a sound basis, but it was also felt that local susceptibilities should be treated very tenderly. As the result of these two lines of approach the Commission of Government was set up. It was inevitably in the circumstances of the time a compromise. An attempt was made to create an instrument which was different from the ordinary constitution of a Crown colony. While Newfoundland was in fact brought under the direct rule of Downing Street it was evidently felt that as far as possible the Commission of Government should manage its own affairs. This meant that little guidance was given from the Dominions Office, and the Commissioners probably felt that they were out of touch with this country. It is important that the reasons for the policy which was followed should be fully understood so that anything which is said subsequently should not be interpreted as criticism of the work which has been done since 1933.

The new Government restored the finances and made its influence felt in other branches of the administration of the Island. Drastic reform, however, can never be carried through unless susceptibilities are wounded, and as reforms are often opposed most violently by those who will in the end benefit most from them, the Commissioners no doubt felt that they must act with caution. For these reasons

and because of the prevailing political atmosphere of the time, the Government tended to take a short view. While other causes of the breakdown were not ignored, the emphasis was laid chiefly and not unnaturally, on the financial aspect of the problem. There was no pressure from a popular assembly and no direction from this country to encourage the Commission to take far-reaching measures in other fields of administration. The impact of the war on Newfoundland has opened up a whole series of questions with which we shall now be compelled to deal. The establishment of American and Canadian Bases has brought the Island into very close contact with both Canada and the United States. The Americans and Canadians are competing with one another in order to impress the Newfoundlanders. Our recent record shows no dramatic or impressive achievement and this is being noted both in Canada and the United States.

After the experiences of the last quarter of a century political thought certainly among the English-speaking peoples and among many of the United, and especially the Western Nations, is becoming convinced that economic questions and defence cannot be treated on a narrow national basis. The establishment of bases in territories remaining under foreign sovereignty is one sign of the change, and the close economic relationships which have come about as the result of the war may well prove to be lasting in certain respects and the basis for further developments. It seems clear therefore that while small nationalities will retain their sovereignty they will be not only willing, but anxious to form part of blocks or confederations for defence and economic purposes. There is in reality no hard and fast division between peace and war, and changes are actually taking place now which will for good or ill affect the future.

The war has already had its effect in Newfoundland. The remarkable speed and efficiency with which the Bases and up-to-date hospitals have been built, has greatly impressed the people, while the development of the Atlantic Air Service is bound to make itself felt. In the light of general as well as particular developments, a new and vigorous policy with regard to Newfoundland has become imperative.

Our immediate aim should be the improvement of the condition of the people and the development of the natural resources of the country so that it may be able to manage its own affairs again as soon as possible. We should moreover do everything in our power to improve the relations between Canada and Newfoundland. If close and sympathetic co-operation in the development of the Island and of Labrador came from Canada, the possibility of union might come into the realm of practical politics. The ultimate aim of our policy should be to bring Newfoundland into the Confederation.

The immediate and pressing question is how this policy can be put into operation. The Commission as at present constituted is not an effective body for carrying out a dynamic policy. The Governor is *ex officio* Chairman of the Commissioners, but he has interpreted his duties almost exclusively as those of a representative of the King. He is, of course, bound to carry out these duties, but he has evidently felt they preclude him from taking an active part in the actual administration.

The present interpretation of the position of the Governor makes it practically impossible to carry out a vigorous and progressive policy. There is in fact no provision for a Prime Minister if the Chairman of the Commission does not exercise the authority and leading position which his position undoubtedly gives him. There can be no co-ordinated policy without a leader. This is a serious weakness and it must be overcome if a new policy is to be carried through. It seems unnecessary to alter the Constitution, but it is essential that it should be re-interpreted and that a Governor should be appointed, who will be the active Chairman of the Commission. He would, in fact, combine the duties of King and Prime Minister. Much will depend on his personality. He must be capable of inspiring the people, and initiating and carrying through the necessary measures to put the new policy into effect. This will require a combination of wisdom, energy and understanding which is rare. It will be necessary to appoint a man of outstanding character and ability. It would be useless to appoint a man at the end of his career or a retired officer. It is a task for a man in the prime of life and it should be clearly understood that the Government attach great importance to the success of their policy, that the new Governor will receive their constant and active support and that good Civil Servants will be seconded to help him. I have in mind the same type of man as the late Lord Milner, who when he went to South Africa in the nineties, was a comparatively unknown and young Chairman of the Board of Inland Revenue with some overseas experience as Financial Adviser in Egypt under Lord Cromer. Such men cannot be found unless they are taken from important posts, but unless they are spared for work in the Empire its future is dark indeed.

At this stage it is unnecessary for us to consider what specific measures will be necessary to accomplish our purpose. In the first place we must decide on a policy and find the man to carry it out.

The problem of Newfoundland is becoming an urgent one and should receive immediate consideration.

P. V. E[MRYS-] E[VANS]

15.

PRO/DO 723/N2/73/X/J7827

*Mémorandum du sous-secrétaire d'État permanent aux Affaires des  
Dominions de Grande-Bretagne au secrétaire aux Dominions*

*Memorandum from Permanent Under-Secretary of State for Dominions  
Affairs of Great-Britain to Dominions Secretary*

London, June 13, 1942

I agree with Mr. Emrys-Evans' general conclusion that the time has come when we ought to be taking active steps to envisage the future arrangements to be made in Newfoundland when the war ends. I have, however, arrived at this conclusion on rather different grounds from Mr. Emrys-Evans.

In the first place I think it would be hardly correct to say that little guidance has been given from the Dominions Office to the Commission of Government since it was instituted. For the political reasons mentioned in Mr. Emrys-Evans' minute we have appeared to ride the Commission lightly from Downing Street. But in fact previous Secretaries of State have guided the Commission pretty closely as regards the policy to be pursued in Newfoundland and the aims to be achieved. Indeed I might say that the Commission has received at least as much, if not more, guidance from the Secretaries of State as the Governor of any Colony has received from the Colonial Office. I might only refer in this instance to the despatches from the Secretary of State about a long-term policy in Newfoundland in 1936 which I have tabbed "A" and "B" in the prints below. There have, moreover, been innumerable conferences with the Commissioners here whenever they were available in this country.

The second point on which I should venture to differ from Mr. Emrys-Evans is as to the impression that the Commission of Government have tended to take a short view of their duties and have failed to make much impression on the major questions of reconstruction in Newfoundland. I will not elaborate this here but I think it would be true to say that if one were to compare the position in Newfoundland in 1933 with what it is now it would appear that the fundamental changes in outlook and set-up effected by the Commission are very striking indeed. They have not in fact spent the last nine years in "marking time."

However, I do agree that the Commission of Government from its nature has never been a very happy instrument for the Government of a country like Newfoundland. In the nature of things a small committee responsible to no one in Newfoundland with no Newfoundland Parliament or organised Opposition in existence was bound to be attacked from every quarter and in every direction. Moreover, the Newfoundlanders on the Commission who were supposed to be a means of testing public opinion in Newfoundland have never fulfilled this function very adequately because we were unable to get sufficiently good and representative Newfoundlanders for the Commission. The machinery of Commission Government is, of course, what was decided upon on the recommendation of the Amulree Commission, and the Amulree Commission clearly appreciated the difficulties of any alternative at the time.

The reason why, I think, we must actively consider the future after the war is that the immense efforts made by Newfoundlanders during the war in the Allied cause and the completely changed financial position, even if only temporary (they are now lending us money instead of our financing them), means that when the war ends there will be an overwhelming political move in favour of the restoration of self-government. This it will be difficult to resist and we ought to be prepared with our line of action.

In recent years we have been thinking on the lines that the best course might be to appoint a further Royal Commission after the war to advise what changes in the constitution etc. should be made as a result of the changed situation, but, as matters stand, I agree with Mr. Emrys-Evans that we can hardly wait for this. A Royal Commission would take a long time to function and in the meantime we should be shot at from every quarter. Moreover, we ought to know our own minds

as regards the main issue, and not rely upon a Royal Commission to make them up for us.

The solution suggested by Mr. Emrys-Evans is that instead of the present Governor we should appoint an experienced administrator who would not only think out and advise us as to the future, but would act, as it were, as "Prime Minister" in Newfoundland and put things right for us. I must say that I feel some doubts about this proposal.

There is the technical constitutional position. The reasons for the present position of the Governor as an impartial chairman who acts on the advice of his Commission are set out in the letter which Mr. MacDonald sent to Lord Winter-ton some time ago. This is tabbed "C" in the prints herewith. Briefly, the position is that the arrangement by which the Governor acts on the advice of his Commission and is therefore a titular head rather than a "prime minister" was one of the conditions on which the Newfoundland Parliament agreed to its own extinction. It is, therefore, one of the conditions on which the present constitution was set up as confirmed by the Newfoundland Act, 1933. It follows that both Parliament here and Newfoundland public opinion would have to approve a change in the Constitution by which the next Governor performed the functions of a "Prime Minister." I am rather doubtful whether Newfoundland public opinion would agree to this. It is true that there is nothing to prevent a man with good administrative experience from being appointed Governor and seeking to guide the Commission through the influence of his personality. He would, however, have to be a most exceptional man as regards tact if he was to achieve all this in spite of the existing constitutional position and I think his path would be fraught with immense difficulties.

But the question of the Governor is really only a piece of machinery. What we ought to make up our minds about is what future do we look for in Newfoundland after the war. As to this I find myself in very great agreement with Mr. Emrys-Evans' dictum that the aim of our policy should be to bring Newfoundland into the Canadian Federation if by any means this can be accomplished. The position, as I see it, is that the change which has taken place in the circumstances of Newfoundland will make it politically impossible to retain control from the United Kingdom through a Commission of Government. There will be great political pressure for the restoration of free Parliamentary institutions in Newfoundland. But a small country lacking in essential resources like Newfoundland is in fact unable to govern itself effectively and all recent experience has shown that small Governmental units are unable to exist effectively in the modern world. It follows that the only hope for the future within the British Empire is some union with Canada and the sooner this can be brought about the better.

It is clear that public opinion in Newfoundland has always been intensely against union with Canada but this is largely due to the fact that the Canadians have regarded them as poor relations, have done in the main little to help them and have always taken the line that circumstances would force Newfoundland into Canada in due course on Canada's own terms. It might well be that if Canada were induced to take a more liberal view of the terms which she would offer Newfoundland for admission to the Canadian federation and if this could be



backed by some attractive financial offer from ourselves, such as the acceptance by the British Exchequer of the existing Newfoundland debt charges, Newfoundland public opinion would move in the direction of union with Canada. At any rate it would be a constructive policy, which would be worth trying. I see little hope for Newfoundland's future if it is to consist of a series of changes from Government from Downing Street to self-government and intermediate variations.

If the question is looked at from this broader point of view it seems to me that the matter of the type of Governor to be appointed really becomes a small piece of machinery within a greater whole. But if we can aim at a big development such as that suggested above, it would, in my view, be much better to keep the present system of Governorship rather than embark on a Colonial type of Governor which is clearly inconsistent with the objective mentioned. It would mean careful working out here [?] in Newfoundland itself.

E. M[ACHTIG]

16. 2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

St. John's, June 16, 1942

Dear Norman [Robertson],

I hope that Floyd Chalmers<sup>20</sup> is satisfied with his intrusion into the political life of this country. I mean "satisfied" that he never should have intruded.

He only got one favorable answer and that was from a Canadian living in Newfoundland, the Reverend Dr. Barr. He has, however, made several of the leading citizens go on record publicly and emphatically against Confederation and has thus put them in a position from which I am sure they will never recede.

One of the most emphatic is James Ayre, the head of a large firm, Ayre & Sons Limited, and one of the most influential men in the City of St. John's. He also happens to be one of my very best personal friends of many years' standing. He will go all out for a union of Newfoundland and with the United States. His arguments are that Newfoundland will never become prosperous unless the markets of the United States are freely open to her. He points out that in such an important matter as the fisheries, Canada is her competitor, while the United States would be a purchaser. He perhaps forgets that the absorption of Newfoundland by the United States would also mean absorption of her fisheries.

The intrusion of *The Financial Post* into the matter has invited Mr. Cyril D. B. Knight to write a bombastic article in *The Daily News* this morning, copy of which is enclosed herewith.<sup>†</sup>

<sup>20</sup>Éditeur, *Financial Post*. Voir le document 12.

<sup>20</sup>Editor, *Financial Post*. See Document 12.

I made some inquiries as to who this man was and would gather that he is a bit of a lightweight. He must be to write such trash. The amazing thing is that *The Daily News* would publish it as a contributed article.

I hope that *The Financial Post* will now let this matter drop. If they keep on, all they will do will be to drive a lot of others into open opposition to Confederation.

As I have stated in previous despatches, an extremely large percentage of the people of Newfoundland are against Confederation because opposition to Confederation has been drilled into them from childhood. It can do no good, but on the contrary will do a great deal of harm and compel them to express their attitude openly, and, in the case of most of them, when they give their views in writing, it will be an almost irrevocable decision.

Yours faithfully,

C. J. BURCHELL

17.

2828-40

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Under-Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

Ottawa, June 26, 1942

Dear Mr. Burchell,

We were very much interested in your despatch No. 329 of June 9 about the "Wayfarer" articles and the general question of restoration of responsible government in Newfoundland.

It is natural for Canadians to feel a good deal of sympathy with Wayfarer's point of view, though they would certainly not be prepared to endorse his assertion as to the prevalence of political corruption in Canada and the United States in comparison with pre-Commission Newfoundland, whose government for many years seems to have been about as corrupt as any in the history of the Commonwealth. There is some force in the criticisms of Newfoundland's political development which you quote from the Amulree report, but, as you point out, they are weakened by an underlying assumption that constitutional rights which are vital to inhabitants of the United Kingdom become merely academic niceties when the question arises of their application in outlying regions, as well as by a somewhat old-world tendency to consider a leisured class indispensable for the operation of democracy.

We will be glad to have word of any further developments in this connection.

Yours sincerely,

N. A. ROBERTSON

18.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 390

St. John's, June 30, 1942

Sir,

With reference to my despatch No. 329 of June 9 I have the honour to enclose herewith copy of two resolutions,<sup>†</sup> adopted unanimously by the Newfoundland Board of Trade at a special meeting held on June 26, urging that the pay of Newfoundlanders serving in United Kingdom forces should be supplemented by the Newfoundland Government, and asking that the Commission of Government adopt some means for consulting public opinion before decisions of national importance are taken. I also enclose clippings from *The Daily News* of June 27,<sup>†</sup> reporting the discussion which took place on the two resolutions.

...

3. The resolution favouring some kind of representation of citizens in the governing of the country is expressed in vague and general terms. It urges that the Commission of Government recognize the principle that representative citizens should be consulted in matters of national importance and that "a form of procedure" should be set up by means of which public opinion could be heard. The mover of this resolution gave as one of his arguments that the Transportation Control Board, on which I previously reported to you, was not representative of the transport industry and was established without consultation with the interests involved. He also stated that the return of Newfoundland to financial security was the ground upon which the claim is made for some measure of representation in government. The seconder of the motion mentioned that nine years ago the Board of Trade passed resolutions, almost unanimously, urging the government to adopt the principles laid down in the Amulree Report. He also mentioned that the Commission of Government was established on the understanding that once Newfoundland became self-supporting it would revert to responsible government and that the country is now in this position.

4. I enclose copies of an editorial from *The Daily News* of June 27, which discusses the two resolutions of the Board of Trade, and "Wayfarer's" article from *The Daily News* of today's date. It will be noted that "Wayfarer" suggests that some form of representative government should be adopted as a major step towards the restoration of dominion status after the war, rather than an immediate return to responsible government. He states that no one wants to do anything that would interfere with the war effort.

5. "Wayfarer" expresses the conviction that Newfoundland can stand alone as a self-governing country provided the government is prepared to accept the position of having expert advisers in economics and finance. He dwells upon the

anomaly of Newfoundland being a white community in the Empire and yet its people having no part in the government of the country.

I have etc.

C. J. BURCHELL

19.

4007-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

St. John's, August 22, 1942

Dear Norman [Robertson],

Mr. P. A. Clutterbuck of the Dominions Office is arriving in St. John's on Monday. He was Secretary to the Newfoundland Royal Commission, 1933, commonly known as the Amulree Commission.

There are very few people in Newfoundland who have a good word to say for the Amulree Commission today. It is, in fact, exceedingly unpopular.

I do not know anything about Mr. Clutterbuck and only accidentally heard that he is coming here.

Three or four weeks ago, the Governor called to see me in connection with the visit of the Governor General<sup>21</sup> and told me that a very important man was to arrive in Newfoundland on the 10th of August. He said it was all hush-hush and he could not then give me his name but would let me know later on. The Governor told me that the visit of the Governor General of Canada had to be postponed for a week because it conflicted with the date when the important man from England was to be here.

I have heard nothing further about the matter, but apparently the news got around the city that Attlee was coming here but that his visit had to be postponed. I presume there must be some foundation for this rumour because so far as I am concerned it is only rumour.

The present story now in circulation is that Clutterbuck is coming here in advance of Attlee's visit.

The mystery to me is why Attlee should come here at the present time or even send somebody from the Dominions Office, such as Clutterbuck. The visit of the last representative of the Dominions Office, Geoffrey Shakespeare, was anything but a success. Everybody expected him to make some announcement about the return of responsible government and of course when no such announcement was made, they were disappointed. I am afraid that a visit from Attlee or even from Clutterbuck would not be appreciated unless they had something really impor-

<sup>21</sup>Le gouverneur général est arrivé à Terre-Neuve le 25 août.

<sup>21</sup>The Governor General arrived in Newfoundland on August 25.

tant to tell the people of Newfoundland in connection with the control of their Government.

It is perhaps a little unfortunate that the visit of a representative of the Dominions Office and the proposed visit of Clement Attlee should coincide with the visit of the Governor General. There are of course all kinds of wild rumours going around the city because it is known that the visit of Attlee and the visit of the Governor General will follow each other.

Officially, I do not know anything about Clutterbuck's visit, nor do I know what his present standing in the Dominions Office is. I am wondering if he is an important enough person for me to ask to the luncheon for the Governor General. I have now 36 invitations and 36 acceptances, as per the enclosed list.<sup>†</sup> These, with my wife, my daughter and myself, make a total of 39. I have seating accommodation for exactly 40 people but that is the limit. I have therefore one seat vacant and would appreciate hearing from you by cable on Monday as to Clutterbuck's standing and whether or not he is of sufficient importance as representing the Dominions Office to be asked to the luncheon. I do not want to make any inquiries about him around here.

Yours faithfully,

C. J. BURCHELL

20.

4007-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

TELEGRAM 153

Ottawa, August 24, 1942

IMMEDIATE. With reference to your confidential airmail letter to Robertson dated August 22nd. United Kingdom authorities here did not know of Clutterbuck's arrival. They were under the impression that he was to be a member of the party accompanying the other person mentioned in your letter.

Under the circumstances it would probably be a suitable and gracious act for you to invite Clutterbuck to your dinner.

21.

4007-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

TELEGRAM 156

Ottawa, August 25, 1942

Following from Robertson for High Commissioner, Begins: Clutterbuck is a good friend of mine of many years' standing. You will find him, I am sure, a very helpful and reasonable person to discuss Newfoundland questions with. Ends.

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

St. John's, September 3, 1942

Dear Norman [Robertson],

Here is still another epistle from Morine.<sup>22</sup> There seems to be no end of them and the longer they continue the more harm they are doing.

A certain section of the people at least are wondering what is the connection between the visit of the Governor General, the visit of Clutterbuck and Morine's letters.

You will note that one paper, *The Fishermen-Workers Tribune*, is suggesting that Clutterbuck's visit is for the purpose of conspiring to rush Newfoundland into Confederation. I sent you a copy of this article in a despatch to you today. It is amazing to discover from time to time to what a large section of the people the thought of Confederation is sort of a nightmare hanging over them all the time. This, of course, is because of teachings which have been instilled by their fathers and grandfathers so that it has become an inherited part of their personalities.

I am sending you a copy of an anti-Confederation song. It, of course, goes back to the days of 1868 and 1869. It, however, appears along with another song of the same character, "The 'Antis' of Plate Cove," in a book of old-time songs and poetry of Newfoundland which was prepared for free distribution by Gerald S. Doyle and of which the second edition was published in 1940.

Yours faithfully,

C. J. BURCHELL

[PIÈCE JOINTE/ENCLOSURE]

ANTI-CONFEDERATION SONG

Hurrah for our own native Isle, Newfoundland,  
Not a stranger shall hold one inch of its strand,  
Her face turns to Britain, her back to the Gulf,  
Come near at your peril Canadian Wolf.

Ye brave Newfoundlanders who plough the salt sea,  
With hearts like the eagle so bold and so free,  
The time is at hand when you'll all have to say  
If Confederation will carry the day.

<sup>22</sup>Sir Alfred Morine, un vétéran de la politique de Terre-Neuve. Voir le volume 1, document 868.

<sup>22</sup>Sir Alfred Morine, a veteran of Newfoundland politics. See Volume 1, Document 868.

Cheap tea and molasses they say they will give,  
 All taxes take off that the poor man may live:  
 Cheap nails and cheap lumber our coffins to make,  
 And homespun to mend our old clothes when they break.

If they take off the taxes how then will they meet  
 The heavy expense on the country's upkeep?  
 Just give then the chance to get us in the scrape  
 And they'll chain you as slaves with pen, ink, and red tape.

Would you barter the right that your fathers have won,  
 Your freedom transmitted from father to son?  
 For a few thousand dollars of Canadian gold,  
 Don't let it be said that your birthright was sold.

23.

2828-40

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire  
 à Terre-Neuve*

*Under-Secretary of State for External Affairs to High Commissioner  
 in Newfoundland*

Ottawa, September 10, 1942

Dear Mr. Burchell,

I am enclosing for your information a copy of a letter addressed by Mr. A. Sidney Dawes of Montreal to the Prime Minister<sup>†</sup> on the subject of Canadian policy in respect of Newfoundland. I also enclose a copy of the Prime Minister's reply.<sup>†</sup>

In this connection the letters from Mr. Morine which you have forwarded from time to time are of interest. I can quite appreciate your view that these letters published in the Newfoundland newspapers are prejudicing the relations between Canada and Newfoundland. It seems extraordinary that in public discussions of the possibility of Newfoundland entering the Canadian Confederation, no one seems to suggest that the first move should come from Newfoundland itself; that it would be made only if that country considered that its future as an isolated community was not attractive (as the settlers in British Columbia did when that colony negotiated for entry into Confederation); that no consideration should be given to the question of whether Newfoundland would have weathered the depression better, or have suffered more, had it been a Canadian province; that little or no mention should be made of the relative magnitude of the war effort which Newfoundland could have made as a Canadian province or of the equity with which the burdens of the war would have been distributed among its citizens. Finally, very little seems to have been said of the problems of post-war reconstruction and of fitting the economy of Newfoundland into the new world economy whatever that may be. The result is to give an extraordinary degree of unreality to the discussions.

Yours sincerely,

[N. A. ROBERTSON]

24.

4007-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

St. John's, September 14, 1942

Dear Mr. Robertson,

I understand that Clement Attlee has arrived in Newfoundland or is arriving today. The first notice which the public received of his arrival was a despatch from London which reported that Mr. Attlee had recently visited the Newfoundland Troops in England and had informed them that he intended shortly to pay a visit to Newfoundland. This press despatch appeared in the Newfoundland papers on September 12th.

Mr. Clutterbuck has been here for the past two weeks. I have only met him twice, once at a dinner given at the Hotel by the Honourable Mr. Dunn and the other at my own home.

Having in mind the telegram which you sent me about him, I invited him to my house for an informal dinner and did not invite any other guests. I told him the substance of what you stated in your telegram and thought perhaps he might open up a bit but as he had apparently nothing he wanted to talk over with me, we spent a quiet evening playing bridge with my wife and daughter.

He seemed to be a very decent fellow and I was glad to meet him even if he did not want to talk to me.

The information I get about him here is that he is supposed to have had very much to do with the preparation of the Amulree Report. He is, in fact, credited with being its author.

He is apparently held in very good esteem by at least some people here, notwithstanding the general condemnation of the Amulree Report.

The story I get about him from certain influential people is that after the Report was filed, he met in conference with a number of citizens and explained to them that the Commissioners would endeavor to work hand in hand with the people of this country and would take them into their confidence from time to time and tell them something of what they were doing and of their plans. This practice may have been followed for a time, but certainly the present Commissioners appear to be exceedingly desirous of operating secretly and keep away from all contact with the local people. The complaint is that contracts are made and statutes passed and the people are kept in entire ignorance of what is being done. There is no attempt on the part of the present Commissioners to work hand in hand with the people of this country or to pull them along with them.

One of the most glaring examples is that the people of this country have never been told of the nature of the contract with Trans-Canada Air Lines. The Newfoundland Government has certainly nothing to be ashamed of in that contract and one would have thought that the terms of the contract would have been made



public immediately as it was certainly eminently fair to Newfoundland in every way and particularly so in relation to the carriage of mails.

It would be interesting to discover why Clement Attlee is coming to Newfoundland at this time. He will certainly not be well received unless he has something to say about the return of responsible government to this country. If he is not prepared to make some announcement in that regard, it would probably be better for him to remain at home.

The visit of Geoffrey Shakespeare a year ago as Under-Secretary of State for the Dominions was a dismal failure. This was in part due to Shakespeare's own personality as Newfoundlanders felt there was nothing inspiring about him but in much greater measure was due to the fact that they expected him to say something about the return of responsible government, but he did not mention the subject in either of the two public addresses which he gave here.

I assume that Clutterbuck has been sent as an advance agent to sound out the position here and obtain the local feeling and I assume he is attempting to do this but if his only contact is with the Commissioners, the information which he will obtain will perhaps not be very accurate.

Yours faithfully,

C. J. BURCHELL

25.

2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

St. John's, September 18, 1942

Dear Mr. Robertson,

I wrote you under date of September 14th with regard to the visit of Clement Attlee.

Having in mind the fiasco of Geoffrey Shakespeare's visit I was "from Missouri" as to the value of Clement Attlee's visit at this particular time, unless he had some announcement to make about the return of responsible government.

Quite contrary to my expectation, however, it would appear that Attlee's visit may prove to be of considerable value.

In my letter of September 14th, I sent you a rather sarcastic article by Mr. Perlin,<sup>1</sup> editor of *The Daily News*, in his "Wayfarer's" column, and in my despatch No. 527 of September 16,<sup>1</sup> I sent you some newspaper clippings.

Mr. Attlee's method of operation is the same as Mr. Shakespeare's, namely to make appointments through his secretary with a number of leading citizens in St. John's to meet him at Government House and he then discusses the problems of Newfoundland with them.

I do not think I met a single person who had an interview with Shakespeare but who came away from the interview with a very poor opinion of him and disgusted with the interview.

Attlee, however, seems to have a way with him and everybody so far with whom I have talked, after an interview with him, has come away from the interview smiling and pleased. Several men who told me of their interviews were the same men who told me last year about their interviews with Shakespeare and how disgruntled they were after the interview with him.

The grapevine circuit operates very quickly in this city and the general good feeling toward Attlee is quickly circulated here, and is reflected in the articles and editorials in newspapers of yesterday and today.

For example, I am enclosing herewith a very interesting editorial which appeared in *The Evening Telegram* of September 17th.<sup>†</sup> (*The Evening Telegram*, during the past year at least, has been much more sensible and much less radical in its editorials than the morning paper *The Daily News*.) I think that this particular editorial is the first editorial or article which has been published in a Newfoundland paper since my arrival here which can be said to be at all favorable to the Commission of Government. Every other article which I have read has done nothing but condemn them and everything they do. They are damned if they do, and they are damned if they don't.

You will note particularly the point which is made in the editorial in *The Evening Telegram* which I have emphasized to you in several letters, namely that there is no body of opinion in Newfoundland at the present time which advocates the restoration of responsible government until after the war is over. In my letters to you, I have emphasized this fact as a tribute to the patriotism of Newfoundland, but I have also mentioned that it was also in part due to the general prosperity throughout the country and the fear that this might be disturbed by the return of responsible government.

I am also sending you an article by "Analyst"<sup>†</sup> which appeared in the same issue of *The Evening Telegram* of September 17th. It is headed "On thinking it over by Analyst." You will read this article with some interest and note particularly that part of it, which is headed "Fear of Confederation" and in which the writer, who is probably Mr. Jeffery, the editor of the paper, says:

"It is something more than a coincidence that this talk of — or more correctly in some quarters, fears of — Confederation with Canada should crop up so regularly when discussions are held between the Commission and British or Canadian leaders."

As I have explained to you many times in previous letters and despatches "the fear" of confederation is always in the minds of most Newfoundlanders. The reason for this is that the prejudice against confederation has been instilled in their thoughts from childhood days and for two or three generations by the so-called "politicians" of this country.

In his interview with the press, copy of which was sent you in my despatch No. 527 of September 16, 1942, I thought Attlee was very adroit in turning aside the issue of confederation. The following is a quotation from the report of his press interview:

"Asked whether he would discuss confederation with Ottawa officials his answer was that he would not take the initiative in raising that or any other question."

You will note that "Analyst" says that that reply to the question put at the recent press conferences seems to have turned discussion of his visit away from confederation to the possible return of responsible government.

Mr. Attlee gave a broadcast address last night which I thought was very neat. I thought his closing paragraph was particularly good. In that paragraph he put the responsibility for the post-war future of Newfoundland squarely upon the people of this country. I quote the paragraph to which I refer:

*"When Victory Has Been Won*

When victory has been won, as won it will be, a great task awaits us to secure to all peoples the four freedoms, freedom of speech, freedom of conscience, freedom from fear and freedom from want.

We are in the midst of the struggle to rid the world of fear. We have also to rid the world of want. Never again must we have a return to the conditions of the years round 1930. Never again must we suffer the agonies of world economic depression. We are at work now in thinking out plans for dealing with the post-war problems of the world and of Britain. I want you in Newfoundland to be thinking and planning for your problems. When victory has been won and the men return from the war, Newfoundland like the rest of the world will be opening a new chapter in its history. You will have problems of social, economic and political reconstruction to solve. Yours will be the responsibility. I believe that you men and women of British stock will face the new world and all its difficulties with the same courage, faith and common sense with which you have met the impact of war. Meanwhile remember that this is total war against a ruthless enemy. I know what you have done. This war demands from all of us our utmost. Through blood and tears and sweat we shall attain victory and peace."

It looks therefore for the moment at least that Attlee has diverted the attention of the people here away from the boggy of confederation and away from their continual grumbling against the Commission to the thought of their own responsibility for the future of this country. Even Mr. Perlin, the editor of *The Daily News*, has had his attention called off for the time being from the boggy of confederation and has a very sensible article in his "Wayfarer's" column in this morning's *Daily News* headed "Post-war Finance."

I find also that, in some quarters at least, Clutterbuck is highly regarded in spite of the fact that he was the Secretary of the Amulree Commission. I wrote you about him in my letter of September 14th. I have met several people who believe they can count on him being helpful to the best interests in Newfoundland and who are pleased that he has come here so as to get a first-hand understanding of the situation. Although my contacts with people who know him, and who have met him since he has been here, have been quite limited I have not found anybody yet who has any real prejudice against him. On the contrary, several people have expressed a good deal of confidence in him.

I take it that Mr. Attlee and Mr. Clutterbuck are both giving a good deal of study and thought to the present form of government and perhaps may evolve

some improvement. My own relations with the three English Commissioners, as well as with the three Newfoundland Commissioners, have been entirely satisfactory. There is no doubt, however, that there is a very strong prejudice in Newfoundland against the United Kingdom Commissioners. I fear that this is inevitable no matter who the Commissioners might be. I am bound to say, however, that I think that if Commissioners had been sent here who had more vision and who made some attempt to take the people of Newfoundland into their confidence and bring them along with them on various issues, that the Commission of Government might have been more palatable. The attitude of the present Commissioners is to operate mysteriously and secretly and not attempt to consult the people of this country and make decisions on most important matters without telling them what they were doing.

On the other hand, the fact must be kept in mind, in fairness to the Commissioners, that the people of this country are difficult people to deal with. This country has been so badly governed during the whole period of its history of over four hundred years that I think it is inevitable, and no matter how good a government may be, it is inbred in the people here to be always in revolt against governmental authority.

There have been no formal entertainments for Mr. Attlee because of the period of mourning. Moreover, the Governor told me that he is so busy during the time he is here that he has expressed the desire not to have any formal entertainments arranged for him and that he does not even want people invited to Government House. The Governor did give quite a large afternoon party on Wednesday to which perhaps one hundred people, both ladies and gentlemen, were invited. I had an opportunity then to have a few minutes' conversation with Mr. Attlee, but am not making a formal call on him.

I did, however, suggest to the Governor that if he had an evening free I would like to invite Mr. Attlee to my home informally. I did this because the Governor is of a very nervous and worrying temperament and I know that he would be glad to have Mr. Attlee off his hands for one evening at least. Moreover, I wanted to have a chance to find out from Mr. Attlee some of the conditions in England. I had in mind that if he would come to my house, in order to avoid suspicion of any conspiring about confederation, I would invite one or two more intense Newfoundlanders, like Mr. Justice Higgins, to meet him. The Governor thanked me very much for making this suggestion and mentioned it to Mr. Attlee. Subsequently Mr. Attlee spoke to me and said that he was afraid he could not arrange it as he was leaving town this week for the weekend, but said that possibly he might have Monday evening free, and if so, he would let me know. I expect, however, that he is so busy interviewing Newfoundlanders morning, noon and night that he will not be able to dine with me. He is certainly working very assiduously on his job and I understand that he is going on from St. John's to visit the two principal other centres of Newfoundland, namely Corner Brook and Grand Falls, and will spend a day or two in each place meeting people there and discussing problems of Newfoundland with them.

By the time he gets through his work here, he should have a fairly complete picture of conditions in this country.

I am also enclosing for your information a copy of a letter from Percy M. Crosbie,<sup>†</sup> one of the representatives of the younger business men of this country. Mr. Crosbie may perhaps be aptly termed "a fighting Newfoundlander." His policy would always be "Newfoundland for the Newfoundlanders."

You will note, however, that even Mr. Crosbie is willing to postpone any fighting with the British Government over the matter of the Commission of Government until after the war is over.

Yours faithfully,

C. J. BURCHELL

26.

2727-AF-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

DESPATCH 254

Ottawa, October 26, 1942

CONFIDENTIAL

Sir,

I have the honour to advise you that on October 22nd an informal meeting, attended by Mr. J. W. G. Clark, Director of Public Relations of the Department of National Defence, Captain A. R. Davies, Public Relations Officer of the Canadian Army in Newfoundland, Mr. Frank Ryan of the Wartime Information Board and Mr. Feaver, was held in Dr. Keenleyside's office for the purpose of discussing public relations work in Newfoundland.

2. The discussion was based upon a memorandum (a copy of which is enclosed herewith)<sup>†</sup> prepared on October 14th by Mr. Ryan for Mr. C. L. Smart.

3. It was agreed that it would be desirable to establish in St. John's a Canadian Public Relations Committee composed of the commanding officers of the Canadian armed services under your chairmanship. Public relations officers would attend its meetings in the capacity of advisers.

4. Dr. Keenleyside approved of the proposal, made by yourself, that maps, for distribution to the Newfoundland press, be forwarded by diplomatic bag or, in cases of urgency, by air mail addressed to you.

5. Upon consideration of the proposal to supply "home" news to troops from various sections of Canada, it was decided that the establishment of such a system would lead to demands, both in Newfoundland and elsewhere, which could not be satisfied. Discontent might be created by a failure to supply "home" news to the Canadian armed forces in far parts of the world despite the insuperable difficulties involved.

6. Mr. Clark reported that, in addition to using the private wire at night, it was intended to send by air to Newfoundland the news now regularly sent to the Canadian forces in England. Such news would be available for the use of the

Newfoundland press in addition to distribution to the members of the Canadian forces.

7. Captain Davies stated that, if the stencils could be prepared by typists in your office, it would be easy to make copies of publicity material on the several duplicating machines owned by the National Defence offices in St. John's. Furthermore ten copies of news despatches for distribution to papers in outlying centers could be forwarded by mail from Canada.

8. It was felt that an invitation to the editors of the leading papers to visit Canada (at the expense of the Canadian authorities) for the purpose of studying wartime developments would tend to remove much of the apprehension concerning the "menace of confederation."

9. I would appreciate your comments upon the whole subject of Canadian public relations in Newfoundland.

I have etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

27.

PRO/DO 35 1345/N402/43/X/L01165

*Le secrétaire aux Dominions au gouverneur de Terre-Neuve*  
*Dominions Secretary to Governor of Newfoundland*

TELEGRAM SAVING 36

London, November 25, 1942

SECRET AND PERSONAL. Since my return from Newfoundland I have been thinking over my impressions. Although there appears at present to be little or no demand in the Island for any constitutional change while war conditions continue, it is clear that we ought to be turning over in our minds the various possibilities that may arise as soon as the war ends, and I am anxious to make as much progress as possible in working out with the Commission an agreed line of policy in order that we may not be caught unprepared by events.

2. On present indications it seems clear that political union with Canada must be left out of account for present purposes as unlikely to be acceptable to public opinion in either country. This leaves us with three possible courses:

- (1) continuation of Commission form of Government;
- (2) restoration of self-government;
- (3) some form of half-way house.

While fully appreciating all the good work which the Commission has done, I think we must accept the position that in the post-war atmosphere (1) will not be practicable. We are thus left with the alternatives of (2) and (3).

3. My reading of the present position is that in so far as Newfoundlanders have thought seriously about these matters they would for the most part be reluctant to contemplate a sudden reversion to full self-government at a single plunge, and that what would commend itself to thinking opinion would be an

advance towards self-government in, say, two stages, of which the first would be the setting up of a constitution approximating as closely as possible to self-government but leaving some financial control with the United Kingdom Government. The suggestion was made to me that such a constitution would provide Newfoundlanders with the necessary training for the acceptance of full responsibility for the management of their own affairs and that after a period of say, five years, assuming that economic prospects were favourable, the way would be clear for the restoration of responsible Government. This, I think, is very much in line with your own views.

4. Whether this present trend of thought in Newfoundland is likely to be strengthened or modified as the war progresses is no doubt a matter of opinion. Much will doubtless depend on the length of the war, on the economic fortunes of the Island in the period before the war ends and on the effect on public opinion in Newfoundland of the liberal and progressive ideas, such as those embodied in the "Four Freedoms" and the Atlantic Charter, on which we hope the post-war world will be fashioned. While, however, there may be much to be said for the restoration of self-government by stages such as those suggested above, it is important to bear in mind that we are not wholly free agents in this matter. The present constitution is the result of a contract with the Newfoundland people which was confirmed by the Newfoundland Act, and no matter how strong the case might be on merits, it would not be open to us to vary the terms of this contract of our own volition without the express consent of the other party to the bargain. In other words, if Newfoundland could be regarded as self-supporting and there were a general demand in Newfoundland for the restoration of self-government, it would not be practicable to refuse it.

5. Faced with this situation in which the future form of government in the Island is likely to be very largely determined by whatever popular trend of thought may be uppermost among Newfoundlanders at the end of the war, what disturbs me is the general lack of appreciation among the people of the Island of the duties and responsibilities of citizenship, their relative ignorance of public affairs and their strong disinclination, while looking to the central government to supply all their wants, to assume responsibility for the ordering of local affairs in their own districts.

6. While the system of Commission Government has done much to put in order the administration and to give an example of efficient Government, it has of its very nature led to a cessation of the practice of democracy. In particular the young generation to whom we must look to initiate progress have grown up without any experience of the working of representative institutions. It is of the greatest importance that before the question of a return to self-government becomes urgent there should be a process of education. Education in democracy is a matter in which practice is more important than precept. I fully realize the force of tradition which has prevented the introduction of local self-government in Newfoundland, but I am certain that a vigorous effort must be made to arouse opinion in the Island to a realization that the British system of Parliamentary democracy has its foundation in the strength of local institutions. Responsibility learnt in the school of county, the borough and the parish has been applied on the

larger field. It is no use setting up a form of Parliamentary Government unless the spirit in which it is to be worked is understood.

7. It is undesirable that all political activity should be focussed on St. John's. It was abundantly clear to me that areas such as the West Coast have their own distinctive problems. A consideration of the problems of a region by representative citizens may do something to correct the over-accentuation of differences based on religious conviction or on occupational interests. I should, therefore, like to see established a scheme for the formation of regional committees on some such basis as that of the West Coast Association. An endeavour should be made to get the best people available from the fishermen, loggers, agriculturists, factory workers and trading classes. I suggest that perhaps the District Magistrate might act as Chairman. These committees might perhaps be regarded as sub-committees of the present reconstruction Committee. Their function would be to consider generally the problems of local interest and also of the Island generally. It would, I think, be wise to discuss particularly economic problems in order to bring out the contrast between the present abnormal position and the abiding factors of the Island's economic foundation. Suggestions could be brought up to the main Committee and so to the Commissioners. A certain concentration on the future rather than the present should under proper guidance prevent these committees becoming mere vehicles for ventilating present grievances. There should further be discussions as to the possibility of developing some system of local self-government. It would be very valuable if the Commissioners or some of them could visit these committees for the purpose of giving information and encouragement.

8. When these committees have been functioning for some time I should propose a visit by one or two experienced members of Parliament accompanied by an official well versed in local government machinery. They should spend some time in the Island visiting in turn each of the districts and discussing with the Committees the problems local and general which have emerged. Before leaving this country they should have made themselves acquainted with the background of the problem and should also have visited the troops and lumbermen who are over here. I think that such a visit would have value in bringing to the people a knowledge of the way things are worked in this country and in particular the close interaction of local and national government while at the same time he would bring to the House of Commons valuable experience and information as to the Newfoundland position.

9. In the first instance, however, I should greatly welcome your advice and that of the Commission of Government on these suggestions, and also any further comments you may have on the constitutional problem that is likely to confront us as soon as the war is over. I should also like to know whether the Commission feel that there would be any advantage in arranging in the near future for a special investigation into post-war economic possibilities in Newfoundland, and if so how and with what type of personnel such an investigation might best be carried out. Intention would, of course, be not to clash with, but to give additional impetus to, the investigations already being undertaken by the Commission and generally to facilitate the introduction, as conditions permit, of the various schemes which the Commission are working out in connection with their general reconstruction programme.



28.

*Extrait de The Mackenzie King Record*<sup>23</sup>  
*Extract from The Mackenzie King Record*<sup>23</sup>

...  
 Mackenzie King noted that one of the subjects Roosevelt mentioned at lunch was Newfoundland and that he had "said to the President: 'You said to me, some time ago, that Canada ought to possess Newfoundland.' He said that is my view. You might be able to make something out of Newfoundland. He then went on to speak of the island as suitable for raising sheep and mentioned about the soil possibly serving for an industry of the kind."  
 ...

29.

2727-AF-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État*  
*aux Affaires extérieures*  
*High Commissioner in Newfoundland to Under-Secretary of State*  
*for External Affairs*

St. John's, December 7, 1942

Dear Norman [Robertson],

In your despatch No. 290 of November 30, 1942 you informed me that an invitation would be extended by the Canadian Press to Mr. Herder<sup>24</sup> and the Honourable John Currie<sup>25</sup> to visit Canada. This letter was sent a week or two ago and Mr. Herder immediately informed me about it.

Mr. Herder would have liked to have gone this month to Canada but Mr. Currie could not leave until after the first of the year.

I understand that the present plans are for both Mr. Currie and Mr. Herder to go to Canada in January.

May I suggest that when Mr. Herder and Mr. Currie are in Ottawa that, if at all possible, arrangements should be made for them to meet the Prime Minister.

Mr. Currie was for some years a member of the House of Assembly of Newfoundland and was a Minister in the Cashin Government of 1919. He is at present a Vice-Chairman of the Newfoundland Broadcasting Corporation and is a man of very considerable influence in Newfoundland. He is the editor and, I think, the chief stockholder in the *Daily News* Company.

I have written you about Mr. Currie in previous letters. He is one of the many Newfoundlanders who are prejudiced against Confederation and is nursing all

<sup>23</sup>Volume 1, page 430. Cette entrevue a eu lieu le 5 décembre 1942 lors d'une visite de Mackenzie King à Washington.

<sup>24</sup>Éditeur, *Evening Telegram* de St. John's.

<sup>25</sup>Éditeur, *Daily News* de St. John's.

<sup>23</sup>Volume 1, page 430. This meeting took place on December 5, 1942, during Mackenzie King's visit to Washington.

<sup>24</sup>Publisher, *Evening Telegram* of St. John's.

<sup>25</sup>Editor, *Daily News* of St. John's.

kinds of grievances against Canada for what he thinks has been an unfriendly attitude towards this country during the past fifty years. I rather expect, if he were given an opportunity to speak in Canada, that he would dig up some of the old ghosts of Confederation in this country and expound his grievances against Canada. I think therefore it might be as well for you to tip off Mr. Ford something about him and not to take him as seriously as he takes himself.

Ralph Herder is of a different type. He is very genial and very friendly and I have not noted anything in his paper, during the period I have been here, of any hostility to Canada.

Yours faithfully,

C. J. BURCHELL

30.

2828-40

*Le conseiller spécial du sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire à Terre-Neuve*

*Special Assistant to Under-Secretary of State for External Affairs  
to High Commissioner in Newfoundland*

Ottawa, December 12, 1942

Dear Mr. Burchell,

Mr. Robertson has asked me to mention two matters which the Canadian departments concerned would like to discuss with you during your visit to Ottawa. The first of these has to do with the danger of inflation in Newfoundland.<sup>26</sup> It is feared here that a very dangerous situation is arising and that the fall in prices which may follow the cessation of wartime activity may lead to serious economic and political dangers and in particular that it would create conditions of great difficulty for any attempt to establish responsible government in Newfoundland.

The second point concerns the establishment of responsible government. It is felt that the period immediately after the war may be a very unfortunate one at which to make a departure of this sort. There might be something to be said for attempting some sort of representation earlier in order that there might be a consultative body to which questions could be referred which involve directly or indirectly commitments as to post-war policy. Another view would be that the present Commission of Government before abdicating should itself take a number of drastic decisions which might be highly unpopular and which a representative government would not care to take at the moment of beginning its activities.

Probably these indications are enough to show what we have in mind. The problems concern Canada only indirectly, but we might be asked for advice by

<sup>26</sup>Voir le volume 1, documents 1242, 1243 et 1244.

<sup>26</sup>See Volume 1, Documents 1242, 1243 and 1244.

the Dominions Office and in certain circumstances we might even be prepared to raise these questions.

Yours sincerely,

H. F. ANGUS

31.

NPA/GNI/8-4

*Mémorandum du commissaire à la Justice et à la Défense de Terre-Neuve  
à la Commission pour Terre-Neuve*

*Memorandum from Commissioner for Justice and Defence of Newfoundland  
to Commission of Government of Newfoundland*

CONFIDENTIAL

St. John's, December 19, 1942

My colleagues requested Mr. Dunn and myself to draft a reply to the Saving Telegram No. 36 from the Secretary of State. In view of the intricacies of the problem involved we decided to make separate draft replies and then meet to discuss them. As a result of this we exchanged drafts.

We find that our views as to the nature of the reply are so divergent that we have decided to put before Commission copies of both drafts for discussion at the meeting on Wednesday next. These drafts are annexed hereto.

L. E. EMERSON

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Mémorandum du commissaire à la Justice et à la Défense de Terre-Neuve  
Memorandum by Commissioner for Justice and Defence of Newfoundland*

[n.d.]

DRAFT REPLY TO SAVING TELEGRAM NO. 36  
FROM SECRETARY OF STATE

The Commission of Government have considered the terms of your telegram No. 36 Saving of 25th November, 1942 regarding the future form of Government in Newfoundland, and have come to the conclusion that it is not possible to express, with any degree of confidence, an opinion at this stage regarding conditions in this country at the end of this war.

2. Whilst there are a certain number who have considered these matters, who desire return to Responsible Government after the war either by stages or at a single plunge, there is also a thinking element whose numbers may well exceed the others and who have substantial stakes in the country who would view any change from present form of Government for some years with gravest anxiety. These hope that education in general and education in democratic government in particular will have progressed much further than its present stage before a change in central Government will take place.

3. If the post-war atmosphere in this country is limited to the thinking classes and if they are to be the deciding voices it is probable that they will favour retention of Commission of Government.

4. The vast majority of the population would probably favour change without a realization of its implications and as in even the best educated democracies on the basis that a change of Government is due.

5. Your proposal for the establishment of councils presided over by Magistrates is one which we accept, and detailed proposals will be laid before you at an early date. These will include entrusting the Council with expenditure of funds provided by the Government on public services, and to some extent the control of local public services; the extension of control in proportion as districts provide funds by contribution or taxation and the withdrawal of the Magistrate and other Government nominees when any district shows ability and desire to manage its own affairs.

6. Whilst education in Government which such Councils will provide must necessarily be slow it may be regarded as first stage in return to Responsible Government. The decision as to the next stage should not be made until this experiment has been carried on long enough to judge of its results.

7. We do not believe that return to self-government by stages will be regarded as a breach of contract or of faith. If the experiment above suggested is begun early in the coming year and is announced as one of the first steps it can be pointed out that this step is being taken before the end of the war and before Newfoundland has become self-supporting. Even people of limited education and ability agree that the Island's present prosperity is transitory and in view of the approaching curtailment of employment on military projects, the evidence of its transitory nature will become apparent during 1943.

8. If in addition to this an economic investigation such as you propose is undertaken in the near future and its findings published say two years hence we feel that the post-war atmosphere in this country will favour continuation of present form of Government unless the investigators find a solution to our economic difficulties not at present apparent to anyone in this country which would make it possible for any Government to carry on without substantial financial assistance from outside the Island.

9. A change to Responsible Government without evidence that the country is, and is capable of remaining economically self-supporting, will cause great uncertainty and create such fear that financial, industrial and commercial initiative will be completely paralysed.

10. It is of course essential that the personnel of the Economic Commission should be of the highest national repute and that some of its members should be chosen from Canada and the United States. We would like an opportunity of suggesting names to you when you have decided to put the proposal into effect.

## [PIÈCE JOINTE 2/ENCLOSURE 2]

*Mémorandum du commissaire aux Ressources naturelles de Terre-Neuve*  
*Memorandum by Commissioner for Natural Resources of Newfoundland*

[n.d.]

DRAFT REPLY TO SAVING TELEGRAM NO. 36  
FROM SECRETARY OF STATE

The Commission of Government have considered the terms of your telegram No. 36 Saving of 25th November, 1942 regarding the future form of Government in Newfoundland, and have come to the conclusion that it is not possible to express, with any degree of confidence, an opinion at this stage regarding conditions in this country at the end of the war.

Assuming the war ends before the present wave of prosperity is spent, there will probably be a demand from a vocal minority for the restoration of Responsible Government on the ground that Newfoundland has become self-supporting. On the other hand, if a period of depression sets in before the war ends, there may be a demand for the restoration of Responsible Government on the ground that the Commission have failed to rehabilitate the Island. The latter demand may be coupled with a request for cancellation of the Public Debt and a grant-in-aid for a period of years to enable a locally elected Responsible Government to carry on. It may be urged that such a Government, untrammelled by control, remote or otherwise, would be able to call in experts from North America to replan the economy of the country.

It is fully recognized that while a number of substantial people might prefer to retain the present form of Government, it is probable that they may be carried helplessly along on a wave of public opinion against which they may not be able to take any effective action. The critical tone adopted by the Press without exception appears bound, in the long run, to make such a situation arise, and there is a danger that an apparently popular movement would gain adherents in Britain and other countries to such an extent as to make it unwise to refuse to concede the demands.

The Commission are of the opinion that as Newfoundland once enjoyed Responsible Government, and as the political skill of the people is [not?] very highly developed, a form of Representative Government would not function successfully and if set up would fail within a very short time. Any change in the present form of Government should, therefore, be in the direction of restoring Responsible Government.

The Commission has tried to encourage the spread of local Government, but experience has shown that Committees of various kinds, which have started with an appearance of energy and resolution, soon lost their enthusiasm and disintegrated, or alternatively demanded executive power. In short, there was a desire to shape and carry out policy without incurring responsibility.

Notwithstanding these unfortunate experiences, the Commission are of opinion that an effort should be made to set up regional committees on the lines

suggested by you in the hope that they may meet with more success than past efforts, and may provide a preliminary training for fuller responsibility in Government. They are prepared, therefore, to proceed with this proposal. These committees should, however, be presided over by local leaders, where possible, rather than by Magistrates who are Government servants, so as to avoid the charge of being controlled and managed by the Government.

As regards the economic development of Newfoundland, there have been numerous reports on the subject but for various reasons, among which were absence of funds or shortage of experienced personnel, it has not been possible to carry out all their recommendations. Some recommendations, on the other hand, such as Professor Hanley's advice to concentrate on the production of livestock, can only be carried out over a long term of years, and certainly not until the people have been educated in the proper care of livestock, and adequate pasture land, which is at present very scarce, has been provided.

Development and reorganization of the fisheries is held up through inability to obtain material for new plants and vessels, and little betterment can be expected in this position until after the war.

The Commission feel, however, that if a Committee of men of high standing with national reputations could be appointed to make an investigation into the economic position of the country, it would be worthwhile politically to do so. The investigation, to be of any value, would probably take one or two years because in any less time it would be fatally easy for the Committee to arrive at conclusions not suited to local conditions or the peculiarities of the people in various settlements.

The Committee should have as its Chairman a prominent British financial expert, an agriculturist of not less standing than Sir George Stapledon, a fishery expert with scientific training drawn from the United States, such as Dr. Harden Taylor of Atlantic Coast Fisheries, a prominent Canadian industrialist, a British labour and co-operative representative, and the Commissioner for Natural Resources.

Any proposal to appoint a Committee drawn entirely from the United Kingdom would probably be severely criticized here on the grounds that its members would be unfamiliar with conditions on this side of the Atlantic.

32.

NPA/GNI/8-4

*Mémoire du commissaire à la Justice et à la Défense de Terre-Neuve  
à la Commission pour Terre-Neuve*

*Memorandum by Commissioner for Justice and Defence of Newfoundland  
to Commission of Government of Newfoundland*

CONFIDENTIAL

St. John's, January 4, 1943

I annex a further draft of telegram to the Secretary of State<sup>27</sup> in reply to his

<sup>27</sup>Voir le document 34.

<sup>27</sup>See Document 34.

telegram No. 36 Saving of November 25th, 1942. I regret that it is being distributed so late but it has not been possible to do so before.

L. E. EMERSON

33.

2828-40

*Le haut commissaire en Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Under-Secretary of State  
for External Affairs*

PERSONAL AND CONFIDENTIAL

London, January 6, 1943

My dear Norman [Robertson],

The other day Emrys-Evans who is, as you know, Parliamentary Under-Secretary at the Dominions Office, took occasion to have an informal and personal talk with me on the subject of the future of Newfoundland. The problems of Newfoundland are in his special jurisdiction and although I have no reason to believe that he was speaking for anyone but himself, I think it likely that the views he expressed are shared by others.

Evans took the line that in due course Newfoundland would be restored to its former status. This development would probably be precipitated by the rapid improvement of the Colony's finances due to the artificial conditions arising from the war, although the present status would no doubt continue for the duration. Evans felt that when full self-government is restored there is every likelihood that the political and financial difficulties would reappear, and that the Colony would find itself again in a parlous condition. What, Evans asked, is Canada's attitude to the problem? I told him that I had no idea what Canada's attitude would be to any proposal made by Newfoundland for its incorporation in the Dominion, but that as it was very unlikely that the Newfoundlanders would agree to it, the question seemed academic. Evans asked whether there was any other way in which Canada would be prepared to be associated with Newfoundland. I told him that I had no reason to believe that the Canadian Government would wish to assume any responsibility for Newfoundland. We then discussed in a general way the relation of Newfoundland to the United States, the Canadian attitude towards an increasing measure of American control of the island, etc.

I do not want to attach any particular importance to this conversation which as I have said was entirely informal and personal in character, but it occurred to me that it would be very useful for me to get from you for my own private and confidential information some indication of how the Department of External Affairs and the Canadian Government view the problem of Newfoundland, and I feel it is especially appropriate to do so because of the reference in your telegram 2395 of December 24th to the effect of the present status of Newfoundland on American opinion.

This problem, I am sure, is likely to become more urgent as time goes on. You, of course, are in very much closer touch with it than I am, but it is clear to anyone

that the present colonial status of the island, together with the presence of the American army and navy bases, makes a difficult combination and Canadian interests are of course deeply involved. As a matter of fact I took the occasion to remind Evans in our talk that Canada had been presented with a *fait accompli* when the agreement was made between Great Britain and the U.S.A. in connection with Newfoundland defence, and that we had practically no opportunity to express our views although we were vitally concerned with the plans. We certainly are definitely interested in anything which concerns a territory which lies across our front door.

This, I am afraid, is a rather nebulous communication and like the legendary rivers of the Sahara, has no conclusion, but its only purpose is to record this conversation on a matter which is of great interest to us in Canada, and to ask for whatever information you feel you can give me on the subject.<sup>28</sup>

Yours sincerely,

VINCENT MASSEY

34.

PRO/DO 35 1345/N402/43/ERD/1783

*Le gouverneur de Terre-Neuve au secrétaire aux Dominions*  
*Governor of Newfoundland to Dominions Secretary*

TELEGRAM SAVING 2

St. John's, January 7, 1943

The Commission of Government have considered your telegram No. 36 of 25th November, 1942, regarding the future form of Government in Newfoundland and your proposals for action in the immediate future.

2. It is agreed that little can be predicted with any degree of certainty about the condition of this country when the war ends and it seems to us that the form of government cannot be decided without reference to the economic and consequent financial position.

3. There is no evidence and little likelihood that on any sincere interpretation of the term, this country will continue to be self-supporting. Our recently acquired prosperity is purely accidental. Our phenomenal customs revenue is already beginning to decline and our total taxable capacity is most unlikely to remain at its present level. Our expenditure has risen and may continue to do so, particularly in view of the increasing consciousness on the part of the people at large of our low standard of social and other services. The surplus which is at present being accumulated, even if nothing untoward happens to impair it before the end of the war, will very likely be insufficient to meet the special expenditure which will be necessary for immediate post-war resettlement, and will almost certainly be inadequate to provide in addition for essential Government assistance towards the reorganization of industry, particularly the fisheries. Although plans are being developed for such reorganization, which will it is hoped, considerably improve the economic stability of the Island, the Commission does not consider it likely that the Government will be able to meet its liabilities, and

<sup>28</sup>Voir le document 51.

<sup>28</sup>See Document 51.



maintain educational and social services even at their present level without assistance from outside at any rate for a number of years to come. As you are aware there is still much more which should be done to improve our Social Services, means of communication, etc., and it will be difficult to defend a passive policy, particularly in the post-war era. It is, for example, quite certain that public assistance at the former low rate of 6c. a day per person would have to be considerably increased in a future recurrence of unemployment and depression would involve much greater Government expenditure.

4. As the form of Government must have regard to the capacity of the country to balance its budget, we think that continuation of Commission of Government, Confederation with Canada and other forms of Government should be explored thoroughly before they are abandoned as being impracticable or unpopular.

5. Whilst there are a certain number who have considered these matters, who desire return to Responsible Government after the war, either by stages or at a single plunge, there are many others possibly larger in numbers, who have substantial stakes in the country, and who would view any change from the present form of Government for some years with gravest anxiety. They fear that a change to Responsible Government without evidence that the country is and is capable of remaining economically self-supporting, would cause great uncertainty and might be detrimental to financial, industrial and commercial initiative. They hope that education in general and education in democratic government in particular will have progressed much further than its present stage before a change in central Government will take place. On the other hand the vast majority of the population would probably favour change without a realization of its implications and, as in even the best educated democracies, on the theory that a change of Government is due. Of this group, there is a considerable number who have been encouraged to think that Responsible Government can be obtained together with a resumption of grants-in-aid and the assumption by the United Kingdom of Newfoundland's public debt. We suggest that consideration should be given to this aspect of the question.

6. It may be that the final solution lies in the political incorporation of this country in a larger unit.

7. In this connection the possibility of some association with Great Britain on the Northern Ireland pattern should not be ruled out. We do not think that distance any longer precludes such a possibility.

8. The only other political incorporation which deserves consideration is Confederation with Canada. It may be, as you assert, that confederation is unlikely to be acceptable to public opinion in either country. We feel that on a plebiscite in this country at the present time this assertion would be proved true, but it may transpire that the country will accept this alternative in preference to that of the political uncertainty and economic collapse which return to Responsible Government would almost certainly involve, if unaccompanied by assurances that grants-in-aid would be available.

9. That Confederation would be unacceptable to public opinion in Canada is not clear. No approach has been made to that country since 1895 and the subject has been so much of a political football in this country that no Canadian Govern-

ment or high Minister has thought it proper to bring it into discussion. Canada's present and growing interest in this country, her fear of an increase of United States influence, her desire to acquire the Labrador, are all powerful factors. At no time has our bargaining position been so favourable and it is doubtful if it ever will be so again.

10. It is not proposed that a formal approach should be made now, but it is one of the alternatives which we consider might be explored in secret between persons in the highest quarters.

11. It is clear that no change in the existing form of Government (except a return to Responsible Government) can be made while the Commission form of Government continues unless (a) the people are consulted and they approve, or (b) a Royal Commission after full enquiry, reports convincingly in its favour. You may wish to consider, therefore the appointment of such a body shortly after the war to examine into and report on the working of the Commission of Government and to recommend the form which the future constitution should take.

12. We entirely agree with your observation that education in democracy is a matter in which practice is more important than precept and we have consistently approached purely local problems from that point of view. We have no doubt at all that it is already well known throughout the country that self-government in regard to these local problems can be had for the asking at the price of a very modest measure of local self-taxation coupled with a very liberal measure of help from the Treasury, but there is a profound conviction everywhere, except perhaps in St. John's, that the taxation which a man pays to the Central Government is all the taxation he ought to be asked to pay and there is no hope of breaking down this conviction by argument. Communities which have accepted year in and year out the daily inconvenience of broken bridges and impassable local roads and the menace to their health arising from lack of communal services, such as scavenging, rather than contribute anything specifically to the cost of these requirements will pay no attention to expositions of the part played by local institutions in the working of the British system of parliamentary democracy.

13. Our policy has been (and we venture to think it should continue to be) to take advantage of anything and everything in the way of local organization and effort which is spontaneous or at least acceptable to the people provided it helps to induce self-help in local matters and prepare the way for proper statutory organs of self-government by arousing sufficient sentiment in their favour to make them practicable. In carrying out this policy we have admittedly to be content with small achievements for the present.

14. A number of existing local organizations do perform in a rudimentary fashion some of the functions of local institutions. Besides the St. John's Municipality and the two statutory Town Councils at Windsor and Corner Brook West there are Boards of Health organized in connection with the thirteen Cottage Hospitals on the basis of voluntary contributions in exchange for hospitalization as required. Nursing committees in some isolated sections organize contributions towards the cost of a District Nurse. A few local bodies such as Harbour Boards and Pilotage Commissions serve a useful local purpose and of course the School Boards all over the country represent activities, which though denominational in

complexion are none the less outstanding examples of local organization and self-help for a public purpose. The Co-operative Movement and the Jubilee Guilds, of which there are over one hundred branches, also have a high educational and practical value from the same point of view.

15. There is next to nothing, however, in the way of local organizations and self-help in the sphere of local public works (mainly local roads and bridges) and this is to be attributed largely to (1) the existence in pre-Commission days of Road Boards which administered grants from the Treasury without local contributions, and (2) the practice of requiring relief recipients to pay the cost of their relief notes by working on roads, credit being given at prevailing rates for common labour. Persistent efforts on the part of the Department of Public Works to persuade communities into some sort of partnership with the Central Government in dealing with local roads and bridges have with some exceptions, failed with the result that the roads and bridges within many of the settlements are in a state of utter disrepair while there has been no progress at all, so far as these activities are concerned, towards the practice of self-government.

16. The Commissioner for Public Utilities discussed this problem very fully with the magistrates at their Convention in October, and we agree with his conclusion that the time has now come when we must set up local committees in the settlements or groups of settlements to represent to the Department of Public Works the local public works requirements of their areas and to advise generally on local public works problems. The idea which is at present only in embryo is to provide in the votes of the Department of Public Works a sum sufficient to cover the irreducible minimum of expenditure on local public works which would be administered by the Department in consultation with the local committees. The disappearance for the time being of able-bodied relief has brought to the front the practical problem of dealing with local roads and bridges but there is an important political reason for meeting the situation. There is undoubtedly intense resentment against the Commission of Government because it has presented the inhabitants of the outports with what are considered the harsh alternatives of bearing a substantial part of the cost of maintaining the local amenities in question or doing without them altogether and this resentment is embarrassing to the whole work of the Commission. While we regret having to compromise on a matter in which the popular view is clearly the wrong view, we are of opinion that persistence in the present policy is not practicable. While we recognize the danger that the proposed committees might become a focus of opposition to anything like self-taxation we must hope that they will be the means of spreading sufficient civic spirit in their settlements to lead to a demand for better amenities than the irreducible minima obtainable from the funds at the disposal of the Public Works Department and a willingness to shoulder part at least of the cost of these extra amenities.

17. We have given careful consideration to your suggestion that regional committees on some such basis as that of the West Coast Association should be established. As we have interpreted your suggestion these regional associations would not have the status of the District Councils which are an integral part of the British system of local government, but would provide platforms on which both local and national problems could be made the subject of organized local

discussion. We believe that such Associations might well provide a useful outlet for political self-expression, but we think it would be a mistake to have them avowedly sponsored by the Commission of Government, and we would not like to see the magistrates put in the position of being Chairmen of such Associations. We should be very ready to stimulate the formation of such Associations by informal methods and to give them every encouragement when formed. If the example of the West Coast Association is followed spontaneously in other areas, as it well may be, that would be a much more hopeful course of action than any form of direct action by the Commission of Government.

18. As regards the economic development of Newfoundland, there have been numerous investigations and reports on the subject but for various reasons, among which were absence of funds or shortage of experienced personnel, it has not been possible to carry out all their recommendations. Some recommendations, on the other hand, such as Professor Hanley's advice to concentrate on the production of livestock, can only be carried out over a long term of years, and certainly not until the people have been educated in the proper care of livestock, and adequate pasture land, which is at present very scarce, has been provided.

19. There are being despatched to you separately, copies of the Minutes and Reports of a recent series of meetings of the Civil Re-Establishment and Post-War Planning Committee. These include a scheme for the reorganization of the fisheries which we have approved and which in conjunction with the development of agriculture offer the most promising means of improving the economic position of the people generally.

20. The Commission feel, however, that if a Committee of men of high standing with national reputations could be appointed to make an investigation into the economic position of the country, it would be well worthwhile. The investigation to be of any value would probably take one or two years because in any less time it would be fatally easy for the Committee to arrive at conclusions not suited to local conditions or the peculiarities of the people in various settlements.

21. The Committee should have a prominent British industrial expert as its Chairman, an agriculturalist of not less standing than Sir George Stapledon, a fishery expert with scientific training drawn from the United States, such as D. Harden Taylor of Atlantic Coast Fisheries, a prominent Canadian industrialist and a British labour and co-operative representative.

35.

2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État adjoint  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Assistant Under-Secretary  
of State for External Affairs*

St. John's, February 16, 1943

Dear Hugh [Keenleyside],

It appears that February 16th is the 9th Anniversary of the Commission of Government. I am enclosing an editorial on the Anniversary which appeared in

the *Daily News* of today's date. I am also enclosing an article by the Wayfarer in the same paper.

I do not agree usually with much of what the Wayfarer says but I think he pretty nearly hits the nail on the head this time. I do not think the British Government can be at all proud of the fact that they set up this form of Government here. Neither do I think that as Canadians we can take any pride in the fact that there were two Canadians, C. A. McGrath and Stavert, sitting on the Amulree Commission which recommended the doing away with responsible Government and the setting up of the Commission of Government. Nor do I think Canadians can take much pride in the fact that they stood aside when the people of Newfoundland were in the depths of despair in 1933. That was the time, if ever, that we might have been of real help to Newfoundland, and we did nothing except allow two Canadians without any experience or background in constitutional matters to sit in judgment on them.

Yours faithfully,

C. J. BURCHELL

36.

*Extrait des débats de la Chambre des Communes*<sup>29</sup>

*Extract from Debates of House of Commons*<sup>29</sup>

LE LABRADOR

M. ROY:

1. Le Gouvernement a-t-il considéré l'opportunité d'exiger du gouvernement britannique, en échange des marchandises fournies par le Canada, la rétrocession au Dominion de cette partie du Labrador qui fut passé à Terre-Neuve par une décision du Conseil privé?

2. Si oui, (a) quelle action a été prise dans ce sens, (b) à quelle date les premières représentations ont-elles été faites, (c) quel progrès font les négociations?

LE TRÈS HON. MACKENZIE KING: Je dois naturellement répondre à cette question qu'il s'agit d'une politique gouvernementale qui sera énoncée en temps et lieu. Je prends cependant la parole, non pas pour répondre à cette question, mais pour signaler à l'honorable député que les citoyens de Terre-Neuve, à ce que je crois savoir, protestent contre l'idée qui veut que le Labrador appartienne au gouvernement britannique; ils disent que le Labrador appartient à Terre-Neuve, et que si jamais le Canada cherche à obtenir ce territoire le gouvernement de Terre-

LABRADOR

MR. ROY:

1. Does the government consider the advisability of inviting the British government, in compensation for merchandise supplied by Canada, to secure the return to the Dominion of that portion of Labrador which was awarded to Newfoundland by the decision of the Privy Council?

2. If so, (a) what action has been taken in that direction; (b) upon what date were the first representations made; (c) what progress has been made in the negotiations?

MR. MACKENZIE KING: With respect to the first part of this question, the answer of course would be that the matter is one of government policy which would be disclosed in due course. I rise not to answer the question in any way, but rather to say to my hon. friend that I am inclined to believe the citizens of Newfoundland rather resent the idea that Labrador belongs to the British government; they regard Labrador as belonging to Newfoundland. Should it come to a question of our Dominion seeking at any time to secure Labrador, I am

<sup>29</sup>Canada, Chambre des Communes, *Débats*, 1943, volume 1, pp. 776-7. Ce débat a eu lieu le 1<sup>er</sup> mars.

<sup>29</sup>Canada, House of Commons, *Debates*, 1943, Volume 1, p. 764. This debate took place on March 1.

Neuve s'attendrait à ce que les négociations soient entamées d'abord avec lui plutôt qu'avec les autorités britanniques. Si je mentionne ce point, c'est parce que mon attention a été appelée sur plusieurs commentaires et opinions qu'ont formulés les journaux de Terre-Neuve sur cette question.

...

sure the people of Newfoundland would expect that the negotiations in the first instance would be with their government rather than with the British government. I mention this because quite a little in the way of editorial comment and opinion expressed in the papers of Newfoundland has been brought to my attention.

...

37.

2727-AF-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 144

St. John's, March 2, 1943

Sir,

I have the honour to refer to your despatch No. 12 of January 18, 1943 and to previous despatches relative to the visit of Mr. Ralph Herder and the Honourable John Currie to Canada.

2. The Honourable Mr. Currie returned on Sunday to Newfoundland and Mr. Herder returned yesterday.

3. I am enclosing a clipping from Mr. Currie's paper *The Daily News*, which appeared in its issue of March 1, 1943.<sup>†</sup> I would call attention particularly to the following statement which Mr. Currie makes about the trip:

"The visit was most enjoyable throughout and they were tremendously impressed by the magnificent contribution Canada is making to the war effort. In the production of war material, Canada is doing a wonderful job, perhaps a greater job proportionately than any other country."

4. Mr. Herder called me by telephone this morning and told me that the trip was thoroughly enjoyable and exceedingly interesting and that at all places where they stopped, everybody was most kind and hospitable to them.

5. Mr. Herder told me that he intended to publish a series of articles in his paper, giving an account of his trip and telling something of the work which Canada is doing.

6. You will note that in the newspaper article enclosed herewith, the Honourable A. S. MacMillan, Premier of Nova Scotia, entertained Mr. Currie and Mr. Herder at a luncheon in Halifax, which was attended by members of the Government and press representatives.

I have etc.

C. J. BURCHELL

38.

PRO/DO 35 B451/N402/43/ERD/1783

*Le gouverneur de Terre-Neuve au secrétaire aux Dominions*  
*Governor of Newfoundland to Dominions Secretary*

TELEGRAM 79

St. John's, March 12, 1943

Two resolutions received were unanimously passed by Board of Trade:

(1) Protesting against increased taxation on grounds mentioned in my Secret telegram No. 75 of 6th March.<sup>1</sup>

(2) Formation of a committee to consider establishment of a satisfactory form of representative government as a preliminary to restoration of responsible government.

Copies of announcement and resolutions being sent to Atfero.

39.

PRO/DO 35 1345/N402/43/X/L01165

*Le secrétaire aux Dominions au gouverneur de Terre-Neuve*  
*Dominions Secretary to Governor of Newfoundland*

TELEGRAM 114

London, March 17, 1943

SECRET. Since the receipt of your Saving telegram No. 2 of the 7th January, I have been giving further thought to the policy which we should adopt with a view to preparing ourselves, and assisting the Newfoundland people to prepare themselves also, for possible constitutional changes in Newfoundland after the war.

2. The Commission have pointed out that it is very difficult to predict now what the state of the Island will be at the end of the war, and that the question of a change in the form of Government when the war ends must depend to a large extent on the financial and economic situation at the time. I fully appreciate, of course, the force of this argument, and realize that public opinion in the Island may be strongly influenced in its future trend by the maintenance or deterioration of the economic prosperity which Newfoundland has enjoyed in the last two years. On the other hand, I do not feel that we can content ourselves with merely waiting on events.

3. Taking a broad view of the position, it seems clear that we should be well advised to assume that changes of some sort are inevitable after the war, and having regard also to the great difficulty likely to be experienced in devising an acceptable and workable "half-way house" it is a reasonable assumption that we must be prepared for such changes, when made, to be of a far-reaching character. I note the Commission's view that a solution on the lines of some form of association with a larger unit, whether Canada or the United Kingdom itself, should not be altogether ruled out in any review of the possibilities, and I will bear this in mind.

4. It is clear to me in any case that, whatever the decisions which may be reached after the war, the urgent need now is to press on with the political

education of the people with a view to preparing them as best we may for the eventual assumption of responsibility. Nothing could be more dangerous than that the Newfoundland people, now for some nine years without representative institutions, and without even any system of local or district government to give them training and experience in the management of public affairs, should suddenly be called upon, as it were overnight, to resume a form of self-government. In other words, there should be some preparation without delay for possible developments.

5. I am on this account somewhat disappointed that the Commission have not felt able to adopt the suggestions for the formation of regional Committees, etc., made in paragraph 7 of my Saving telegram No. 36 of the 25th November. I cannot press this particular suggestion if the Commission feel satisfied that the establishment of such bodies would not in fact advance matters in the direction I had hoped. But it is not clear to me from a careful reading of paragraphs 13-17 of your Saving telegram No. 2 that they fully appreciate the urgency of the need for a constructive forward move. It is evident that if the matter is left entirely to the initiative of the Newfoundland public there will be little or no likelihood of any progress in the field of local or district government in any immediate future, and I therefore feel that it is essential that the Commission should take the lead in sponsoring an advance, if not on the lines which I suggested, then on alternative lines of their own. I should accordingly, be glad if the Commission would give me their further views on this to my mind all-important point, after considering the possibilities afresh in the light of what is said above.

6. In the meantime, I have informed the War Cabinet of the position, as I see it. I am anxious, too, that Parliamentary opinion here should be more closely informed about the Newfoundland situation in order that the necessary background may be available to Parliament when the time comes for decisions to be taken. Accordingly, with the approval of the War Cabinet, I propose to arrange for the despatch to Newfoundland this summer of a small Mission, composed of three Members of Parliament, one from each of the three main parties. The Mission would *not* be a formally constituted body, but would be more in the nature of an informal "goodwill" Mission, and I have in mind that its members should spend two or three months in the Island. This would give them time to acquaint themselves thoroughly with local conditions, see something of its many activities and the way of life of the people, and form some idea both of the potentialities of the country and of the capacity of Newfoundlanders to take charge of their own affairs. I feel that such a Mission would also serve a very useful purpose in showing Newfoundlanders that we have the special problems of the Island very much in mind, and in stimulating interest in the expression of local opinion on the question of post-war constitutional changes and helping the Commission to guide it in a useful direction. At the same time, the visit of an informal Mission of this kind ought not to distract attention locally from the war effort.

7. I am sure that I can rely on the Commission of Government to co-operate fully with the proposed Mission and to afford it all possible assistance. I should be glad if you could let me know by telegram within the next few days that the



proposal is acceptable, as I am anxious to proceed as soon as possible with arrangements for the selection of members. I would, of course, inform you later of the names proposed and would seek your advice as to dates, itinerary and general programme.

40.

2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

SECRET AND CONFIDENTIAL

St. John's, March 19, 1943

Dear Norman [Robertson],

I expect you are so busy that you have not had time to read the story of the insurgent move by the Board of Trade against the Commission of Government as contained in my letters and despatches, with numerous clippings, which I have been sending you during the past two or three weeks.

The move was an asinine one from the beginning. In spite of the very widespread hostility against the Commission of Government, it should have been perfectly obvious to the merchants of Water Street that they could not carry the country with them in their move to have the Commission of Government discharged on an issue which involved only the payment of a slightly increased income tax by themselves.

I think the general effect of their action will be that their resolutions will prove to be a boomerang. It is being brought home to the people of this country, through the letters of various people, that the taxation set-up in this country is wrong in principle. They are now learning that the high tariffs which constitute so very large a percentage of the revenue of this country, are one of the chief causes of the high cost of living. They also have had brought home to them the fact that the Water Street merchants are paying a very slight percentage of the revenue through income taxes, but are getting enormously wealthy because of the fact that they are adding a large profit margin on the Customs duties, as well as on the cost of the commodities which they import. The higher the duties, the more profit the merchant makes.

Viewed in their proper background, the resolutions of the Board of Trade are really an *exposé* of the Water Street merchants of the City of St. John's.

Viewed in the light of history, there can be no doubt of the fact that the merchants of the West coast of England held back the development of this country from the time it was discovered in 1497 until about the year 1824. They retained complete control of the fisheries off the shores of Newfoundland and were able to persuade the British Parliament to pass laws preventing any settlement in Newfoundland, on the ground that if this happened, the fishing industry would be controlled by the people who settled in Newfoundland and not by the English merchants. Their chief argument was that they were training men for the

British Navy in the ships which they sent out from England to promote the fisheries in Newfoundland.

It was not until the year 1815 that any grants were permitted in Newfoundland, or any settlers allowed to reside there legally and it was only in the year 1824 that Newfoundland was recognized as a Colony.

During the past one hundred years, I do not think there can be any doubt of the fact that the Water Street merchants are very largely to blame for the backwardness of the economic development of this country. The system of control of the fisheries, which was set up by them, was really an extension of the feudal system, with all its faults. The fishermen of this country were practically serfs to the Water Street merchants of St. John's.

This situation continued right up to the year 1933, but there has been some improvement since that date which has been brought about by the establishment of the Fisheries Board — but there is room for still greater improvement.

The Water Street merchants are to this day the strongest opponents of confederation with Canada, and not only that but with possibly only one or two exceptions, they would have no dealings with Canada at all if they could avoid it.

At the present time, in spite of all we are doing for them, they are resentful of the restrictions which are placed on imports from Canada and one would think, to hear them talk, that these restrictions were deliberately planned to injure the business of the Newfoundland merchants.

I think, behind it all, is the fact that they have so long controlled the destinies of Newfoundland, they are fearful of Canadian influence becoming so strong here that it may eventually lead to Newfoundland going into Canadian confederation, when they think that they would be shorn of all their power.

Practically all the larger merchants operate department stores of their own and are fearful of the possibility of one of our large department stores, such as Eaton's or Simpson's, coming here. They know that if this happens the very high rate of profit which they are now charging would have to be cut down in order to compete with Canadian department stores.

Not only, therefore, are they anti-confederate but they are actually anti-Canadian.

I hope to be able to get some sense into them through the issue of information in the Trade Circular sent out by Mr. Bower — but not much.

After being here for a year and a half, I am afraid that I am fast becoming a stronger anti-confederate than any Newfoundlander, but I am looking at it from the Canadian end and not from the Newfoundland end.

I would like to have a discussion with the Prime Minister, yourself and Hugh Keenleyside and perhaps one or two others in the Department of External Affairs, the first time I am in Ottawa, as I think a definite policy should be agreed upon and should be followed in the months and years to come.

I suggest, as a preliminary to the discussion, that you and others in the Department of External Affairs, should make a careful study of the Amulree Report. It is a much despised report in this country, but it does contain a good many sensible comments and suggestions. I must confess that I have not paid a great deal of

attention to it, but I read it over casually when it was first handed down in 1933 and read it over, I am afraid again casually, when I received my present appointment. I have gone through it again a little more carefully this week and I am disposed to think more favorably of it because I find a good many things in it that agree with my own views after my experience in this country during the past eighteen months.

I would call your attention, for example, to the following quotation which appears in Paragraph 534 of the Report:

"534. It is axiomatic that, if Newfoundland should at any time enter the Canadian Confederation, she should only do so of her own free will on terms which would make her a contented partner. It is doubtless for this reason that the traditional policy of the Canadian Government has been to refrain scrupulously from any action or expression of view which might, however erroneously, be regarded as a form of coercion. The people of Newfoundland have long memories and in many parts of the country an instinctive distrust of Canada, the legacy of the propaganda spread by the anti-Confederate Party at the General Election of 1869, remains to this day a factor to be reckoned with. . . . the fact remains that the old suspicions have never been entirely dispelled, and that Confederation with Canada has remained a bogey of which every political leader has fought shy."

And I would call particular attention to Paragraph 543 of the Report which is as follows:

"543. Hitherto, the discussions on the subject of a political union have proceeded on the basis of a Confederation under the British North America Act. If the sentiment and feeling of the two countries had been different, it might have been possible to establish a union of another kind, outside the British North America Act — something entirely new. The two countries might have worked out a union of some or all such services as are common services — Railways, Agriculture, Fisheries, Mines, Public Health, Postal Facilities and other similar services. In each of these services there might be one common service for Newfoundland and Canada; and Canada, as the larger partner in the common adventure, might contribute towards the easing of Newfoundland's burden of debt and thereby enable Newfoundland, by improving her trade and commerce, to contribute an increasing share to the common fund. But, having regard to the present feeling in the two countries, we feel that such a union is not practicable, and that it would serve no useful purpose to consider the question at the present time."

Possibly the suggestions contained in this paragraph of the report may be the policy which should be followed in Canada. I think it might be possible to work out a policy for Canada in relation to Newfoundland along the lines suggested in this paragraph and it may be the only policy which we can formulate at the present time.

In a recent letter, I called attention to the fact that Dunn and Gushue started negotiations a year ago to work out a common fisheries policy for Newfoundland and Canada. This would be a very important step if it could be arranged. In my letter, I suggested that some special study should be given to this question at the Ottawa end. You will remember also the despatch of November 1940 from the

Governor of Newfoundland, which suggested that Newfoundland should be allowed to sit in at any negotiations for a trade treaty with foreign countries. This also would be a forward step.

And it is interesting to note that both of these suggestions originated in Newfoundland.

While I have expressed myself, for the time being at least, a strong anti-confederate, at the same time I recognize the importance of Canada having the closest relations possible with Newfoundland. This is not only because of the importance of Newfoundland to Canada in connection with the defence of Canada, and also in connection with trans-Atlantic air service, but also because of the fact that Newfoundland is an important part of the British Empire and Canada should do everything possible to help her to be a contented member of the Empire.

I think possibly the position of Newfoundlanders with respect to Canada may be considered as somewhat analogous to the position of some Canadians towards the United States in years gone by.

For example, in years gone by, in my own Province of Nova Scotia, when an American politician put forward the idea that the United States should annex Canada, the whole Province was seething with indignation. This is true also of other parts of Canada and perhaps to a greater degree in the Province of Quebec than in any other Province.

During the past fifty years, there has been in Nova Scotia, not exactly what one might call an anti-American feeling but a dread that at some time the United States would endeavor to annex Canada. This fear was perhaps even stronger in other parts of Canada. The election in 1911 was won on the battle cry "No truck or trade with the Yankees," and I think perhaps the fear of annexation with the United States which had been put forward at that time by one or two politicians in the United States, encouraged an anti-American sentiment which, for the time being, was very strong in Canada.

I think that the present splendid spirit of cooperation between the two countries in recent years has in a large measure dissipated what might be called the anti-American feeling in Canada.

The situation is somewhat the same in Newfoundland. Newfoundlanders of the present and past generations have had the bogey of confederation held before them from their infancy and this has resulted in the anti-Canadian feeling which is so prevalent here. This is particularly true in the case of the Water Street merchants who are practically all pro-American in their attitude. They believe that their business would disappear if Newfoundland became part of the confederation as they think they could not meet the competition of Canadian department stores which might open up business in Newfoundland. They do not seem to have any fear of absorption by the United States and in this they are probably right, as the United States could never absorb Newfoundland and keep the goodwill of Canada and the United Kingdom.

My views are that the only policy to break down this anti-Canadian feeling is for Canada to adopt the same policy towards Newfoundland as the United States has in recent years been adopting towards Canada — the good neighbour policy.

Possibly the first step is to insist on the British Government permitting Newfoundland to appoint a High Commissioner to Canada on the understanding that the man appointed would be a native-born Newfoundlander.<sup>30</sup> I know that the Commission of Government is very anxious to make this appointment and the whole trouble apparently lies with the United Kingdom Government.

Yours faithfully,

C. J. BURCHELL

41.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 208

St. John's, March 30, 1943

Sir,

May I refer to my despatch No. 201 of March 29, 1943<sup>†</sup> and to previous despatches regarding the two resolutions of the Board of Trade against the proposed increase in Income Tax and Excess Profits Tax and the return of self-government.

2. A meeting was held at the Board of Trade rooms on Monday, March 29, to hear the report of the Committee appointed by the Council of the Board of Trade in accordance with instructions given at the previous meeting.
3. The meeting was advertised to be open to all citizens.
4. A resolution was unanimously passed, asking for the appointment of a Royal Commission for the purposes set forth in the report.
5. The report recommends that the majority of the members of the Commission should be Newfoundlanders and one of them should be a Judge of the Supreme Court, who would be the presiding officer. The work of the Commission would be to determine the popular will with respect to the form self-government should take.
6. The report also recommends that the Royal Commission should take evidence with respect to the financial, economic, and social problems of the country.
7. A copy of the resolution, as printed in *The Daily News* of Tuesday, March 30, 1943, is enclosed herewith.<sup>†</sup>
8. Also enclosed you will find a copy of the report of the Committee<sup>†</sup> and of the addresses delivered at the meeting.<sup>†</sup>
9. The principal address was given by Mr. J. B. McEvoy who is a prominent lawyer of this city. In the course of his address, Mr. McEvoy pointed out that

<sup>30</sup>Voir le volume 1, documents 196 à 203.

<sup>30</sup>See Volume 1, Documents 196 to 203.

there was some diversion [*sic*] of opinion as to the form the change of government should take, which he classified as follows:

- “(a) The proponents of Commission of Government;
- (b) Those who advocate Representative Government; and
- (c) Those who insist on nothing less than complete autonomy.”

10. He then adds the following with respect to Confederation, presumably meaning with Canada:

“There are, of course, the proponents of Confederation which, however, simply means that under Confederation we would become part of a Federal system in contradistinction to the centralized form of government we would otherwise have. Put simply, Confederation means a division of legislative power amongst the several units which compose the Federation as opposed to a concentration of legislative power in centralized or unitary form of Government. This aspect of things is covered by the general classification above enumerated and, consequently, does not lend itself to detailed discussion here.”

11. I am also enclosing a copy of two editorials<sup>†</sup> which appeared in *The Daily News* of March 30, and also an article by “The Wayfarer”<sup>††</sup> which really criticizes the Dominions Secretary, the Honourable Mr. Attlee, for his approval of the action of the Commission in increasing the Income Tax and the Excess Profits Tax.

12. I am only sending today one copy of the clippings from *The Daily News* but will send additional copies by later mail.

13. You will note that the resolution purports to be one passed by the Newfoundland Board of Trade. The intention, however, is to ask other organizations in Newfoundland to pass similar resolutions.

I have etc.

C. J. BURCHELL

42.

PRO/DO 35 1333/X/J 7877

*Le haut commissaire de Grande-Bretagne au sous-secrétaire  
d'État permanent aux Dominions*

*High Commissioner of Great Britain to Permanent  
Under-Secretary of State for Dominions*

851/10

Ottawa, April 5, 1943

Dear Eric [Machtig],

Thank you for your letter of the 18th March regarding suggestions, emanating principally from Quebec, that negotiations would be opened for the transfer of Labrador to Canada. Since you wrote you will have received, under cover of my despatch 136 of the 10th March, the text of an answer made by Mackenzie King to an enquiry by Roy, a French-Canadian member, about the possibility of the United Kingdom Government arranging for Labrador to be handed over to Canada in compensation for goods supplied to the United Kingdom by Canada.

I do not think that very much significance attaches to the recent references to Labrador in Quebec or Ottawa. The territory has been brought to the attention of the public by reason of the airfield development known to be going on there, and this has revived old stories of extensive deposits of iron or large reserves of water power.

There is, I know, a certain amount of discussion going on in the Department of External Affairs about the post-war position of Newfoundland as a whole, and I understand that the original draft put up to the Prime Minister for a reply to Mr. Roy's question was much more detailed and hinted at the possibility of Canada considering the incorporation of Newfoundland in Confederation. I do not think, however, that any serious consideration is being given to the possibility that Canada might absorb Labrador alone, though there is no doubt that the Canadians are anxious to make the most of the concessions which they have acquired at Goose Bay and the facilities which they have constructed there.

Yours sincerely,

MALCOLM MACDONALD

43.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 239

St. John's, April 13, 1943

Sir,

May I refer to my despatch No. 238 of April 13, 1943<sup>†</sup> and to previous despatches regarding the resolution of the Board of Trade with respect to the return of self-government to Newfoundland.

2. A meeting of the Union Leaders, representing the various Labour Unions in Newfoundland, was held on April 10, and a resolution was passed opposing the resolution of the Board of Trade which asked for the appointment of a Royal Commission to inquire into a form of government which might be thought to be more suitable for Newfoundland than the present Commission of Government.

3. The resolution of the Union Leaders also stated that "we favour a restoration of our former constitution of Responsible Government, pursuant to the terms of suspension thereof, upon a petition to His Majesty to that effect being signed by the electors of Newfoundland and until such time the present system of government be retained."

4. A complete copy of the resolution of the Union Leaders, as printed in *The Daily News* of April 13, is enclosed herewith.

I have etc.

C. J. BURCHELL

*Mémorandum du deuxième secrétaire au sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum by Second Secretary to Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

[Ottawa,] April 13, 1943

NEWFOUNDLAND REPERCUSSIONS TO ANNOUNCEMENT OF  
INCREASED INCOME TAX AND EXCESS PROFITS TAX

Immediately following the announcement by the Commissioner of Finance concerning the proposed increased taxation there was a loud outcry in the St. John's press which can be regarded as primarily the mouthpiece of the famous (infamous ?) Water Street merchants.

These merchants, who comprise the bulk of the membership of the Board of Trade, called a meeting of the Board at which they

(1) passed a resolution condemning the taxation as iniquitous, largely on the basis that it was "retroactive," (one courageous workman was the only person to speak and vote against it);

(2) passed a resolution demanding the return of representative Government and to set up a Committee to consider the method of establishing it.

The Commission of Government, by radio broadcast, pointed out that the tax was legally imposed and was not "retroactive," (most of the critics thereupon described it as "retrospective"). It was indicated that the matter would be further considered, which led a number of people to believe that the Commission was going to back down from its proposal.

However, the Commission was, in fact, obtaining the advice of the Dominions Office, and upon obtaining its approval announced that the tax would, in fact, be imposed as originally indicated.

The press throughout had been pointing out that it was necessary to have "representative" as distinct from "responsible" Government in order that Newfoundland would continue to be "eligible" for payments of its anticipated annual deficits by the United Kingdom Government.

The Board of Trade held its second meeting at which it received the report of its Committee which proposed the establishment of a Royal Commission to determine the popular will with respect to the form which self-government should take.

The majority of the members of the Commission were to be Newfoundlanders, the Chairman being a Judge of the Supreme Court of Newfoundland.

Although the Board of Trade modestly indicated that it was not speaking for the entire population of Newfoundland and urged that other organizations take action of a similar nature, there has been a significant lack of response.

A number of people, presumably of the working class, support the maintenance of the Commission of Government, for the time being at least.



Dr. Roberts (who is reputed to have ambitions for the Prime Ministership in the event of a return of Dominion status) has come out very vigorously for complete self-government, primarily on the basis that this was contemplated by the Amulree Report and that a Royal Commission would merely delay the issue.

Feelings are running very high as each person is accusing the other of attempting to foster selfish interests. Although there have been certain references to Canada, particularly in connection with the Labrador matter, happily we have not become deeply involved.

It is nevertheless probable that the debate on Newfoundland's political and economic future cannot proceed very long without references to Confederation, which will produce vigorous proponents and opponents of the idea. It is, therefore, essential that we determine as soon as possible the attitude to be adopted by the Canadian Government in this respect, in order that we may (a) either aid or discourage the proponents, or (b) either repulse or ignore the attacks launched against Canada.<sup>31</sup>

H. F. F[EAVER]

45.

2868-D-40

*Mé morandum du troisième secrétaire*

*Memorandum by Third Secretary*

SECRET

Ottawa, May [n.d.], 1943

THE WARTIME INFORMATION BOARD AND NEWFOUNDLAND<sup>32</sup>

The Canadian attitude to Newfoundland is very like the American attitude to Canada, an amicable indifference coupled with a complete ignorance of local susceptibilities. No doubt the reaction of Newfoundlanders to Canada and Canadians is in many ways similar to our reaction to Americans, except for the one very big difference that the Newfoundlanders have two great neighbours instead of one.

Assuming that it is of the first importance to Canada to maintain and extend our position in Newfoundland after the war and, if possible, to incorporate Newfoundland in Canada, and assuming further that we can only accomplish these ends with the consent of the Newfoundlanders, it is clear that every effort should be made now to win their goodwill and, equally, that no opportunity should be lost of presenting them in as favourable a light as possible to Canadians.

<sup>31</sup>La note suivante était écrite sur ce mémorandum:

Mr. Feaver:

The Gov[ernmen]t won't consider hypothetical situations, I fear. We will have to wait on events and let Nfld. make the running. In the meantime I think it would be worth while examining pretty seriously the alternative to Confederation — suggested by C. J. B[urchell]. N. A. R[OBERTSON]

<sup>32</sup>La note suivante était écrite sur ce mémorandum:

<sup>31</sup>The following note was written on the memorandum:

<sup>32</sup>The following note was written on the memorandum:

To be discussed with Burchell on May 16th.

It is suggested that a programme looking to these ends should be mapped out jointly by External Affairs and W.I.B. and that W.I.B., with discreet assistance from the High Commissioner, undertake to implement it.

The kind of thing which might help is to keep close track of Newfoundlanders serving in our armed forces and to give recognition to them on every possible occasion; to give as much publicity as security considerations allow to what Canadians have done in Newfoundland; to seek out cases where relations have been good between our forces and the people of Newfoundland; and, generally, to do everything possible to emphasize the community of our war efforts and the identity of our interests.

Since it is very unlikely that the Americans will pay any attention to the susceptibilities of Newfoundland, this would seem to be one way in which we might hope successfully to counteract the magnetic attraction of the United States.

Needless to say, it should all be done unobtrusively and in a simple spirit of neighbourliness<sup>33</sup>, but there should be no doubt that it was being done by Canadians.

J. W. P[ICKERSGILL]

46.

PRO/DO 35 1333 X/J 7877

*Le secrétaire aux Dominions au gouverneur de Terre-Neuve*  
*Dominions Secretary to Governor of Newfoundland*

TELEGRAM 277

London, June 8, 1943

Please inform the Board of Trade that I have received and given careful consideration to the Resolution adopted by the Board on the 8th March petitioning His Majesty for the appointment of a Royal Commission to advise on the form in which a system of representative Government may best be established in Newfoundland. In a statement which I made in the House of Commons on the 5th May I explained the reasons which in my view make a formal enquiry into the Island's future constitution inappropriate at the present time. I remain of this opinion, and I regret therefore that in laying the Petition before The King I was not prepared to advise His Majesty in the sense of the Petition.

2. Please also send suitable reply on similar lines to the West Newfoundland Association with reference to their Resolution of the 7th April.

3. It would seem appropriate, if you agree, to inform the signatories to the Resolution passed by the representatives of certain Labour Unions (against the appointment of a Royal Commission) that I have received the Resolution and taken note of their views.

<sup>33</sup>Note marginale:

<sup>33</sup>Marginal note:

simple like a serpent

47.

PRO/DO 35 1333 X/J 7877

*Le secrétaire aux Dominions au gouverneur de Terre-Neuve**Dominions Secretary to Governor of Newfoundland*

TELEGRAM 290

London, June 11, 1943

IMPORTANT. In opening debate Mr. Maxton<sup>34</sup> referred to Board of Trade resolution and to cable which he had received from number of local Trades Union Leaders supporting demand for restoration of self-government. . . .

3. Following is summary of my reply

(1) I began by referring to my dislike of absence of self-government in Newfoundland, saying that my general attitude had not altered since 1933 when I opposed the Newfoundland Act. As soon therefore as I became Dominions Secretary I began to look into the question to see what the position was now.

(2) Regarding my recent visit to Newfoundland I said that first thing one realized was that there was no unanimity of opinion as to future form of constitution. I continued: "Indeed, my hon. Friend will have read from resolution of Board of Trade that they expressly stated that they realized that there is a great division of opinion, (a) as to whether any change should be made now; (b) as to what kind of change that should be. My hon. Friend was wrong in thinking that this resolution was supported by the trade unions, because the Board of Trade asked for a Royal Commission. The trade union group did not want a Royal Commission; they wanted immediate self-government, which is a different thing."

(3) I said that I had found among all sections of society that there were wide divergencies. "On the whole, broadly speaking, the view was that it was inexpedient to have changes during the war. There were very wide divergencies of opinion as to what form of Constitution should be set up, though there was a great preponderance of opinion that there should be a form of constitutional government, but I found very few who wanted to go back just to what they had before."

(4) Referring to the economic background, I said that one has to look into the resources of the Island to see what standard of life it can support and what kind of organization will give it that standard. "If you are to have a very expensive form of government, you may have too big overheads for the very small population of a very large Island. All these things are bound together."

(5) Referring to absence [of] local Government I stated "It is one of the troubles, in my opinion, that in that Island, while there is a sort of municipality in St. John's and there are two new very weak local councils in certain small places, there is no local government at all. Therefore, they have not had the practice of self-government. I do not think it is fair, when people have been deprived of the practice of self-government, to suggest that all at once the whole position should be thrown back. I think there must be time to think it out and discuss things. The

<sup>34</sup>Député travailliste.

<sup>34</sup>Labour M.P.

people of Newfoundland have thrown themselves into this war. They have been doing great work on the bases. I do not think they have had the time to think out very closely the kind of questions involved in the future Constitution of the Island and the future economic life of the Island."

(6) I continued "It was suggested by the Board of Trade that there should be an immediate Royal Commission. That was a change of view from what I had experienced out there. I am not sure that it was a very permanent view. It followed on a meeting of protest against certain Excess Profits Taxes which had been put on, and which had caused a certain amount of feeling. I am not sure there was anything there on which one could act straight away. I think we have to consider the point that there is not unanimity of view that there ought to be a Royal Commission now, first, because people are busy on the war;" and, I added, second because something like 25% of men between 20 and 40 were outside the country on war service.

(7) Referring to Parliamentary Mission I said that I came to the conclusion as a result of my visit that what I wanted to see in Newfoundland was thinking on these problems and understanding of these problems. "I thought it would be helpful to send out Parliamentarians to make contact, talk to people and bring back to this House a very valuable addition to knowledge of Members of this House on Newfoundland." Sir E. Grigg's suggestion was one of many other methods for it was not necessarily the right thing to take the system we have in Westminster and put it down in St. John's. Principles have to be adapted to particular conditions. That was why I was obliged to Members of Mission for accepting invitation and I knew that they would receive a very warm welcome. I said that I did not think "it would be advisable for them to have to give a written report. In this matter where we are dealing with our own kinsmen it is these personal contacts which are so valuable."

(8) I concluded "From the time I took office, I have been concerned with this matter, because I want to see restoration of self-government in Newfoundland, but it must not be imagined that it is a question of our giving withholding or imposing. It is essentially a question for the people of Newfoundland themselves — all the people of Newfoundland — and may I say that that includes the younger people who are fighting and working in this country now."

Full report of debate<sup>†</sup> follows by air mail.

48.

5555-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 451

St. John's, June 26, 1943

Sir,

May I refer to my despatch No. 369 of May 26, 1943<sup>†</sup> and to previous despatches regarding the Goodwill Mission from the United Kingdom Parliament to Newfoundland.

2. The three members of the Goodwill Mission arrived here this week, namely Mr. Charles G. Ammon (Leader), Captain Sir Derrick W. Gunston<sup>35</sup> and Mr. A. P. Herbert.

3. I am enclosing a clipping from the *Evening Telegram* of June 22 giving an account of the conference which they held with the local press.<sup>†</sup>

4. Mr. Ammon addressed the Rotary Club on June 23. I was present at the address and it was well delivered and well received.

5. I am enclosing a copy of the clipping from the *Evening Telegram* reporting on the address.<sup>†</sup> The address was broadcast over the Newfoundland Broadcasting System.

6. I am also enclosing an editorial from the *Fishermen-Workers' Tribune* which was published before their arrival.<sup>†</sup>

7. The program announced for the Mission is that they will remain in St. John's for a few days and then start a tour of Newfoundland during which they will visit Grand Falls, Corner Brook and also a number of the outports in the various parts of the country. I think also they intend to go on to Labrador. They will get back to St. John's some time after the middle of August and will remain here for a week or ten days before returning to England.

I have etc.

C. J. BURCHELL

49.

*Extraits des débats de la Chambre des Communes*<sup>36</sup>

*Extracts from Debates of House of Commons*<sup>36</sup>

...  
M. J. W. NOSEWORTHY (York-Sud):  
...

Comme j'ai passé à peu près exactement la moitié de ma vie au Canada et l'autre moitié dans la petite île de Terre-Neuve, à qui l'on vient d'accorder [*sic*] le statut de dominion, je suis très désireux de savoir de quelle façon on envisage actuellement la question des relations qui doivent exister entre le Canada et Terre-Neuve après la guerre.[ . . . ]

...  
Le très hon. MACKENZIE KING: . . . Il y a sans doute un temps où il convient d'étudier la question de savoir s'il est opportun ou non de faire entrer Terre-Neuve dans la Confédération; ce n'est pas le moment qui convient le mieux à l'examen de cette question particulière. Ainsi que le sait l'honorable député, le gouvernement canadien désire vivement conserver les relations

...  
MR. J. W. NOSEWORTHY (York South):  
...

As one who has spent just about half his lifetime in Canada and the other half in that small sister Dominion which has recently given up its dominion status, the little island of Newfoundland, I am anxious to know what consideration is being given at the present time to the relationship that is to exist between Canada and Newfoundland when the war ends.[ . . . ]

...  
MR. MACKENZIE KING . . . While I believe there is a time to consider the question of what is advisable and what may not be advisable with respect to having Newfoundland brought into confederation, this is not the particular moment at which it would be most advisable to discuss the question. As the hon. member knows, the government of Canada is most desirous of

<sup>35</sup>Député conservateur.

<sup>36</sup>Canada, Chambre des Communes, *Débats*, 1943, volume 5, pp. 4790 et 4817.

<sup>35</sup>Conservative M.P.

<sup>36</sup>Canada, House of Commons, *Debates*, 1943, Volume 5, pages 4657 and 4684.

les plus amicales possibles avec Terre-Neuve. Nous avons manifesté notre désir à cet égard en nommant un haut commissaire possédant les hautes qualités que l'honorable député a mentionnées et qu'on trouve dans la personne de M. Burchell. M. Burchell a soigneusement étudié les questions qui se posent dans cette province entre le gouvernement de Terre-Neuve et celui du Canada, entre le gouvernement de Terre-Neuve et celui des États-Unis, entre le gouvernement de Terre-Neuve et celui de la Grande-Bretagne. A mon avis, il devrait être le premier à dire que toute discussion tendant à amener Terre-Neuve à entrer dans la Confédération devrait émaner de la population de Terre-Neuve plutôt que d'un membre de cette Chambre, surtout à l'heure actuelle. J'ai noté les remarques de mon honorable ami et j'ai préparé avec quelques soins les observations suivantes dont j'ai pensé devoir lui faire part si jamais l'occasion s'en présentait. Je dirai que les Canadiens aiment et admirent les Terre-Neuviens. Ils leur sont unis par les liens du sentiment aussi bien que par le souvenir des dangers qu'ils ont partagés avec eux et des victoires qu'ils ont remportées ensemble. Ils espèrent voir se continuer l'amitié et la collaboration dont leurs relations ont été de plus en plus marquées ces dernières années. Les Canadiens s'intéressent à la défense de Terre-Neuve, car elle joue un rôle de tout premier ordre dans la défense du continent et de l'hémisphère. Ils espèrent que les Terre-Neuviens trouveront une solution entièrement satisfaisante aux problèmes qu'ils ont à résoudre dans les domaines politiques et économiques. Ils ne seront que trop heureux s'ils peuvent contribuer de quelque façon à la solution de ces problèmes, dont un bon nombre sont communs aux deux pays.

Si la population de Terre-Neuve décidait jamais d'entrer dans la confédération canadienne et si elle manifestait sa décision de façon claire et sans aucune possibilité d'équivoque, le Canada étudierait la proposition avec la plus entière sympathie.

...

50.

*Le haut commissaire de Grande-Bretagne au secrétaire aux Dominions*  
*High Commissioner of Great Britain to Dominions Secretary*

TELEGRAM 1700

Ottawa, July 15, 1943

Following for Machtig from High Commissioner.

1. You will remember our informal talks whilst I was in London about long-term policy in Newfoundland. I raised the matter in a purely personal talk with

preserving the closest possible friendly relations with Newfoundland. We have given expression to our desire in the appointment of a high commissioner of the attainments which he himself has mentioned, in the person of Mr. Burchell. Mr. Burchell has given very careful study to the questions that arise between both the Newfoundland and Canadian governments, Newfoundland and the United States, Newfoundland and Great Britain, and I think he would be the first to say that any discussion with respect to the possible bringing in of Newfoundland to confederation ought to be initiated on the part of the people of Newfoundland rather than on the part of members of this house certainly at this particular time. I took note of what my hon. friend had said, and I prepared with a little care the following words that I thought it might be wise to use if occasion should so demand. I would say that Canadians like and admire the people of Newfoundland. They are attached to them by bonds of sentiment and by the memory of dangers shared and victories won together. They look forward to a continuation of the friendship and co-operation which have increasingly marked our relations during recent years. Canadians are interested in the defence of Newfoundland which is so vital a part of the defence of the continent and the hemisphere. They hope that the people of Newfoundland will find some wholly satisfactory solution of the political and economic problems which confront them. They will be happy if, in any way, they can contribute to the solution of these problems, many of which are common to both countries.

If the people of Newfoundland should ever decide that they wish to enter the Canadian federation and should make that decision clear beyond all possibility of misunderstanding, Canada would give most sympathetic consideration to the proposal.

...

PRO/DO 35 114-1/X/J 7871

Norman Robertson some time ago, and we had a short preliminary discussion. We decided to continue that personal discussion when he is less pressed with urgent work during the Parliamentary recess. He thought that it might also be useful if I then discussed the matter on the same personal basis with Mackenzie King.

2. So Mackenzie King's remarks in debate in Parliament were not based on any talk that I have had with him. They may have been influenced by a report which Robertson may have given him of our preliminary discussion. I was careful to make it clear to Robertson that my raising of the matter is personal, and that I have no instructions on the subject. Robertson understands the position perfectly.

3. I had not proposed to trouble with a report of our talk until we had pursued the subject further during the Parliamentary recess, but in view of Mackenzie King's remarks you will wish to have the above information.

51.

2828-40

*Extraits d'un projet de lettre du sous-secrétaire d'État aux  
Affaires extérieures au haut commissaire en Grande-Bretagne<sup>37</sup>*

*Extracts from Draft Letter from Under-Secretary of State for  
External Affairs to High Commissioner in Great Britain<sup>37</sup>*

PERSONAL AND CONFIDENTIAL

Ottawa, July 16, 1943

Dear Mr. Massey,

I have postponed answering your personal and confidential letter of January 6 concerning Newfoundland because of political developments there during recent months which have necessitated a "wait and see" attitude with respect to the definition of Canadian policy. In view of the possibility of an adverse effect on public opinion in Newfoundland, which might result from a premature statement of Canadian policy, it had been hoped that the political situation there might be left to develop without anything which could be regarded as a Canadian initiative. However, the question asked in the House of Commons on Monday, July 12, by Mr. J. W. Noseworthy, C.C.F. member for York South, forced the Prime Minister to make the statement which appears at page 4787 of Hansard.

...  
The whole picture is rather unhappy. Internally the recent political squabbles have created serious animosities and there is little semblance of "national" unity. I think it is not unfair to say that there has been little serious attempt at constructive thinking on the subject of Newfoundland's position in the post-war economic set-up. It is almost generally accepted that there will be an economic depression similar to that following the last war. Consequently, demands are being made to establish positions under which Canada, the United Kingdom and the United

<sup>37</sup>Cette lettre ne fut pas envoyée. Elle est reproduite car elle reflète l'attitude envers la question de Terre-Neuve.

<sup>37</sup>This letter was not sent. It is printed here because it shows the attitude towards the Newfoundland question.

States will be obligated to supply financial aid. It has apparently occurred to only a few that a country of only 300,000 people (with limited resources and under serious economic handicaps) can hardly hope to maintain complete economic (and political) independence in the post-war world. The fact that circumstances have forced Canada and the United States, for example, to move towards economic collaboration (and that this is true to some extent of most other nations) has made no appreciable impression upon the Newfoundland mind.

It would seem to be probable that sooner or later Newfoundland will be forced, by economic pressure, to become part of the Canadian confederation. That would undoubtedly involve a considerable burden for Canada, as it would be necessary to make a substantial outlay to take over the public debt, to elevate the Newfoundland standard of living, and to resist new political complications. However, in the long run, the acceptance of the burden would be justified as geography has placed Newfoundland (and Labrador) within Canada's sphere of responsibility. Furthermore, while Newfoundland industries (and particularly the most important ones — fisheries and newsprint) are bound to suffer in open and unrestricted competition with Canada, they could be integrated with those in Canada, with respect to the control of production, distribution, and price levels, to our mutual advantage. This would incidentally protect and develop Canadian investment (which is already substantial) in Newfoundland.

However, as the Prime Minister indicated to the House of Commons, the initiative must be taken by Newfoundland. Any effort on the part of the Canadian Government to accelerate this development would be seized upon by chauvinistic elements and by those whose economic privileges would be terminated, as sticks to beat the drums of patriotism and nationalism in Newfoundland and to combat Canadian "aggression" against the Island.

In view of the fact that Mr. King has now made a statement in the House of Commons there is no objection to your informally discussing this problem with officers of the Dominions Office and other interested departments, without, however, going beyond the terms of the Prime Minister's statement. It would be useful to us to learn the prevailing opinion in the United Kingdom in regard to this matter.

Inasmuch as defence considerations, which in the past have made it advisable for the United Kingdom to maintain a measure of control over Newfoundland, are today largely non-existent because of the responsibility accepted now, and for the future, by Canada (and the United States) as part of a continental defence programme, there would seem to be scant reason why the United Kingdom taxpayers should be under a perennial obligation to meet Newfoundland's budgetary deficits, which would substantially increase if there was any attempt to adopt a social security programme, such as that outlined in the Beveridge and Marsh reports. It might be of interest to know that prior to the suspension of responsible government the "dole" in Newfoundland was at the rate of six cents per day.

It would be of interest to us to have your comments on this situation and to learn what views are prevalent in responsible and interested circles in the United Kingdom.

Yours sincerely,



52.

PRO/DO 35/1141/N402/4/X/J 9058

*Extrait d'un mémorandum du sous-secrétaire d'État adjoint aux Affaires des  
Dominions de Grande-Bretagne, au sous-secrétaire d'État permanent  
aux Affaires des Dominions de Grande-Bretagne*

*Extract from Memorandum from Assistant Under-Secretary of State for  
Dominion Affairs of Great Britain to Permanent Under-Secretary of  
State for Dominion Affairs of Great Britain*

London, July 23, 1943

TEL. 1700 — 15-7-43

This telegram is opportune as we were beginning to wonder whether Mr. MacDonald had been able to follow up his idea of making purely personal soundings at Ottawa. It is good to know that he has had a preliminary talk with Mr. Norman Robertson and has agreed with him that their talk should be resumed during the Recess. In the circumstances we clearly cannot press Mr. MacDonald further at the moment.

Mr. Mackenzie King's statement reported in No. 2<sup>1</sup> follows very much the line one would expect, but is important in that while putting the onus on Newfoundland to take the initiative it does offer sympathetic consideration by Canada. Reading between the lines this certainly suggests that Canada is now prepared to adopt a more forthcoming attitude than in the past, but I fear that there is little likelihood of the statement influencing Newfoundland opinion. [ . . . ]

P. A. C [LUTTERBUCK]

53.

W.L.M.K./Vol. 308

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs  
to Prime Minister*

Ottawa, August 18, 1943

I had lunch today with Malcolm MacDonald. He asked me if I thought this Conference<sup>38</sup> might provide an opportunity for him to talk with us in a preliminary way about the general question of Newfoundland.<sup>39</sup> As the war goes on, a

<sup>38</sup>La Conférence de Québec où étaient réunis les chefs d'État du Canada, de Grande-Bretagne et des États-Unis.

<sup>39</sup>Il n'y a pas d'indications quant à la réaction du Premier ministre.

<sup>38</sup>Quebec Conference attended by leaders of Canada, Great Britain and the United States.

<sup>39</sup>There is no record of the Prime Minister's reaction.

good many questions which had been conveniently postponed until its end are beginning to obtrude themselves. It has been tacitly accepted that the question of restoring responsible Government in Newfoundland and defining the Island's constitutional position within the Commonwealth would be dealt with as soon as hostilities end.

There has been this summer in Newfoundland an informal "goodwill" mission of three members of the United Kingdom Parliament, Sir Derek Dunston, Mr. A. P. Herbert and Mr. C. G. Ammon. They have no specific terms of reference and are not expected to submit any formal report, but it is, I believe, taken for granted in Newfoundland that they will recommend to the United Kingdom Government that the time has come for the return to the Island of full, responsible government and with it, presumably, Dominion Status. Mr. MacDonald thought it would be helpful if there could be some preliminary exchange of views with the Canadian Government about the future of the Island before the United Kingdom was compelled to take specific steps which might be found to have determined the future of Newfoundland, including its relationship to Canada.

My own feeling is that "somehow, sometime" Newfoundland should become part of the Canadian Confederation. I think that, in the long run, both political and strategic considerations make this inevitable. I believe that President Roosevelt has expressed the same opinion to you on one or two occasions. In the short run, however, there are many difficulties. The economy of Newfoundland cannot be said to be complementary to that of Canada. Her entry into the Dominion would not give the Island's industries access to new markets on more favourable terms. In fact, I feel that if Newfoundland were a province of Canada it would very quickly take over as its own all the old Maritime grievances against the Canadian tariff and freight rate structure. Living standards are low and social welfare legislation and administration lag behind our most backward Provinces. A good many people in Canada would look on Newfoundland as a liability and see no gain to the Dominion from our closer association with it. These are only difficulties that could be overcome if there was a widespread and deep seated desire in Newfoundland for entry into Confederation. There is, as yet, no evidence of any such feeling. Newfoundland has enjoyed three boom years — a result of a great volume of American, Canadian and United Kingdom expenditures for war purposes in the Island. Revenues have soared, despite the fact that the tax rates remain relatively low. Wages have doubled in the last two years and prices have risen proportionately, without any serious effort being made to keep them in check. Obviously Newfoundland is in for a very sharp and difficult period of economic readjustment the moment hostilities cease, and this is the moment when, under present plans, responsibility for handling its own affairs will be restored to the Island.

N. A. R[OBERTSON]

54.

PRO/DO 35 1141/N402/4/X/J 9058

*Le gouverneur de Terre-Neuve au sous-secrétaire d'État  
permanent aux Affaires des Dominions de Grande-Bretagne*  
*Governor of Newfoundland to Permanent Under-Secretary  
of State for Dominion Affairs of Great Britain*

St. John's, August 31, 1943

My dear Machtig,

Thank you for your N. 402/11 of August 14th.<sup>†</sup> We had not seen the full report of Prime Minister King's reply and we are glad to have it. You will see by the enclosed cutting from the *Daily News* that it was reported on.

Little or no interest is taken on the question of Confederation, and it is hardly discussed at all. If anything, they are so dazzled by American dollars, hygiene and efficiency that many of the public rather play up to America in preference to Canada. However they universally want to be on their own with a comfortable grant-in-aid, and little responsibility.

I am writing separately about our 348 of August 30th.<sup>†</sup> I think the Mission will probably leave about September 15th.

Yours sincerely,

HUMPHREY WALWYN

55.

5555-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

PRIVATE AND CONFIDENTIAL

St. John's, September 13, 1943

Dear Norman [Robertson],

There was a runaway accident on the street in front of my office this afternoon, which I happened to see when I was looking out of the window, and I immediately went out to see what the damage was to my neighbor's property across the street. At the same time, Herbert, who had evidently been having lunch in the house adjoining my office, came out in company with Captain Rowland, who is now the Captain "D" of the Canadian Navy here.

Herbert and Captain Rowland followed me to the scene of the accident and as we were leaving, he put out his hand to say good-bye and told me he was leaving tomorrow. As he was shaking hands with me, he said to me, "Keep your hands off Newfoundland."

Somehow or other, I managed to keep my Irish temper under control but I could not help making the statement that some of us who lived in the Dominions are trying to build up the British Empire but some people who live in England are

trying to break it up. As I was walking away from him, I heard him muttering to himself, "Canadian banking in Newfoundland and Canadian life insurance companies!"

The more I see of Herbert, the more I am surprised that the Dominions Office would send such a man to this country on what was supposed to be a Mission of Goodwill.

I have no doubt that his 27,000 word report will contain a series of attacks against Canada and the Canadian Government.

Yours faithfully,

C. J. BURCHELL

56.

2868-D-40

*Mémorandum du ministère des Affaires extérieures*

*Memorandum by Department of External Affairs*

[n.d.]

CANADA-NEWFOUNDLAND RELATIONS

1. Observations made in conversation with Mr. Keenleyside by Sir Eric Machtig, Permanent Head of the Dominions Office, October 20, 1943

"Machtig envisages the restoration of self-government but does not feel that that will solve the basic problem. He thinks union with Canada the natural and reasonable development. Has no fear of Gushue's bogey — a vote for union with the United States. Thinks the U.S. would refuse and that the ingrained British patriotism of the Newfoundlanders would prohibit any serious move in that direction. Machtig does not know how federation can be brought about and spoke very highly about Mr. King's statement to the House of Commons on the subject."

2. Mr. Clutterbuck, Dominions Office (Oct. 22, 1943)

"He agrees with Machtig that Newfoundland should join Canada."

3. Lord Cranborne (October 27, 1943)

"Cranborne thinks self-government will be given back after the war, along with a serious talk to the Newfoundlanders about their future. He thinks this may then lead to union with Canada. Nothing can or should be done in the meanwhile."

57.

PRO/DO 35 1337/X/J/7896

*Mémorandum du secrétaire aux Dominions au  
Cabinet de guerre de Grande-Bretagne*

*Memorandum by Dominions Secretary to  
War Cabinet of Great Britain*

SECRET

London, November 8, 1943

NEWFOUNDLAND

1. In W.P. (43) 102 of the 9th March, 1943,<sup>†</sup> my predecessor gave warning that we should be faced with a difficult constitutional problem in Newfoundland

as soon as the war ended. It was premature at that time to come to any conclusions, but he thought that as an interim measure it would be a wise step to send out to Newfoundland in 1943 an informal "goodwill" Mission, composed of three Members of Parliament; this he felt would serve the double purpose both of showing Newfoundlanders that we had their problems very much in mind and of enabling Parliamentary opinion here to be kept more closely informed about the Newfoundland situation against the time when decisions would have to be taken.

2. The War Cabinet approved this proposal, and an informal Parliamentary Mission composed of Mr. Ammon, Sir D. Gunston and Mr. A. P. Herbert left for Newfoundland in June, travelled all over the country, mixing with the people, studying conditions and listening to their ideas as to the future, and returned home at the end of September. From a public standpoint their tour was a very successful one, and there is no doubt that as a gesture to the people of Newfoundland, indicating the interest of Parliament in their affairs, it has been highly appreciated.

3. It was, of course, made clear throughout that the Mission, being of an informal "goodwill" character, was not intended as a Commission of Enquiry. It was thus given no set terms of reference and there was no question of it being asked to produce a report for publication. At the same time, it was indicated to the Members that the Secretary of State would naturally welcome a confidential expression of their views and suggestions on their return.

4. In the result, each of the Members has presented me with a separate report containing his impressions and recommendations. Many of these relate to the development of the country's industries and public services; on the constitutional issue the ideas they have each put forward, which have a great deal in common, are summarised in Appendix A.<sup>†</sup> There has been some pressure in the House for the publication of these reports, but this would be quite inappropriate, and I have resisted it. It has been made clear, however, that the three Members will, of course, be free to express their views when Dominion affairs come up for debate, and a suitable opportunity is, I understand, likely to occur during the debate on the Address.

5. As was expected, the three Members found Newfoundland opinion on the subject of constitutional change very fluid and divided. Newfoundlanders were, however, on the whole agreed on three main points: (1) while, after nearly ten years of political disfranchisement, the country as a whole is looking forward to a change of system, no change should be made in the present form of government during the war; (2) when a change is made, it should not take the form of a return to full responsible government on the lines of that in force prior to 1934; (3) confederation with Canada is looked upon as wholly out of the question.

6. (1) is very satisfactory, since in view of Newfoundland's important rôle as a Naval and Air Base we should clearly wish to avoid any disturbance of public opinion which would distract attention from the war effort. Moreover, it would be manifestly inappropriate that the country's future should be settled at a time when conditions are so artificial and so many Newfoundlanders, including some of the Island's potential leaders, are now serving overseas in various capacities. At the back of (2) lies the Newfoundlanders' distrust of their politicians and

public figures and their lack of confidence in themselves and in the ability of the Island to stand permanently on its own feet. They have not forgotten the lesson they learned so painfully in the depression years of the thirties, and they fear the type of man whom a general election might return to power. At the back of (3) lies the traditional dislike of Canada. Confederation with Canada would in many ways be the best long-term solution, and now that the Island has become of such importance strategically to Canada, which has to reckon also with the spreading of United States influence as a result of the establishment of United States Bases in the Island, the Canadian Government are certainly not disinterested in the future of Newfoundland. This is, however, a matter in which His Majesty's Government in the United Kingdom could not directly intervene. Clearly, union with Canada cannot be brought about except at the publicly expressed wish of the Newfoundlanders themselves, and it is evident that at present only a very small minority of Newfoundlanders would be in favour of such a solution. Fears of Canadian rates of direct taxation, the prospect that Newfoundland's small stores and business houses would be swamped by the large Canadian firms, and the feeling that Newfoundland's interests would be sacrificed to those of Toronto and Montreal would alone be sufficient to ensure a heavy popular vote against the idea, so long as there is money in the till and no pressing necessity for so drastic a step.

7. In certain quarters in this country it has been suggested that a solution might be found in the linking of Newfoundland not with Canada but with the United Kingdom, on similar lines to Northern Ireland. There is, however no demand in the Island for such a step and I am satisfied that any such solution would be an artificial one likely to bring great difficulties in its train. The plain fact is that Newfoundland, though intensely loyal to the mother-country and intensely "British" in sentiment, is part of North America, with a Transatlantic outlook, habits and ways of thought; in its everyday life it is bound at every turn by the solid ties of common interest with the North American continent. I am sure that notwithstanding the narrowing of the world by air communication it would be a mistake for us to attempt to ignore geography.

8. It is clear from the reports of the Members of the Mission that what most Newfoundlanders would like to look forward to after the war would be some form of self-government which, while leaving the Island free to manage its own affairs, would provide for the retention by the United Kingdom of a general supervision over its finances and would thus enable it to turn for assistance to the United Kingdom Exchequer in case of need. In other words, they would like both to eat their cake and have it. Such a form of Government would clearly be very difficult to administer, and might indeed result in a training not in responsibility but in irresponsibility. It is difficult, however, not to sympathise with the view that it would be altogether too much to expect the Island with its limited resources in personnel to resume full self-government successfully in one plunge, and if it should prove to be the general desire that progress towards full responsible government should be by stages, we shall, I think, have to examine carefully how best we can meet such a request.

9. Under the terms of our bargain with the Newfoundland people in 1933 we are pledged to restore self-government, if the people so request, as soon as the

Island is "self-supporting" again. Between 1933 and 1940 the Island required considerable financial assistance from this country. But during the last three years Newfoundland has been entirely free of grants-in-aid and has indeed, as a result of war developments, built up a useful surplus of over \$11,000,000. Technically, therefore, the Island is at present self-supporting, though it is a matter for argument whether it is likely to remain so in the more normal conditions of peace.

10. Reviewing the position against this background, our policy should, I consider, be based on the following main points:

(a) there should be no change in the present form of Government while the war lasts;

(b) as soon as practicable after the end of the war, that is the war in Europe, we must provide machinery (see the following paragraph) for enabling the Newfoundland people to examine the situation and to express their considered views as to the form of Government they desire, having regard to the financial and economic conditions prevailing at the time;

(c) if the general wish of the people should be for a return to full responsible government, we for our part shall be very ready, if the Island is then self-supporting, to facilitate such a change;

(d) if, however, the general wish should be either for the continuance of the present form of Government or for some change of system which would fall short of full responsible government, we shall be prepared to examine such proposals sympathetically and consider within what limits the continued acceptance of responsibility by the United Kingdom could be recommended to Parliament;

(e) in the meantime, a vigorous attempt should be made to push on with the development of local Government, on which the members of the Mission have made some interesting recommendations, as well as with general reconstruction plans. Newfoundland is a country in which municipal and rural councils are virtually non-existent, and, indeed, traditionally disliked. If in the near future the people are to be called upon to govern themselves, it is important that every effort should be made to encourage the development of local Government institutions, which would afford a base for an effective central Government.

11. As regards (b) above, I feel we should leave open at the present stage the form of the "machinery" to be provided. One proposal for the solution of this problem which appeals to me is that made by Mr. A. P. Herbert, M.P., viz., that a national Convention should be set up after the war, composed of members representative of all classes and interests in Newfoundland, and empowered to discuss and determine amongst themselves, with the guidance of a constitutional lawyer from home, the form of government to be recommended both to the Newfoundland people and to the United Kingdom Government. I should like to consult the Governor and the Commissioners on this suggestion, which, though open to difficulties, might carry greater local appeal, and might in some ways be more effective, than the possible alternative of the appointment of a Royal Commission. Newfoundland in recent years has been subjected to a variety of enquiries, both official and unofficial, and it seems unlikely that a Royal Commission would be able to learn more of the people's views than has been acquired by the informal Mission which has just completed its duties. Besides this, the de-

spatch of another Commission from this country might create in Newfoundland the suspicion that we were endeavouring to put off the day when the people could consider their future for themselves.

12. As regards (c) above, the contingency must not be overlooked that Newfoundland's present relative prosperity, admittedly artificial in that it arises largely from war conditions, may prove to be short-lived. Indeed, it is not at all beyond the bounds of possibility that the tapering off of construction work on defence projects, combined with a shortage of ships for carrying Newfoundland's exports, may lead to an economic relapse in Newfoundland even before the war ends. If the end of the war should find the Island unable, as in 1939, to pay her way from her current resources, this would change the whole situation.

13. As regards (d) above, what I have particularly in mind is that no form of constitution could be regarded as acceptable from the United Kingdom standpoint which gave the Newfoundland Government a free hand in spending while the United Kingdom stood behind and guaranteed their expenditure. In other words, if the United Kingdom Government is to be ultimately responsible for the Island's finances, it will be essential for it to retain some measure of control over the Island's expenditure. From this point of view the devising of a mutually acceptable half-way house is likely to present great difficulty, and it goes without saying that we, for our part, would much prefer a clear-cut solution; but if the people of Newfoundland should opt for something on these lines, as a first step towards the resumption of full self-government, it would clearly be incumbent on us to respond to their request. In that event some form of representative government, with adequate safeguards but the minimum of restrictions, would perhaps meet the case.

14. It will be seen from the Appendix that the Members of the Mission, while each envisaging the holding of a plebiscite in Newfoundland at some suitable date after the end of the war, have each recommended that as an interim measure, and in order to make the present Commission more representative, provision should be made for the election by popular vote of the three Newfoundland Commissioners. I have carefully examined this suggestion, but feel bound to reject it. Such a change would need prior consultation with the people of Newfoundland and would cut across the proposals outlined in paragraphs 10 and 11 above. Moreover, apart from the undesirability of tinkering with the present form of government pending consideration of some major change after the war, a measure of this kind would be open to strong objections, both in theory and in practice. From the constitutional standpoint it is clear that the Governor in Commission would be placed in an anomalous position in the discharge of his responsibility to the Secretary of State for Dominion Affairs, and through him to Parliament, if three of the Commissioners owed their appointments to popular vote and were thus simultaneously responsible to the electorate; moreover, there would in practice be a great risk of the election of unsuitable men, leading in turn to disharmony in the Commission and thus possibly to the premature break-up of the whole system of Commission Government.

15. Other things being equal, there might have been much to be said for deferring any announcement of policy at this stage until the Island's post-war eco-



conomic prospects were clearer and some definite trend in Newfoundland opinion could be discerned. But the visit of the Parliamentary Mission, following on the visit which my predecessor himself paid to the Island last year, has encouraged expectations of an early announcement by His Majesty's Government and has given rise to much speculation as to the plans we have in view. An early announcement on broad lines, making it clear that there will be no change during the war and that after the war it will be for the Newfoundland people themselves to choose the path they want to tread, will, I feel, have a steadying effect in the Island; and I should like, therefore, if my colleagues agree and subject to consultation with the Governor, to arrange for a declaration of policy on the lines indicated in paragraph 10 above to be made on behalf of His Majesty's Government when Dominion affairs come up for discussion in the House of Commons during the Debate on the Address.

16. In the above survey I have dealt only with the constitutional aspects of the problem. The members of the Parliamentary Mission have made many useful suggestions in their reports touching not only the development of local Government but also a number of other administrative and economic matters. I need not discuss these suggestions here, but I propose to consider them in detail, in consultation with the Newfoundland Government, in pursuance of the general policy outlined in paragraph 10(e) above.

58.

2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

PERSONAL AND CONFIDENTIAL

St. John's, November 16, 1943

Dear Norman [Robertson],

You may recall that I informed you that when I arrived here over two years ago I had some difficulty in getting an appointment to meet with the Roman Catholic Archbishop Roche.

After Mr. Pick had made several attempts to obtain an appointment for me to call on him without success, I gave it up and never did make a formal call on him.

The talk around town was that the Archbishop had refused to meet me because the Knights of Columbus Hall had been erected by the Canadians on ground owned by one of the Protestant churches.

When General Page arrived here, about a year ago, he asked me to arrange an appointment with His Grace, so that he could meet him. This I did without any difficulty and went along with General Page and found him very gracious and very friendly.

I had, however, no opportunity of meeting His Grace again until yesterday, when by appointment, I called on him with Major-General Leclerc. The appointment was arranged by my Secretary, and I had no difficulty at all in arranging for it.

His Grace received us in his Palace, and gave us a very warm welcome. He told General Leclerc that one good thing about the frequent changing of Generals in Newfoundland, was that it gave him an opportunity of meeting the High Commissioner, as he never had an opportunity of meeting him except on such occasions. I told him I would be only too pleased to call on him at his residence in the evening and have a talk with him, but I had not done so because I knew that he was not in very good health, and liked to retire early in the evening.

As I was leaving, he told me to come out with Bertie some evening, and he would be glad to see me. "Bertie" is Dr. O'Reilly who is the leading eye specialist here. Evidently his Grace knew that he is a very good friend of mine.

We spent a very pleasant half hour with His Grace. He brought up the subject of the future of Newfoundland, and in the course of the discussion, he stated that the idea of Newfoundland getting back its Dominion status should not be considered, as a community of 300,000 people should not ask for Dominion status.

This was to me a quite remarkable statement, because I have recently secured a copy of the despatches which were exchanged with the Colonial Office between the years 1851 and 1853 with regard to Newfoundland obtaining responsible Government.

These despatches are exceedingly interesting. The line-up was between the Roman Catholics, led by the Roman Catholic Archbishop on the one side, and the Protestants on the other. The Roman Catholics were in the majority in the Legislature, which then consisted of only fifteen members. The Legislature, on the vote of the Roman Catholic members, supported by one Protestant, passed resolution after resolution in the Legislature, which were sent to the Colonial Office by the Governor, but accompanied by a despatch from the Governor himself, who stated that the intention of the Roman Catholics was to secure responsible Government solely for the purpose of making Newfoundland a Roman Catholic country.

It is interesting to note that the Protestant who supported the various resolutions in the Legislature was the Honourable Mr. Emerson, grandfather of the present Commissioner for Justice. Some of Mr. Emerson's descendants, including the Commissioner for Justice himself, are Roman Catholics, and other branches of the family are Protestants.

It is also interesting to note that the Board of Trade representing the merchants of St. John's passed very strong resolutions against responsible Government being given to Newfoundland, — the principal ground of their objection being that Newfoundland was not self-supporting and would require assistance from the Mother Country, and it might not be able to obtain this financial assistance if it became completely self-governed. This is particularly significant because the Water Street merchants are now opposing the return of responsible Government for the very same reason. I also note that the lawyers of St. John's at that time passed a very strong Resolution opposing the granting of responsible Government.

The Archbishop in our meeting yesterday also made the statement that the future of Newfoundland was either with England or with Canada. I made no comment on this statement because I did not want to get into any controversy

with him, but it was certainly interesting to have his views. I did say, however, that what I was interested in was the closer drawing together of the British Commonwealth of Nations, and in this statement he expressed complete agreement.

The Archbishop also mentioned the economic position of Newfoundland, and said he thought that Newfoundland would be reasonably safe, as it has now three Governments interested in its welfare; namely, the United Kingdom, Canada and the United States. His view was also that the future of Newfoundland economically depended largely upon securing a market for fresh fish. I did not pursue this argument except to mention that the whole difficulty in that regard was one of transportation of fresh fish to markets.

I need not tell you that the Roman Catholic Archbishop exercises a very great influence in Newfoundland. The Roman Catholics constitute about one-third of the population of this country. According to the figures issued in 1935, the Roman Catholics number 93,925; the Church of England, 92,732, and the United Church 76,110. These three churches have a total membership of 262,767, out of the entire population according to the census of that year of 289,588. The next largest denominational body is the Salvation Army which in 1935 numbered 18,054. The Presbyterians are only 1,460 and are now joined with the Congregationalists which in 1935 numbered only 924.

This conversation with the Archbishop, together with the well-known fact that the Water Street merchants are strongly opposed to the return of responsible Government, leads me to the conclusion that it is extremely improbable that Newfoundland will ever again get back to the former position of Dominion status. I think if a Royal Commission had been appointed, as requested by the Board of Trade Resolutions, the members of the Commission would have been given enough evidence to lead them to the decision that Newfoundland should not be restored to a completely self-governing Dominion, and especially so as this meant that they would cut themselves off from any further financial assistance from England, and in that connection, you might note the correspondence which took place at the time of the bank failures in 1894 and 1895, which I have sent you with my despatch No. 903 of November 12th, 1943.<sup>†</sup>

The other alternatives open to Newfoundland are to get back representative Government with the control still remaining in the Dominions Office, or to come in with Canada.

With the present bitter hostility against the Commission of Government, and against the control of the Dominions Office, I cannot visualize Newfoundlanders being content to live under the control of either the Dominions Office or the Colonial Office.

I doubt if there are many Newfoundlanders who really appreciate or understand the workings of a Federal system of Government. I do not think for an instant they realize that if Newfoundland became a province of Canada, they would continue with their own legislature, and that this legislature would have complete control over so many matters, such as education in which they are particularly interested.

My plan of campaign at the moment is to spread as much information as I can at this point in an unobtrusive way.

The strongest objection to Newfoundland becoming a part of the Canadian Federation, would be from the merchants, because of the greatly increased direct taxation they would have to pay — particularly Income Tax. They are living in a happy paradise at the present time, because about 75 or 80% of the total revenue of Newfoundland is from the Customs Revenue, which they pay, but pass on immediately to their customers, plus a profit of at least 30% on the amount of Customs duties, which they consider to be part of the cost of the commodities in which they deal.

I may have an opportunity of discussing these matters in detail when I see you in Ottawa at the end of the month.

Yours faithfully,

C. J. BURCHELL

...

59.

PRO/DO 35 1337/X/J/7896

*Mémorandum du lord du Sceau privé<sup>40</sup> au Cabinet de guerre  
de Grande-Bretagne*

*Memorandum from Lord Privy Seal<sup>40</sup> to War Cabinet  
of Great Britain*

SECRET

London, November 18, 1943

NEWFOUNDLAND

1. Newfoundland should be offered the right to resume Dominion status at any time during the war or after it.
2. The claim is put forward that the present Commission of Government is unconstitutional, and its acts will inevitably be challenged. This contention is based on Clause I of the Newfoundland Act, 1933, which makes it clear that the suspension of the Constitution was limited by the terms of the Address to His Majesty by the Legislative Council and House of Assembly of Newfoundland to a period until such time as the island may become self-supporting again. But Newfoundland is now self-supporting, so it is argued. It has a surplus of 11 million dollars. Therefore the legal basis of Commission Government has been destroyed. Now, if we neglect to give self-government to Newfoundland, we must be prepared to meet and destroy this argument. It is my view that we will fail in convincing the people of Newfoundland.
3. Newfoundland has lent us 8 million dollars, most of it interest-free. It has given 500,000 dollars to the Spitfire Fund for the purchase of aircraft and, by voluntary subscription among the public, has provided another 150,000 dollars to that Fund.
4. The agitation in Newfoundland for the restoration of self-government is widespread. Practically all the newspapers participate in the campaign. Among them may be mentioned the *Daily News* of St. John's, the *Grand Falls Adver-*

<sup>40</sup>Lord Beaverbrook.

tiser, the *Fishermen-Workers' Tribune*, the *Observer's Weekly*, the *Evening Telegram*, the *Newfoundland Trade Review*, and the *Western Star*.

5. The Newfoundland public is entirely dissatisfied with the Commission and the unpopularity of that body grows steadily.

6. Six Trade Union leaders met at St. John's on the 13th April and passed a resolution asking for the restoration of self-government.

7. The Newfoundland Board of Trade, meeting on the 29th March, passed a resolution asking that representative government be set up, as a matter of urgent need.

8. There is resistance in newspapers, amounting to claims of repudiation of the transactions relating to the bases.

9. The claim that the Newfoundland Government fell through corruption is not now accepted. It is believed that the measure was taken to benefit bondholders and supply Canadian banks with repayment of their overdraft. In fact, it is believed that Canadian banks helped to precipitate the financial crisis.

10. The advantages of a restored Dominion status are manifold. It would be a protection against Canada's unjust claim over Goose Bay and the pretensions which the United States will advance to civil air bases in Newfoundland.

11. With Dominion status, Newfoundland will safeguard our Imperial interests in the Western Atlantic against any "ganging up" by Canada and the United States, always a possibility under a different Government.<sup>41</sup>

60.

PRO/DO 1337 X/J/7896

*Extrait des conclusions du Cabinet de guerre de Grande-Bretagne*

*Extract from Conclusions of War Cabinet of Great Britain*

SECRET

London, November 19, 1943

...  
2. The War Cabinet had before them Memoranda by the Secretary of State for Dominion Affairs (W.P.(43)507) and by the Lord Privy Seal (N.P. (43)523) about the policy that should be adopted with regard to the constitutional problem in Newfoundland.

The Secretary of State for Dominion Affairs, in his memorandum suggested that our policy should be based on the following main points:

(a) there should be no change in the present form of Government while the war lasts;

(b) as soon as practicable after the end of the war in Europe, we must provide machinery for enabling the Newfoundland people to examine the situation and to express their considered views as to the form of Government they desire, having regard to the financial and economic conditions prevailing at the time;

<sup>41</sup>Voir le volume 1, document 526.

<sup>41</sup>See Volume 1, Document 526.

(c) if the general wish of the people should be for a return to full responsible government, we for our part shall be very ready, if the Island is then self-supporting, to facilitate such a change;

(d) if, however, the general wish should be either for the continuance of the present form of Government or for some change of system which would fall short of full responsible government, we shall be prepared to examine such proposals sympathetically, and consider within what limits the continued acceptance of responsibility by the United Kingdom could be recommended to Parliament;

(e) in the meantime, a vigorous attempt should be made to push on with the development of local Government, on which the members of the recent Parliamentary Mission have made some interesting recommendations, as well as with general reconstruction plans. Every effort should be made to encourage the development of local Government institutions, which would afford a base for an effective central Government.

The Secretary of State for Dominion Affairs also proposed that a declaration of policy on the above lines should be made on behalf of His Majesty's Government when Dominion affairs came up for discussion in the House of Commons during the Debate on the Address.

The Lord Privy Seal, in his memorandum, suggested that dissatisfaction with the present position in Newfoundland was growing rapidly, and that Newfoundland should be offered the right to resume Dominion status at any time during the war or after it.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS said that in his view it was clear that no step could be taken to change the present form of Government during the war. The present economic conditions in the country were abnormal, and were due to such causes as the creation in Newfoundland of the large operational bases. These conditions might change after the war. Further, there was no reason to suppose that the people of Newfoundland wanted a change during the war, nor, indeed, could any time be more inappropriate to make such changes.

Nevertheless, the visits of his predecessor, and of the three Members of Parliament, had given rise to some expectation of an early announcement, and there was a good deal of speculation about His Majesty's Government's intentions. He was therefore in favour of a statement being made which would make clear to the people of Newfoundland the issues involved. Every opportunity should be taken of educating public opinion in Newfoundland.

THE LORD PRIVY SEAL said that he spoke with considerable knowledge of Newfoundland. He thought that it was not the case that the island's prosperity was unlikely to continue. It had great natural resources, the value of which had been increased as a result of the war. There was a good deal of discontent in the island with the Commission. He referred to the fact that the three Newfoundland members of the Commission had always been chosen from members of the local Conservative Party. The newspapers provided evidence of rising discontent. The only way to teach the people how to govern themselves was to give them self-government.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS said that he could not accept the view that there was unanimity in Newfoundland in favour of self-

government. He quoted from the reports (compiled separately) of the three Members of Parliament. All bore out the statement that the one point on which there was unanimity was that there should be no constitutional change during the war. The Secretary of State also disputed the statements in paragraphs 6 and 7 of the Lord Privy Seal's memorandum. He also pointed out that the Report of the Royal Commission which had been accepted by His Majesty's Government had included the following statement:

"It would be understood that as soon as the island's difficulties are overcome and the country is again self-supporting, responsible government, on request from the people of Newfoundland, would be restored."

This statement had been included among certain extracts from the report which had constituted the Annex to the First Schedule to the Newfoundland Act of 1933.

THE DEPUTY PRIME MINISTER said that one of the difficulties of the position was that the Royal Commission's Report spoke of the request of the people of Newfoundland, but made no provision as to how this request should be expressed. Rather over a year ago he had spent ten days in Newfoundland. The impression which he had then formed had been entirely confirmed by the reports of the three Members of Parliament. Hardly anybody in Newfoundland wanted to go back to the position as it had existed before the Royal Commission's Report. While they might not altogether like the Commission form of government, they had not liked their own government, and they seemed to look forward to a state of affairs in which self-government would be restored, but this country would retain some measure of control over their finances.

It was significant that there was almost no local government in the island and a new system of education was needed. He agreed generally with the view expressed by the Secretary of State for Dominion Affairs, and thought it important that the method of obtaining an expression of the people's opinion after the war should be very carefully worked out. In the meantime steps should be taken to educate opinion in Newfoundland. There was much to be said for getting public men and officials for Newfoundland to come over to this country to see how our institutions were run.

Reference was also made to the suggestion put forward by Mr. A. P. Herbert, M.P., that a National Convention should be set up after the war, composed of all classes and interests in Newfoundland to discuss the form of Government to be recommended. The view was expressed that a scheme on these lines might have considerable advantages and that the project was well worth examination.

The possible union of Newfoundland with Canada was referred to. THE LORD PRIVY SEAL said that there was no possibility that this would come about.

Discussion then turned on the terms of the outline of policy, given by the Secretary of State for Dominion Affairs in paragraph 10 of his memorandum, (and summarised under (a) to (e) at the beginning of this Minute). The view was expressed by THE MINISTER OF LABOUR AND NATIONAL SERVICE and THE SECRETARY OF STATE FOR AIR that this language might be made somewhat more precise. A number of suggestions to this end were discussed.

The War Cabinet —

(1) Approved generally the line of policy proposed by the Secretary of State for Dominion Affairs in his memorandum (W.P.(43)507).

(2) Agreed that the statement of policy set out in paragraph 10 of that memorandum should be amended on the following lines:

(i) In the forefront it should be stated that we had given an undertaking in 1933 that as soon as the island's difficulties had been overcome and the country was again self-supporting, responsible government, on request from the people of Newfoundland, would be restored. Our whole policy was governed by this undertaking.

(ii) There should, however, be no change in the present form of government while the war lasted.

(iii) As soon as practicable after the end of the war machinery must be provided to enable the people of Newfoundland to examine the future of the island and to express their considered views as to the form of government they desire, having regard to the financial and economic conditions prevailing at the time.

In the meantime the Secretary of State would take soundings in order to ascertain what kind of machinery would be acceptable to the Newfoundland people.

(iv) If the general wish of the people should be for a return to full responsible government, we for our part shall be very ready, if the island is then self-supporting, to facilitate such a change.

(v) If, however, the general wish should be either for the continuance of the present form of Government or for some change of system which would fall short of full responsible government, we shall be prepared to examine such proposals sympathetically and consider within what limits the continued acceptance of responsibility by the United Kingdom could be recommended to Parliament.

(vi) In the meantime, a vigorous attempt should be made to push on with the development of local government, on which the members of the Mission have made some interesting recommendations, as well as with general reconstruction plans. Every effort should be made to encourage the development of local Government institutions, which would afford a base for an effective central Government.

(3) Agreed that an early opportunity should be taken for a statement on the above lines to be made on behalf of His Majesty's Government.<sup>42</sup>

<sup>42</sup>Une déclaration faisant état de la décision du Cabinet fut présentée au Parlement de Grande-Bretagne le 2 décembre. Un débat sur cette question a eu lieu le 16 décembre.

<sup>42</sup>A statement on the Cabinet's decision was made to the Parliament of Great Britain on December 2. The issue was debated on December 16.



61.

PRO/DO 35 1337 X/J 7896

*Extraits d'un télégramme du secrétaire aux Dominions  
au gouverneur de Terre-Neuve*

*Extracts from Telegram from Dominions Secretary  
to Governor of Newfoundland*

TELEGRAM 688

London, December 3, 1943

SECRET. Your telegram No. 505.<sup>†</sup> Reports of Members of Parliamentary Mission.

1. I have carefully considered your suggestion but feel bound to adhere to decision already stated to House of Commons, namely, that reports are confidential and that publication would be inappropriate.

...

3. Leaving aside, however, this personal consideration, I cannot feel that the contents of the reports, which necessarily touch on delicate and controversial issues, are such as to make them suitable for publication either here or in Newfoundland. There are certain features from which difficulties might well arise, e.g. references to possibility of union with Canada (or even with United States) and references to matters such as education raising denominational issues. We think it would be most inadvisable to raise prematurely public discussion on such aspects. Moreover all the reports appear to me to contain a serious weakness in that they appear to contemplate a state of affairs under which the United Kingdom Government would be called upon to provide large sums of money for development purposes over a substantial period of years notwithstanding that self-government might already have been restored to the Island. While I would not wish to exclude altogether the possibility of some form of continued financial assistance to the Island after restoration of self-government, I cannot help feeling that these two propositions are not really consistent and I should not like people of Newfoundland to be misled into thinking that the Island can continue to depend on financial help from this country irrespective of whether self-government is restored or not. This would clearly be an unrealistic basis on which to frame ideas as to the future form of Government best suited to the Island's interests. Lastly, publication of recommendations of members of Mission on constitutional issue might, I feel, lead to embarrassment. It would be unfortunate if, for example, agitation were to develop for election of Newfoundland Commissioners or for change in position of Governor, especially when in accordance with statement of policy now made public no change in present form of Government can be contemplated pending consideration of whole constitutional position by Newfoundland people themselves after the war.

4. I fully appreciate that the reports provide an effective answer to the critics of the Commission of Government and bring out the great services which the Commission have rendered to the Island. But I hope in any case that speeches of the three Members in the forthcoming debate will provide public acknowledgment of the work which the Commission have done in circumstances of great

difficulty, to which you will note that the Parliamentary Under-Secretary, has already paid a tribute in his speech in the House yesterday.

62.

PRO/DO 35 1338 X/J 7896

*Extraits d'un télégramme du secrétaire aux Dominions  
au gouverneur de Terre-Neuve*

*Extracts from Telegram from Dominions Secretary  
to Governor of Newfoundland*

TELEGRAM SAVING I

London, January 6, 1944

SECRET. I have been reviewing general position in light of statement of policy made in Parliament 2nd December and of subsequent debate in House of Commons 16th December. In view of misleading nature of certain Press comments here and of risk of confusion of opinion in Newfoundland it will, I think, be convenient that I should now send you a despatch which could be published in the Island, setting out the statement of policy in full, drawing attention to its main provisions, and explaining generally the procedure in mind for giving it effect. Before doing so, however, I should be grateful for your advice and that of the Commission on the following points, which I should wish, if possible, to deal with in the despatch.

2. It will, I feel, be very desirable that the "Machinery" to be set up under paragraph 3 of the statement of policy should be worked out in detail as soon as possible in order that everything may be in readiness for it to be brought into operation as soon as moment is ripe, see last paragraph of my telegram No. 689.<sup>43</sup> Necessary preliminary step is that I should "take soundings in order to ascertain what kind of machinery would be acceptable to the Newfoundland people," and I should welcome your advice as to method by which such soundings might best be made. I appreciate that in the absence of any marked reaction by Newfoundland public opinion it may be difficult to judge in advance what type of machinery would be most acceptable locally, and that private soundings of selected individuals may provide no very reliable guidance. It occurs to me that in these circumstances, and in order to avoid delay, best procedure would be for type of machinery to form subject in first instance of an exchange of views between Commission of Government and myself (the Commission on their part taking such local soundings as they may see fit) and for the result to be included as a provisional plan in the proposed despatch for publication, on the understanding that the plan would, if necessary, be reconsidered in light of reception accorded to it by Newfoundland public generally.<sup>43</sup>

...

6. Intention would be that Convention after "examining the future of the Island" should make recommendations (or possibly alternative recommenda-

<sup>43</sup>Dans les paragraphes 3 à 5, il était question des différentes façons de convoquer une convention nationale.

<sup>43</sup>Paragraphs 3 to 5 discussed alternative methods of convening a national convention.

tions) as to the form of Government desired, having regard to the financial and economic conditions prevailing at the time. In this connection I have it in mind, subject to the views of the Commission, that we should associate with the Convention, preferably as Chairman, an experienced constitutional lawyer from this country, who could explore with the Convention the various alternative courses which the Convention may wish to consider and could assist it generally with advice as to constitutional forms and usage. I should be glad to learn whether the Commission concur in this suggestion. Procedure would then be for Convention to draw up its recommendations in a form which could be put before the Newfoundland people for public comment (and possibly for approval by plebiscite, if such a course should prove to be desirable), and also before the United Kingdom Government. It is of course impossible to say in advance whether and, if so, what measures for ratification of the Convention's proposals by the Newfoundland people will be required, since much must depend on nature of the proposals made and whether the Convention is substantially agreed in making them; I think it important, therefore, that we should leave ourselves free to determine later what procedure for dealing with the Convention's proposals would be best suited to the circumstances.

7. Further point which arises is question of assistance from United Kingdom funds towards development expenditure after the war. I commented in my telegram No. 689 on what seemed to me a weakness in reports of members of Parliamentary Mission in that they lend encouragement to the idea that Newfoundland can resume self-government and continue at the same time to depend on the United Kingdom for financial assistance. It was brought out by Parliamentary Under-Secretary of State in recent debate that these two propositions are not really consistent and that full self-government must involve responsibility for the Island's finances. On the other hand, it was clear from the debate that there is a strong desire among members

(1) that the work of rebuilding the Island's economy, of which the foundations were laid by the Commission of Government in the years before the war, should be carried to completion after the war by means of a long-term development programme;

(2) that the United Kingdom should give the Island such financial assistance as might be necessary for carrying through such a programme;

(3) that the necessity for outside help in financing the programme should not of itself be regarded as limiting the freedom of the Newfoundland people to choose for themselves after the war the form of Government which they would wish to see established.

It was also clear that members hoped that such a long-term programme would be drawn up as soon as possible with a view to work being started upon it as conditions permit, irrespective altogether of constitutional developments.

8. It is of course clear that matter is not nearly so simple as was represented in the debate. If the financial assistance needed for the development programme could be given by way of loan as was suggested by Mr. Ammon (who had in mind a ten-year programme costing some £20 millions) there would not necessarily be any inconsistency between grant of such assistance and resumption of self-gov-

ernment. But the making of loans to the Island, except for projects directly self-liquidating, would be entirely contrary to the Island's true interests. It would indeed, from the Island's standpoint, be in the nature of a financial gamble on similar lines to those indulged in by successive Governments between 1920-32 when the public debt was more than doubled as a result of a series of external loans raised in part for development purposes. The reduction of the pressing burden of the public debt was one of the main tasks assumed by the United Kingdom Government under the 1935 arrangements and it would clearly be inconsistent with the obligations then accepted that we should contemplate a further series of loans after the war under which (on Mr. Ammon's estimate) the public debt of the Island would in ten years again be doubled.

9. Few of the items likely to appear in any development programme could be expected to be self-liquidating and in these circumstances it must be assumed that assistance towards the financing of the programme would for the most part have to be by way of grant and not of loan. As I indicated in my telegram No. 688, I should not wish to exclude the possibility of such assistance continuing to be made available after restoration of self-government, but the position would be an unusual one, especially as a comprehensive development programme would almost certainly touch all the main activities of the country and there would thus be serious danger of newly-elected Newfoundland Governments acquiring the habit only of spending money, while leaving the revenue to look after itself.

10. None the less, I am anxious that the Commission of Government should not feel themselves handicapped in preparing and initiating a long-term reconstruction programme because of uncertainty as to the Island's constitutional future; and equally, it is essential that the people of Newfoundland should not feel frustrated in working out any plan for constitutional advance by continuing uncertainty as to the Island's economic and reconstruction prospects. I have been considering how best to deal with this difficulty and have come to the conclusion subject to the views of the Commission and to any necessary consultation with the Treasury, that following procedure might best meet the case:

(1) Commission to prepare now and to submit to me for approval the outlines of a long-term reconstruction programme in a form which could be published, such a programme to provide for necessary expansion of social services as well as for other forms of development. Schemes have already been approved in principle for reorganisation of the fisheries, land settlement and agricultural development. What is wanted is that an all-embracing programme should now be prepared, of which these schemes would form a part. The programme would not of course be a rigid one, since flexibility would have to be allowed to suit the circumstances of the moment, but it should reflect the broad lines of reconstruction policy which the Commission consider should be followed after the war and should provide for progress by stages over such period of up to ten years as the Commission may consider suitable. Rough estimates of capital and annual cost should be given but it would be understood that these would be provisional only, and programme generally should be prepared on basis which Commission would think it appropriate to adopt if United Kingdom Government were to continue to be responsible for the Island's finances.

(2) On receipt of this programme, I would examine it in consultation with Treasury, and subject to results of such examination would approve it in principle as programme by which Commission should be guided in future. Intention would be that work should be started as soon as possible on such items as could be put in hand without detriment to war effort, and other items would be undertaken as soon as supply and labour conditions permit.

(3) On approval of programme it would be published in Newfoundland for general information, together with explanatory statement indicating the readiness of His Majesty's Government to assist financially in carrying out long-term reconstruction plan on these lines. Statement would explain that in view of Newfoundland's present favourable financial position such assistance would probably not be needed for the initial stages of the plan; as regards later stages, precise method by which the continuance of the programme should be ensured would be a matter for discussion in light of whatever conclusion may be reached by the people of Newfoundland after the war as to the Island's future form of Government. It would also be understood that plan itself would be subject to review by any new Government which might be established in the Island during the currency of the programme.

11. Should be glad to learn as soon as possible whether above procedure would commend itself to the Commission. Statement on the lines of foregoing paragraph would guarantee financial assistance from United Kingdom Government, should that be necessary, to enable long-term programme of development expenditure to be carried through, but on the other hand would give us a free hand as to method of granting financial assistance should there be a change in the form of Government after the war. This should, I think, go a long way towards satisfying public opinion, both here and in Newfoundland, that necessary reconstruction measures will in no way be delayed or obstructed while a settlement is being sought of the constitutional issue, and I do not feel that United Kingdom Government could fairly be asked to go further than this in present circumstances.

12. Should the Commission agree generally I will include suitable passage (text of which I would telegraph to you in advance) in despatch proposed in paragraph 1 above. In the meantime, grateful if Commission would proceed immediately in advance of despatch with preparation of comprehensive reconstruction programme on lines suggested.

63.

2828-40

*Le conseiller spécial du sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire à Terre-Neuve*

*Special Assistant to Under-Secretary of State for External Affairs  
to High Commissioner in Newfoundland*

PERSONAL

Ottawa, January 10, 1944

Dear Mr. Burchell,

I enclose herewith a revised copy of Part Five of the Memorandum of November 27, 1943<sup>1</sup> on Canadian Policy towards Newfoundland. Will you please destroy the other edition and attach this.

I should be very pleased to have your written comments on the proposals put forward in this Part. We talked the memorandum over at length at Montebello<sup>44</sup>, but it might be useful to have your comments in writing. Mr. Robertson wants to have a discussion on the memorandum before long.

I enclose also two other memoranda, one on the "National Income of Newfoundland" by Watts of the Bank of Canada,<sup>1</sup> and one on "Probable Costs in Incorporating Newfoundland as a Tenth Province,"<sup>2</sup> worked out along the lines of the Sirois Commission Report to the existing provinces. It is, of course, very rough, and in many places may be a guess, but I am sending it around to various people for comments, and I should be glad to have yours.

Yours sincerely,

R. A. MACKAY

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du conseiller spécial du sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum by Special Assistant to Under-Secretary of State  
for External Affairs*

[Ottawa,] January 8, 1944

#### PART V

#### CANADIAN POLICY

In view of Canada's vital interests in Newfoundland, a "Newfoundland Policy" would appear to be essential. There would appear to be three possible alternatives:

- (a) incorporation of Newfoundland as a tenth province of the Dominion;
- (b) continuation of Newfoundland as a joint military dependency of the United States Canada and the United Kingdom;
- (c) Canada to assume complete responsibility for defence, Newfoundland remaining outside federation.

The last of these may be dismissed briefly, — we should have freedom of action in defence but none of the benefits of effective control over Newfoundland in other respects. Moreover, complete responsibility for defence would entail heavy defence expenditures to cover our enormously extended Atlantic frontier.

#### *Newfoundland as a Tenth Province*

Newfoundland could hardly be incorporated as a province unless the United States were prepared to surrender its bases, or unless we were prepared to compromise our political independence. It is probable that minimum terms would be assurance that the bases would be available in an emergency, but this would appear to be in line with joint defence arrangements for other air or naval bases in Canada. It is also possible that the general defensive rights of the United King-

<sup>44</sup>MM. Burchell et MacKay avaient assisté à une réunion de l'Institut canadien des affaires internationales à Montebello, Québec.

<sup>44</sup>Messrs Burchell and MacKay had attended a meeting of the Canadian Institute of International Affairs in Montebello, Québec.

dom which still extend to Newfoundland would also have to be extinguished or modified.

#### *Advantages*

- (a) Greater freedom of action in any crisis in the Atlantic.
- (b) Probably enhancement of our position as a world power if we maintained defence forces adequate for our new Atlantic commitments.
- (c) Possibly a better bargaining position in the matter of civil aviation, though the post-war pattern in civil aviation may be worked out before any decision is made about the status of Newfoundland.
- (d) Possibly more effective control, or at least a better bargaining position in export fish markets.
- (e) Control of iron ore deposits may conceivably be of future importance, politically and economically.

#### *Disadvantages*

- (a) Newfoundland would certainly be a considerable financial liability. A very rough estimate of the net cost to the Dominion is from \$5 to \$6 millions annually, assuming cancellation of its sterling debt against United Kingdom account to Canada, and omitting costs of new Dominion services extended to Newfoundland such as, old age pensions, unemployment insurance and assistance for unemployment relief. The basic fact is that the productivity of Newfoundland is presently, and very probably will continue to be, substantially lower than the Canadian average. A rough calculation of the national income of Newfoundland for the period 1936-39 indicates a per capita average of about \$150, whereas that of Prince Edward Island (then the lowest province) was \$191, New Brunswick (next lowest) \$225, and Nova Scotia \$268.
- (b) Newfoundland would probably be a political liability. It would not fit well into the Dominion's economy, since the fishing and pulp and paper industries would simply increase our present surplus production, while if trade were free between the provinces Newfoundland agriculture and manufacturing industries producing consumer's goods could scarcely survive. We might expect constant agitation for "better terms." Moreover, there would probably be a deep-seated opposition to union in many quarters from the outset which could be easily exploited afterwards.
- (c) It would be extremely difficult to fit Newfoundland into the existing pattern of Dominion-Provincial relations. Since about three-quarters of its revenue is derived from customs taxes and since there are few alternative sources from which a "Provincial" revenue could be derived, it might even be necessary to permit Newfoundland to continue the existing customs tax, or to provide for "tapering off" in the customs tax over a period of years.
- (d) Assuming withdrawal of the United States and the assumption of primary responsibility for the defence of all Newfoundland and Labrador by Canada, Canada's defence establishment would have to be considerably larger in order to maintain effective defence of her greatly extended Atlantic frontier.

## 2. *Continuance of Newfoundland as a Joint Military Protectorate of the United States, Canada, and Possibly United Kingdom*

Under present arrangements the defence of Newfoundland is a three-fold responsibility, *Canada having primary responsibility*, the United States *secondary* responsibility, and the United Kingdom *tertiary*.

### *Canada's Responsibility*

It is a reasonable inference from the Protocol annexed to the *Bases Agreement* of 1941, and from the Basic Defence Plan arranged by the Permanent Joint Board on Defence that Canada has primary responsibility (see appendix 4).<sup>†</sup> Our post-war defence position in Newfoundland is, however, far from secure since we have made no general agreement with Newfoundland covering the post-war period. Nor have any agreements for specific bases been completed, although we have written promises from the Newfoundland Commission of Government of, (a) 99-year lease to Goose; (b) title in fee simple to Torbay; (c) 99-year lease to Bay Bulls, (d) title "up to 50 years" to hangar areas at Gander and Botwood; and (e) title in fee simple to a few small properties ancillary to the above bases, e.g. certain radio stations. It is extremely doubtful however if these property rights include any right for defence purposes beyond the present war. (See appendix 3).<sup>†</sup>

Our essential defence interests in Newfoundland would require as a minimum:

- (a) exclusive control for defence purposes of Goose and Torbay airports with rights of ingress and egress;
- (b) exclusive control of St. John's naval base, or some other suitable base;
- (c) freedom to operate anywhere on land and in territorial waters, or in the air above in emergency and for training manoeuvres;
- (d) the right to erect ancillary defence facilities such as radio stations or batteries wherever essential.

It is possible that the last two rights could safely be restricted to exercise on consultation with the Newfoundland Government.

It is submitted that if these rights could be secured on a long-term basis our essential interests in Newfoundland would be adequately secured without union and without acquisition of United States bases or complete exclusion of the United Kingdom. If such a policy were decided on it would not debar reconsideration should Newfoundland later decide to enter federation. It is submitted also that Newfoundland could be helped substantially with less cost to the Canadian exchequer than incorporation as a province — (1) because Newfoundland would have less claim on the Dominion than as a province, and (2) because smaller defence establishments would be needed if the United States still maintained its bases. It is further submitted that we could afford generous terms to Newfoundland in order to safeguard our defence interests.

Our post-war defence position could be safeguarded either by securing prior to the return of responsible government a long-term agreement along the lines suggested in appendix 3; or by coupling defence with the return of responsible government. The latter course would appear preferable.

Finally, it is suggested that we should approach the United Kingdom Government with a general plan at an early date in order to anticipate any definite



commitments on the part of the United Kingdom about the return of responsible government.

*The following is intended as an overall plan:*

1. In order to safeguard our post-war defence position in Newfoundland title (in fee simple or long-term lease as the case may be) to Goose, Torbay, Bay Bulls, hangar areas at Gander and Botwood, and ancillary properties essential to defence, should be secured as quickly as possible.

It should not be overlooked that with the improvement in the military situation in the Atlantic region considerable opposition to granting Canada any post-war rights in Newfoundland has developed, and suggestion has been made from time to time in the press that one of the first duties of a restored legislature should be to re-examine and probably repudiate, long-term agreements. In view of this attitude it might be desirable to have title secured by formal instrument, either a statute of Parliament or "treaty" with the United Kingdom Government as were the United States Bases — the High Commissioner in Newfoundland thinks this would be unnecessary and would probably be resented.

2. The United Kingdom Government should be informed that Canada is prepared to consider seriously the incorporation of Newfoundland as a tenth province if and when it should become clear that there was very general agreement among Newfoundland people to join Canada, but that we do not think public opinion in Newfoundland will be crystallized without a return of popular government.

3. The United Kingdom should be informed that, provided Canada's vital defence interests and interests in civil aviation were adequately safeguarded, Canada would be prepared to assist Newfoundland over, say, a five-year period on the following terms:

- (a) the re-establishment of at least partial self-government;
- (b) the sterling debt to be cancelled and credited on United Kingdom's Canadian account, provided further borrowing by Newfoundland would be in Canadian dollars;<sup>45</sup>
- (c) Canada to take over St. John's Naval base and assume costs now charged to the United Kingdom, the United Kingdom to be assured right of use on same terms as to Halifax.
- (d) Canada to grant Newfoundland subsidy of, say \$1,000,000 annually in return for:
  - (i) clear post-war rights to use for defence purposes of Goose, Torbay, Bay Bulls, and other properties to which title has been acquired, including right to station defence forces in these base areas;
  - (ii) freedom of movement in peace or war outside base areas for defence forces anywhere in Newfoundland or Labrador or territorial waters of Newfoundland, including freedom of the air, for defence purposes;

<sup>45</sup>Note marginale:

<sup>45</sup>Marginal note:

i.e. our U.K. advances not Mutual Aid.

- (iii) five-year extension of agreement for T.C.A. services, (at present the agreement is from year to year only);
- (iv) most favoured nation treatment to the use of Newfoundland air fields for trans-Atlantic civil aviation;
- (e) Canada should offer to assist Newfoundland by means of a long term loan at low interest rates for reconstruction purposes for projects approved by the Government of Canada — say up to \$20 million, to be available over a five-year period.

Alternatively, the offer might be made to assist Newfoundland for reconstruction purposes on terms similar to those granted the provinces, although it might be more difficult to work out suitable arrangements with Newfoundland than with the provinces.

Included in the offer of assistance to Newfoundland might be that of technical services, such as the Geological Survey, the Bureau of Statistics, the National Research Council. Costs of assistance by these services might be charged on the loan.

(f) The plan outlined would be reviewable at any time during the five-year period at the option of Newfoundland. In any event, at the end of the five-year period the people of Newfoundland should have come to a decision as to their future political status. It should, however, be recognized that even if Newfoundland should decide to remain out of federation, Canada could scarcely avoid some responsibility for its maintenance.

64.

2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

VERY PRIVATE AND CONFIDENTIAL

St. John's, January 17, 1944

Dear Norman [Robertson],

Bert MacKay sent me a draft of the Revision of Part V of his memorandum and has asked me to send him comments in writing. I am afraid I cannot do this before my departure from Newfoundland as I have neither the time nor the stenographic assistance. I will, however, discuss the matter with him when I am in Ottawa, and perhaps find time to prepare a memorandum while I am there.

As I have told you in one or two despatches, and also in personal conversation, my own views are that we can do nothing about bringing Newfoundland into the Confederation until Newfoundland gets back its own self-government.

I make this statement with one reservation, and that is that I firmly believe the situation could be cleared up satisfactorily if Sir Andrew Duncan would be appointed to head up a Commission, and I do not care who is associated with him,

as he would be the whole Commission.<sup>46</sup> He is the one man in the world who has the proper qualifications and background to examine thoroughly into the situation here. Moreover he would come here with the reputation of having solved the problem of the Maritime Provinces, and in a most satisfactory way, so that I think it can be said that Nova Scotia is today one of the most loyal provinces to the Confederation instead of being the bitterest opponent for a long period of years.

I would not want to have any Canadian on the Commission but would associate with Sir Andrew two Newfoundlanders. Mr. Justice Dunfield would be [an] excellent man as he has been Chairman of several Commissions here recently, and is a man of very great ability for work of this nature and has the respect of all Newfoundlanders. The other man should also be an outstanding Newfoundlander, such as Charles E. Hunt, K.C., or Dr. William Roberts.

If Sir Andrew was appointed, he should be given the widest scope as he was in Nova Scotia, and be entitled to hear evidence publicly and privately. The Commission, for example, should be permitted to visit Canada and ascertain the Canadian attitude toward Newfoundland. Possibly also, he should be allowed to visit the United States and, if he was given authority from the U.K. to talk to Roosevelt, I think probably he could obtain a statement from him that union of Newfoundland with the United States is out of consideration.

I have given some study to the past history of Newfoundland, and I note that an investigation by a Commission when they get into difficulty is always what they have asked for. The most recent example was the Amulree Commission of 1933 and you will also note that as reported in my despatches, the business men of St. John's in their petition of last April to the Dominions Office asked for the appointment of a Commission, although what they wanted was a Commission composed wholly of Newfoundlanders. I feel certain, however, the appointment of Sir Andrew would be welcomed by everybody here.

I may [have] mentioned that there [are] an increasing number of outstanding Newfoundlanders who are out and out for Confederation with Canada. Among these may be mentioned the following:

Mr. Justice Dunfield

Mr. Cyril Fox, K.C. — one of the leading barristers of St. John's (shortly I believe to be appointed a Judge)

J. B. McEvoy, who has one of the largest law practices in St. John's. (He says no hope for Nfld. except in union with Canada and is the lawyer for practically all the Water Street merchants, all of whom are bitterly opposed to Confederation. From that point of view, he might be considered as a possible member of the Commission.)

Chief Justice Horwood of the Supreme Court of Newfoundland.

All these men, and there are others, have expressed their views to me privately but would not do so publicly at the present time, but certainly would do so if a Commission were appointed to make an investigation.

<sup>46</sup>La note suivante était écrite sur cette copie de la lettre:

<sup>46</sup>The following note was written on this copy of the letter:

I mentioned Duncan's name to Malcolm MacDonald. R[OBERTSON]

I will discuss this matter more fully with you when I see you in Ottawa.

Yours faithfully,

C. J. BURCHELL

65.

PRO/DO 35 1345/N402/43/ERD/1783

*Extraits d'un télégramme du gouverneur de Terre-Neuve  
au secrétaire aux Dominions*

*Extracts from Telegram from Governor of Newfoundland  
to Dominions Secretary*

TELEGRAM SAVING 14

St. John's, February 12, 1944

Your telegram No. 1 Saving of 6th January. We have been considering type of machinery for ascertaining views of the people of Newfoundland on future constitution with a full sense of the importance of an early decision. It is difficult to offer clear-cut advice because of the extreme difficulty of devising any machinery which would ensure that the questions at issue are put before the country in a way in which they can be understood as well as ensuring that the wishes of the people are given effective expression. We have in mind the directions contained in the first two paragraphs of your telegram. From these we understand that you wish us to advise upon the types of machinery, not only as they appear to us to be suitable or otherwise but as we consider they may be acceptable or not to the people of Newfoundland.<sup>47</sup>

...

5. Our discussions and study of this intractable problem have brought home to us very clearly how difficult it will be to devise any body which will be accepted with confidence as capable of expressing the authentic voice of the people of Newfoundland and we observe that you also feel that some sort of referendum to the people as a whole may be unavoidable even after the United Kingdom Government has received an expression of opinion from a body such as that above discussed. But a referendum of any sort presupposes clear-cut issues against each of which a plain yes or no can be recorded by an elector or at least plain alternatives which the elector can place in the order of his preferences. Notwithstanding your suggestion that the convention should be assisted by a constitutional lawyer, we feel profound doubts as to the capacity of a representative convention, however selected, to reduce to such simple terms the complicated issues which will confront the people when the work of the convention has been done.

6. If it is your decision that constitutional issues other than those of full autonomy or Commission of Government should be considered by the people it is our view that the first piece of machinery to be set up should be a Commission (Royal or otherwise) or a Committee competent to consider the financial, eco-

<sup>47</sup>Dans les paragraphes 2 à 4 il était question des différentes façons de convoquer une convention nationale.

<sup>47</sup>Paragraphs 2 to 4 discussed alternative methods of convening a national convention.

conomic and constitutional problems involved, with terms of reference which would require them to enquire into these problems and to make recommendations with alternatives regarding the constitutional issue (if necessary and possible) from which the people of Newfoundland would be asked to pronounce by means of a referendum. We have explained in paragraph 5 the difficulties which any convention will experience in clarifying the constitutional issues for a referendum. This, however, is not the only difficulty. There has not at any time been an expert examination of the economy of the Island and although ten years have passed since Commission of Government was established, the people even the best educated, are quite uninformed on the financial and economic capacity of the Island. It is a practical certainty that even during the ten-year period when with United Kingdom assistance the Government is building up the country, its revenue for purposes other than reconstruction will be inadequate to maintain its existing services. It would appear to be necessary that an expert body should lay before the people a true picture of their financial and economic position before asking them to decide whether they should request a change in the form of Government. If such a picture showed that the country could not be economically and financially self-supporting until the effect of the reconstruction plan began to be felt, it may well be that a number of persons would prefer that the carrying out of the plan should not be entrusted either to a responsible Government or any form of representative body.

7. It seems very doubtful whether any other form of procedure would ensure this for it will obviously be impossible for the Commissioners to be assigned such a task owing to the suspicion which any form of intervention on their part would arouse and frankly we do not believe there is any other organised agency in the country which is either willing or capable of performing the task. We wish to point out that this proposal is within the four corners of the statement of Government policy laid before the House of Commons.

8. So far we have dealt only with the three types of machinery outlined by you and the possible appointment of a Commission or committee of experts. Since however, we have also to consider probable reactions in the country we feel that you should be prepared for the possibility that none of these will be acceptable. Broadly, the prevailing opinion may be that none of them is really necessary or desirable and that all that is needed is a straight and simple referendum to the people asking them to say yes or no to the restoration of the full constitution.

9. We think the apparent paucity and slowness of public reaction to your statement in the House of Commons and the ensuing debate can be explained on two grounds. First, the great mass of the people have not even read, much less understood them; second, your decision that no change be made during the war had led most people to dismiss the whole matter from their minds for the present. At a public function on 25th January the Commissioner for Justice and Defence, as a first "sounding" and speaking only as a Newfoundlander criticised the apparent lack of interest in the vital issues before the country and dealt with the various types of machinery which should be considered by the people, including a Royal Commission. Since then a dozen or so letters — most of them anonymous — have appeared in the Press, and without exception they have condemned the proposal to set up conventions or other machinery on the ground that the simple

issue which has to be decided is the retention of Commission Government or the return to full Responsible Government. We foresee that this lead may be followed in time by many others and that two main arguments will be urged.

10. The first of these is that the new proposals represent a serious departure from the simple terms of the Amulree recommendations. The view might even be expressed that there is no power in anyone in Newfoundland to agree to a variation of those terms except the same kind of body which made the original bargain, i.e., a responsible government. The second argument is one of even greater substance. It has already been argued that once the self-supporting condition is considered fulfilled, not to ask the people forthwith whether they want their constitution restored would in effect be a breach of faith, because it is by no means certain that the Newfoundland Legislature in 1933 would have consented to the suspension of the Letters Patent if the door were left wide open to permit any other form of government to succeed Government by Commission than the one relinquished. For the purpose of this argument it does not matter what reasons or motives might have actuated the Legislature in objecting to anything but a return to the *status quo ante*. But in fact that question was never raised. There was no thought in 1933 of any change in the permanent form of government. The Commission form was merely a device by which Great Britain might assume control for the necessary time, after which the old course of things would be resumed. The clear and inescapable implication in the new proposals is that Newfoundland's financial troubles were in large measure bound up with her form of government and may possibly be avoided in the future if another form is substituted. This implication has been seen by several writers in the Press during the past year or two and strongly resented by them. The proposal that we now have some form of Representative Government, takes us back to the position that existed between 1832 and 1855, representing a very black chapter in the history of our country.

11. We ourselves are firmly convinced that for all practical purposes there will only be two possible alternatives open to the country, either to return to Responsible Government or to continue with the same or substantially the same system of Government as that now in force.

12. We submit this statement of our views to you with sincere regret that we should seem to doubt the wisdom of a course of action to which you are already committed by a statement to the British Parliament and with an assurance that we shall do our utmost to implement successfully whatever decision you may reach.

13. We have also given careful consideration to your proposals regarding the preparation of a long-term reconstruction programme and the statement which would be made in your despatch. We note that the statement would guarantee financial assistance to carry through the plan, should it prove necessary, although the method of granting such assistance would remain to be considered should there be a change of Government after the war. We propose to continue with the preparation of such a plan and it would be our intention to proceed with its execution so far as supply and labour conditions permit. We should also recommend the publication of the plan which will throw light on the needs for im-

provement which still exist and explain the steps which the Commission proposes to take to meet them.

14. The Commissioner for Natural Resources has asked that the following statement of his views should be communicated to you: Begins

(1) He feels that there is a real danger of the attitude of the Newfoundland people being seriously misunderstood. He points out that while they are vague in expressing their views on this issue nevertheless there is a strong though as yet unexpressed desire for a change in the form of Government.

(2) With the return of unemployment there is a probability that their vague desires will crystallise into open hostility to the present Government and a demand for the restoration of Responsible Government. As some of the young men now serving are enthusiastic advocates of such a course the vocal minority who have never ceased to advocate return to Responsible Government may seize upon the opportunity to stage a demonstration in such a manner as will embarrass the Secretary of State and leave him with no alternative to granting their demands forthwith.

(3) Apart from this consideration, however, it must not be overlooked that Newfoundland has been kept in cotton wool during the past nine years. The longer the people remain in that condition the less able will they be to undertake their own government, whether it is in the form of a half-way house or a fully responsible government.

(4) For those nine years opponents of the Commission have been in the position of being wise after the event. They are consequently cherishing the illusion that they can do everything much better than the Commission. This feeling is growing and it is unlikely that such persons will make any attempt to fit themselves for taking over the Government of the country since they do not realize the necessity for doing so. There is nothing to be gained by delay in making a change, therefore, as it is not going to have a beneficial effect on such people. It must not be forgotten also that several of the men whom one would expect to become leaders of public opinion refuse to accept their responsibilities as leaders and content themselves with destructive criticism. Such men will not take office until they are put in such a position that if they do not do so, less capable men may bring the country to disaster.

(5) The easy course is to allow things to drift along until a crisis occurs and then to attempt to deal with it as it arises. A realistic view, however, calls for much more drastic treatment and in the long run it will be much better for Newfoundland to have Responsible Government restored immediately. If this course should lead to disaster then the country itself would have to pay the price and would be forced to solve its own problems either by putting into power a government which could run the country properly or by appealing to some other larger unit into which Newfoundland could be incorporated.

(6) It will be against the best interests of the Island if the decision to restore Responsible Government is postponed until the end of the war. That appears to be the worst possible time at which such a change would be made. The wise course is to draw up a scheme of reconstruction, make the necessary funds available for carrying it out and ask the people to make their decision by means of a

plebiscite for or against restoration. This plebiscite could be held towards the end of this year and there appears to be no insuperable difficulty in giving the men serving in the Forces and the Merchant Navy an opportunity to record their vote.

(7) The real weakness of the Commission to-day is that it has no mandate from the people to take the steps which will be necessary to rehabilitate the country. These steps may call for, in certain eventualities, drastic action against vested interests. If the people should vote for continuation of the present form of Government then it would be in a much stronger position when carrying out its reconstruction plans. In the absence of such a mandate the work of the Commission is bound to be stultified and long overdue reforms held up. Ends.

15. In view of the gravity of the issue involved in these discussions you might wish to consider the attendance in London of one or more Commissioners for consultation before arriving at your conclusions.

66.

2727-AF-40

*Extrait d'une lettre du haut commissaire par intérim à Terre-Neuve<sup>48</sup>  
au sous-secrétaire d'État aux Affaires extérieures*

*Extract from Letter from Acting High Commissioner in Newfoundland<sup>48</sup>  
to Under-Secretary of State for External Affairs*

St. John's, February 16, 1944

Dear Mr. Robertson,

Since arriving in St. John's I have been giving some attention to the problem of Canadian publicity in this country and have considered a number of suggestions advanced by Canadians resident here. In turn, I have discussed with others, particularly those attached officially to this Office, certain possibilities which have occurred to me.

I should now like to place before you a proposal which in my opinion, and in that of Mr. Bower<sup>49</sup> and Mr. Britton, would be likely to react to the advantage of Canada on popular feeling here.

As you know, Canadians and Americans are both in some degree under suspicion in Newfoundland. Everything that we do here is examined with critical intentness and ulterior motives are suspected in our most innocent and even beneficial activities. This attitude has been fostered by the failure of the Commission of Government to provide an adequate public explanation of the motives behind, the extent of, and the probable results that are likely to flow from, the various Canadian undertakings as they arise. This failure on the part of the

<sup>48</sup>C. J. Burchell fut nommé haut commissaire en Afrique du Sud en janvier. H. L. Keenleyside fut haut commissaire par intérim jusqu'en avril 1944. J. S. Macdonald fut nommé haut commissaire au mois de mai.

<sup>49</sup>Délégué commercial à Terre-Neuve.

<sup>48</sup>C. J. Burchell was appointed High Commissioner in South Africa in January. H. L. Keenleyside was Acting High Commissioner until April, 1944. J. S. Macdonald was appointed High Commissioner in May.

<sup>49</sup>Trade Commissioner in Newfoundland.



Commission of Government is not the result of any desire to foster suspicion of Canada or Canadians, but is a natural product of the inept public relations policy from which the Commission has, from the first, suffered. But the result is that the people of Newfoundland have little accurate knowledge of what Canada has done in this country. They have almost no understanding of the steps that Canada has taken to assist Newfoundland economically and they are inclined to be suspicious about what they do know.

The facts are, as you know, that Canada has done a spectacularly good job in Newfoundland, and that we have acted in economic matters in such a way as to assist Newfoundland very materially in meeting problems of supply and allocation.

In the light of these circumstances, I think it would be very useful indeed to have prepared in Ottawa — presumably by the Wartime Information Board — a pamphlet which would give an accurate and inclusive picture of Canadian activities in and relations with Newfoundland since the outbreak of war. This should be given a title which would be inoffensive to the Newfoundlanders, something such as, for example, *Canada and Newfoundland — A Record of Wartime Co-operation*. It should include appreciative references to everything that Newfoundland has done to assist in its own defence and full credit should be given to the way in which the Government and people of this country have co-operated with Canada and the United States in pursuance of joint defence objectives. But its primary purpose should be to make clear in an objective and uncoloured way the scope and quality of Canadian actions in, and assistance to, this country. Special stress should be laid upon:

- (a) the amount of money spent on different projects here;
- (b) the number of Service personnel operating in and from Newfoundland;
- (c) the part played by Canadians in discovering and developing Goose and other projects;
- (d) the fact that Newfoundland has not prejudiced its future by long-term post-war commitments to Canada;
- (e) the assistance given Newfoundland by Canada in the economic field;
- (f) the fact that although Canada paid for many sites for naval installations, these were all turned over without cost to the British Admiralty;
- (g) the contrast between post-war Canadian rights in Newfoundland and those of the United States;
- (h) the political relations of the two countries as described by the Canadian Prime Minister.

I realize that the extent to which some of these points should be developed would be open to argument, and in certain cases the agreement of the Newfoundland and British Governments would probably have to be obtained. But of the value of an inclusive and objective publication of this kind, I have no doubt whatever.

Yours sincerely,

H. L. KEENLEYSIDE

67.

PRO/DO 35 1345/N402/43/ERD/1783

*Le secrétaire aux Dominions au gouverneur de Terre-Neuve*  
*Dominions Secretary to Governor of Newfoundland*

TELEGRAM 162

London, March 14, 1944

SECRET. Your Saving telegram No. 14. I am most grateful for this full expression of the Commission's views and have studied with great care the comments they have made under the various heads. I fully agree that in view of the importance of the issues involved it would be very helpful if two members of the Commission of Government could pay an early visit to this country for consultation and I have been considering when this could most suitably be arranged. As you know, we are expecting a meeting with Dominion Prime Ministers to take place before long and my hands at present are very full with preparations for this. Looking at the time-table for the immediate future, I think it would best fit in with arrangements here if the visit of the Commissioners were to take place in June when I should hope to be able to go over the ground fully with them. Please let me know if this would be convenient from your standpoint.

2. In the meantime, the following gives my provisional views on the points developed in your telegram:

(a) I note the considerations advanced by the Commissioner for Natural Resources in favour of a referendum for or against the restoration of responsible Government being taken during the course of this year instead of waiting until after the end of the war in Europe. While recognizing, however, that the transition period after the war with Germany must necessarily be a difficult time for a change in the form of Government, I feel that the arguments against calling on the people to pronounce on this issue in the present abnormal conditions are decisive. This indeed appears to be widely recognized by public opinion in the Island itself. On this point therefore I feel I must adhere to what was said in paragraph 2 of the statement of policy of the 2nd December, namely, that there should be no change in the present form of Government while the war lasts.

(b) As regards the "machinery" to be set up after the war, I still feel that it would be preferable to adopt the procedure of establishing a National Convention at which representative Newfoundlanders could examine the position for themselves and make recommendations which could be put before the people, rather than to plan for a straight referendum on the issue of the restoration of responsible Government, without any preliminary. I note that in the Commission's view there is some likelihood that when the time comes the tide of feeling may be such that the setting up of a Convention may be thought by certain sections of public opinion to be too elaborate and indeed unnecessary. On the other hand the arguments likely to be adduced in these quarters, as summarized in paragraphs 11 and 12 of your telegram, strike me as lacking in substance. There would, of course, be no question of going back on the recommendations of the Amulree Commission, and to say that by accepting those recommendations

the Newfoundland people in effect debarred themselves from considering any alternative, when the Island was again self-supporting, but restoration of responsible Government or continuation of Commission Government would surely be a *reductio ad absurdum*. It would seem only reasonable that before pronouncing on such an issue they should be given the opportunity through their representatives of taking stock of the position in all its aspects.

(c) As to the means, however, by which a National Convention should be brought into existence, I am very willing to be guided by the advice of the Commission. I note that it is their unanimous view that a territorially elected body would alone meet the circumstances of the case<sup>50</sup> and I agree that there is much force in the considerations advanced in support of this view. [ . . . ]

(d) I also agree that there is much force in the argument that if the members of the Convention are to discuss among themselves, and reach sound conclusions on, the future prospects of the Island it would greatly assist them if the Convention were able to have before it when considering the constitutional issue an authoritative and up-to-date report, compiled by some independent source, on the Island's economy and resources and its financial and economic capacity. It would, however, be undesirable that an enquiry of this kind should form the first piece of the "machinery" to be set up after the war, since this might delay unduly the setting up of the Convention. If therefore such an enquiry is to be held it should, I think be held this summer. I will consult you further as to this when I have had time to consider the possibilities. In the meantime I am inclined to think that such an enquiry might best be carried out by an economist rather than by a group of experts in particular industries. I feel also that it would be a mistake to include any mention of the constitutional aspect in the terms of reference, as suggested by the Commission; the enquiry, if made, should be solely into the economic position and it would be for the Convention when formed to consider the bearing of such findings as might result on the constitutional problem. (In this connexion the Newfoundland survey undertaken by the Royal Institute of International Affairs has now, I understand, been completed and will shortly be published. This may provide further useful background for the Convention.)<sup>51</sup>

<sup>50</sup>Les autres méthodes étudiées étaient la nomination des membres par le Gouverneur et cette méthode combinée avec l'élection d'autres membres par différentes associations, unions et organisations représentatives des principales parties de la société terre-neuvienne.

<sup>51</sup>Voir appendice B.

<sup>50</sup>The other methods considered were the nomination of members by the Governor and this method combined with the election of other members from various associations, unions and other bodies which represent the main sections of the Newfoundland community.

<sup>51</sup>See Appendix B.

68.

PRO/DO 35/1141/N402/4/X/J 9058

*Extrait d'une lettre du secrétaire principal, le haut commissariat de Grande-Bretagne, au sous-secrétaire d'État parlementaire aux Affaires des Dominions de Grande-Bretagne*

*Extract of a Letter from Senior Secretary, High Commission of Great Britain, to Parliamentary Under-Secretary of State for Dominion Affairs of Great Britain*

Ottawa, March 31, 1944

...  
 Newfoundland is a topic that holds very little public interest in Canada but it is a problem that is very much in the minds of Canadian officials. In fact, speaking to me only today, a member of D.E.A., talking of Canadian reluctance to accept Colonial responsibilities, specifically excepted Newfoundland. Indeed, the Island is obviously a bastion of Canadian defence. And, if for no other reason, American rivalry makes the Canadian Government anxious not to lag behind. There is, I should say, a pretty widespread recognition that federation with Canada is the obvious commonsense solution and I think officials would be ready for this. Naturally, however Canadians do not want to take over this somewhat squawking baby with their eyes shut and their hesitation is increased by two factors. Firstly, they are horrified by the present state of affairs in the Island. By this I do not mean that they are critical of the Commission as such. But they are violently antagonistic to Water Street domination and I must say I have heard infinitely more on this subject in Ottawa than I ever heard in London. Then there is much comment about the lack of education and of proper nutrition and the prevalence of tuberculosis and other diseases. The second factor is that I gather that the Canadians in Newfoundland have not by any means made themselves universally popular there and Canadians are very conscious of this: moreover Newfoundlanders have done anything but show enthusiasm for the Olive Branch (if that is the right word) held out by Mackenzie King last summer. So the present policy is "Wait and See."  
 ...

69.

PRO/DO 35 1345/N402/43/ERD/1783

*Le gouverneur de Terre-Neuve au secrétaire aux Dominions  
 Governor of Newfoundland to Dominions Secretary*

TELEGRAM 203

St. John's, May 12, 1944

SECRET. We have considered the choice of Commissioners who should visit London to confer with you regarding constitutional and other matters. It is thought advisable that there should be three, of whom two should be Newfoundlanders. Apart from other considerations it is politically desirable that the Newfoundland representation should preponderate. We suggest that Puddester, Emerson and

Dunn should form the delegation. In view of speculation raised by your recent statement in the House of Lords we would like to make early announcement on this subject and also as to the approximate date when they will leave. Mid-July would be most convenient. An early reply is therefore requested.

70. PRO/DO 35 1142 X/J 7877

*Projet du procès-verbal de la première réunion du secrétaire  
aux Dominions avec des commissaires de Terre-Neuve<sup>52</sup>*

*Draft Minutes of First Meeting between Dominions Secretary  
and Commissioners of Newfoundland<sup>52</sup>*

London, August 3, 1944

A meeting between the Secretary of State and the Newfoundland Commissioners was held at the Dominions Office at 10.30 a.m. on Thursday, August the 3rd. The following were present —

The Secretary of State.

Sir John Puddester.

Sir Edward Emerson.

Mr. P. D. H. Dunn.

Sir Eric Machtig.

Mr. Clutterbuck.

Mr. Tait.

Mr. Chadwick. (Secretary).

The SECRETARY OF STATE, after welcoming the Commissioners to this country and thanking them for their ready response to his invitation, stated that the discussions which were about to take place seemed to fall under two main headings

(a) The Constitutional Question.

(b) Long-term Reconstruction Problems and the measure of financial aid which might be afforded to Newfoundland in this connection.

In the first place attention might best be concentrated on the constitutional issue on the understanding that, as already announced, no change should take place until the war in Europe ended; and that no question arose of the discussions ranging further than consideration of the machinery which was to be set up as a

<sup>52</sup>Les propos suivants de St. John Chadwick et de H. N. Tait étaient écrits sur une note datée du 4 août:

I attach for approval a note of yesterday's meeting. [ . . . ] It will not presumably be necessary to submit it first for the views of the C[ommissione]rs but they should no doubt each receive a copy.

Unless they ask for copies — in which case they will probably want to expand it — I should think they might be kept for our own use.

<sup>52</sup>The following comments by St. John Chadwick and H. N. Tait were written on a note dated August 4:

preliminary to the decisions which the Newfoundland people would ultimately have to take.

It was essential that, before deciding what their future was to be, the Newfoundland people should have an authoritative picture of their economic and financial position, and whilst the Secretary of State was not himself indissolubly wedded to the idea of a National Convention, he felt that this afforded the best hope of presenting Newfoundlanders with a clear idea of the problems and the alternative solutions with which they were likely to be faced. One thing was, however, essential; namely that we should at all costs avoid giving the impression that either the United Kingdom or the Newfoundland Governments were attempting to impose a solution on the people themselves. Subject to this caution the Secretary of State would welcome any alternative suggestions for establishing the necessary machinery, which the Commissioners might wish to put forward, and he invited SIR JOHN PUDDESTER to outline his views on the position.

In reply SIR JOHN PUDDESTER said that the Commission were fully conscious of the dangers referred to by the Secretary of State, and that the Newfoundland people must first and foremost be made to realize the pitfalls and the responsibilities which self-Government would bring in its train. At present the man in the street was prone to imagine that money was to be had for the asking, no matter what form of Government he chose to vote for, and the most irresponsible ideas as to the significance of self-Government were current in the Island. The political core apart, however, there was a widespread fear amongst the people that a return to responsible Government would bring with it the disastrous mismanagement of the pre-1934 epoch. It was therefore essential that Newfoundlanders should know the true facts of their position before endeavouring to settle their own future, and in this connection he himself thought that a National Convention, though likely to be useful as a safety valve, would never be able to impress its ideas on the ordinary fisherman or logger. Therefore, whilst the Commission were ready to meet the Secretary of State's wishes, and had mapped out a programme (of which a copy is attached)\* containing suggestions for the method of electing members to the Convention, they felt that the Convention's deliberations would be inconclusive, and that the desired results would not be achieved. It was with this in mind that the Newfoundland Government had proposed that as a first step to the education of the people in the issues facing them, an expert Committee or Commission of Enquiry should be appointed, capable of calling evidence, and of deciding where Newfoundland stood, economically and financially. In reply to an enquiry by the Secretary of State, SIR JOHN continued that the Commission had it in mind that the committee should be composed of suitable industrial, etc. experts who would be in a position to state whether or not there was a future for the Island as an independent unit. It was useless for the Commission themselves to compute evidence of this kind, capable as they were of producing the required material, since their report would necessarily be looked on with suspicion. An independent body alone would command respect.

Continuing the discussion, SIR EDWARD EMERSON said that he was entirely in agreement with the Secretary of State's anxiety to avoid the danger of the Newfoundland people arriving at uninformed conclusions, but he supported SIR JOHN PUDDESTER'S contention that a National Convention could not produce the guid-

ance required of it, since its members would themselves be uninformed as to the Island's true position, and even if they could call expert witnesses, would be likely to conduct their deliberations in the atmosphere of a debating society. It was for these reasons that he himself felt that the appointment of a Committee of experts would provide the most practical solution; but whether or not this course was followed, the first essential was that an authoritative report should be available either to the Convention or to the people as a whole; and in view of the fact that there were so many sides to the constitutional problem a constitutional lawyer should be associated with the preparation of this report. In particular SIR EDWARD EMERSON asked the Secretary of State to bear in mind that the local press had for years past been spreading the idea that the Dominions Office wished to hold on to Newfoundland, and that the Commissioners themselves equally wished to hold on to their portfolios.

At this stage, SIR ERIC MACHTIG and MR. CLUTTERBUCK explained with reference to the proposed appointment of a Committee of experts that the Dominions Office was in complete sympathy with the Newfoundland Government's desire that an authoritative report should be produced prior to any constitutional changes taking place, but they pointed out that the view held here was that the expert or experts compiling this report should not in any sense have latitude to comment on the constitutional issue, a step which would be bound to arouse suspicion against the United Kingdom Government in the minds of the Newfoundland people. The only real objections seen here to the appointment of a body of the kind suggested by the Commission were that it would be very difficult to find suitable experts at the present moment, and that an enquiry, lasting, on the Commission's admission, for as long as two years, would be bound to postpone unduly a solution of the constitutional problem. The SECRETARY OF STATE added that the situation would be further complicated if one or more appointed experts were to reach the conclusion that self-government in Newfoundland was unworkable. If this were to happen, suspicion as to our intentions would be still further heightened, and in these circumstances he felt that an alternative method might be for the Newfoundland people themselves to appoint experts of their own choice to undertake the preparation of the report.

MR. DUNN, who followed, gave it as his opinion that the average Newfoundlander hoped for responsible Government with a measure of Treasury control, but did not fully realise that this would in fact involve exchanging a dictatorship of 7 for a dictatorship of 1. Such a solution might be feasible if, apart from the freely elected Assembly, a Reconstruction Committee composed principally of Newfoundlanders could also be elected. Like his colleagues, he was not sanguine of the success of a National Convention, as Newfoundlanders were, in his experience, loath to take decisions. Therefore, should an expert such as a constitutional lawyer be appointed to lead the discussions, the suspicion might again be aroused that outside interests were endeavouring to impose a solution on the Newfoundland people. The danger which he foresaw above all was that a Convention, once elected, would claim itself to be "the voice of the people," and that the conduct of current affairs could never be divorced from its deliberations.

Continuing, he asked the Secretary of State to bear in mind that conditions in Newfoundland were entirely different in all respects from those existing in this

country; that Newfoundland could boast no pro-Government press; and that the Convention, once elected, would be controlled by the views expressed in the two leading newspapers of St. John's.

Referring to the proposed appointment of a Committee of experts, MR. DUNN suggested that neither the selection of an eminent economist, nor the findings of a body such as the Committee, which had compiled the recent Chatham House survey of Newfoundland, could hope to present a true picture of the Island's prospects. They could report accurately on the present conditions of the various industries and of the state of the Island's finances, but they would never be technically competent to decide how, for instance, the fishery could be reorganized, and what the effects of such reorganization would be on the Island's economy. It was for this reason that the Commission had suggested the appointment of a body of industrialists and technicians, not all of whom should necessarily be chosen from the United Kingdom. It was essential that the Newfoundland people or the Convention, if such were eventually to be elected, should know in detail the true facts as to the economic position there, and Mr. Dunn trusted that the Secretary of State would feel able to give some indication of the measure of the financial aid which the United Kingdom Government would be ready to give to Newfoundland.

The SECRETARY OF STATE then replied that from the views which had just been expressed by the three Commissioners, it seemed clear to him that they were opposed to the idea of a National Convention, but that they were agreed, as he himself was, that some method must be found of informing the Newfoundland people objectively of their true position. If this was the case he hoped that the Newfoundland representatives would now say whether, given that a body of experts was to be appointed, the next step would be the holding of a plebiscite (without a Convention); and if so, whether they had considered the alternatives which would have to be placed before the people, and by whom these alternatives would be framed.

MR. DUNN suggested that the alternatives might well be — the continuation or termination of Government by Commission — a return to responsible Government on pre-1934 lines — or some half-way house solution linked with financial aid from the United Kingdom Government, which would thus retain a measure of control over the Island's finances. SIR EDWARD EMERSON suggested that on the assumption that a National Convention was eventually convened, the task of framing alternatives might well be left to an experienced lawyer, thus avoiding the possibility of a host of useless alternatives being put forward. On this point the SECRETARY OF STATE stated that it would be inadvisable for any but Newfoundlanders to put forward alternatives, and he assumed that a Convention, if elected, would appoint a sub-committee to draft a report with alternatives suitable for the framing of a plebiscite. Should the Convention itself feel, on the other hand, that it was incapable of reaching an independent solution, it could always recommend that the decision be left in the hands of His Majesty's Government or, for instance, request that a Royal Commission be appointed. Should this occur he would then feel free to act on the basis that he had been asked to do so by properly elected Newfoundland representatives. He felt, moreover, that a body of



experts such as had been suggested by the Commission could not frame alternatives as to the constitutional position, and he pointed out that even when they had produced a report, the problem of framing alternatives for a plebiscite would still lie in Newfoundland's path. There must be some means by which representative Newfoundlanders could decide for themselves what their future was to be, or whereby they could request His Majesty's Government to do so.

With reference to the criticisms which had been expressed as to the appointment of a Committee of experts SIR JOHN PUDDISTER submitted that time was not the important factor, and that if the Committee required two years in which to report, it should be granted that period. This was an issue vital to Newfoundland, and premature decisions should not be taken because of pressure in Parliament here.

The SECRETARY OF STATE suggested that it would be very difficult to persuade Parliament that the issue could be postponed for so long, although he agreed that if it could be said that a committee of experts had been appointed solely with a view to aiding the Newfoundland people to decide whether or not they wished to see the reintroduction of responsible Government, it might be possible to present a sufficiently strong case to Parliament in favour of postponement.

LORD CRANBORNE then concluded by saying that it was obvious that considerable progress had already been made and that although the Commissioners were at present doubtful as to the suitability of a National Convention, it had emerged from this discussion that much common ground existed between the Commission of Government and himself. He proposed that the matter should be discussed further during the course of the coming weeks.

The meeting then adjourned.

71.

PRO/DO 35 1142 X/J 7877

*Projet du procès-verbal de la deuxième réunion du secrétaire  
aux Dominions avec des commissaires de Terre-Neuve*  
*Draft Minutes of Second Meeting between Dominions Secretary  
and Commissioners of Newfoundland*

London, August 8, 1944

The second discussion with the Newfoundland Commissioners was devoted, at the Secretary of State's suggestion, to consideration of the financing and the control of the proposed long-term reconstruction programme.

The Secretary of State began by quoting *in extenso*, the passage from Dominions Office telegram No. 1 Saving of the 6th January in which emphasis had been placed on the need for proceeding with the formulation of long-term schemes without waiting for developments in the constitutional position. Lord Cranborne then explained that without yet having had the opportunity of submitting his proposals to the Treasury or to the Cabinet he personally felt that financial assistance might best be afforded to Newfoundland by the passing of a special Act through Parliament here which would provide for expenditure in Newfound-

land over a period of say ten years of £X (the figure which he quoted — £20 million — was, as he pointed out, entirely notional). This sum would be assigned to meet the capital costs of certain fixed schemes which would previously have received the approval of the Chancellor of the Exchequer and of himself. In addition, and in view of the fact that it would be beyond the capacity of any Newfoundland Government to maintain schemes of the nature contemplated, the United Kingdom Government might offer to meet from now on the debt charges and sinking fund contribution (amounting to a little over \$3 million per annum) on the Newfoundland 3% Guaranteed Stock provided that the Newfoundland Government were prepared to set aside an equal sum each year to meet the recurrent cost of the schemes. The Secretary of State admitted that this might not prove sufficient to cover maintenance charges on the whole programme but added that it was to be hoped that some of the schemes would themselves be revenue producing and would thus increase the capacity of the local Exchequer. Lord Cranborne further suggested that as expenditure in so far as maintenance was concerned would probably be low in the first few years while the programme was developing, a pool should be established into which a sum representing the United Kingdom Government's contribution in respect to interest and [?] sinking fund could be paid annually. This would make it possible to meet heavier outlays in the latter half of the development period.

The Secretary of State emphasized once more that the scheme and the figures which he had mentioned were for the moment purely notional and that he had not yet consulted his colleagues in the Cabinet as to the proposals which he had just outlined. He would, however, be glad to learn whether his ideas commended themselves generally to the Commissioners.

From the discussion which followed it appeared that the Commissioners were surprised at the generosity and the magnitude of the assistance contemplated and that they were particularly glad to learn of the proposal for the maintenance of approved schemes which could never have been otherwise financed from the local Exchequer. The Commissioners appeared, however, to be of the opinion that if the scope and purpose of the scheme were to be made public prior to the holding of a referendum on the constitutional issue — as the Secretary of State apparently intended — the Newfoundland people's mind would be made up for them in advance and that there was little doubt that there would be an overwhelming vote in favour of a return to responsible Government. The Commissioners therefore expressed considerable anxiety as to the measure of control which the United Kingdom Government would maintain over the general operation of the schemes and suggested that in the event of a responsible Government returning, some kind of controlling Corporation should be established, independent of the Government of to-day [the day?], to maintain a watch over the expenditure of United Kingdom funds.

The Secretary of State said that, whilst he had contemplated that the long-term programme should receive his approval *in extenso* before grants were actually made, cases would obviously arise in which the actual details of the various schemes would require modification as their operation developed. He felt therefore that a condition would have to be imposed, if and when the proposals were

submitted to Parliament here, whereby the United Kingdom Government's approval would have to be obtained before any scheme was substantially modified. On the question of the setting up of a Corporation, Lord Cranborne suggested that what the Commissioners appeared to have in mind was the selection by himself on the Governor's recommendation, of a number of independent Newfoundlanders of proved repute who would sit on this body in company with members selected by the Government of the day. Such a body might be a practical proposition so long as the Commission remained in office — if indeed it were necessary in such circumstances — but there might be difficulty in justifying its existence under a responsible form of Government as the scheme might involve dual control and lead to the accusation that the Dominions Office was endeavouring to interfere in the internal affairs of the Island. In addition, as Mr. Clutterbuck pointed out, it had to be borne in mind that the schemes contemplated would cover activities of every kind affecting Newfoundlanders throughout the Island and that it would therefore be difficult to justify control from outside, quite apart from the fact that suitable staff for the Corporation would probably be forthcoming only from the Government Offices.

Despite the objections outlined it was clear that the Newfoundland Representatives remained of the opinion that in the interests of the United Kingdom Government some control must be maintained over the expenditure of the grants. The Newfoundland public seemed for the most part to be of the opinion that monies left in the hands of a responsible Government would inevitably be squandered and whilst hoping for more say in the conduct of their own affairs the people were apprehensive of a repetition of the pre-Commission days in the event of Treasury control being entirely withdrawn.

Various further alternatives were then discussed and the Secretary of State eventually suggested that in view of the difficulties which had been encountered in arriving at a successful formula which would both meet the Commissioners' desire for some form of control and his own and Parliament's wish that Responsible Government, if introduced, would exist in fact as well as in name, it would be desirable to adjourn the meeting at this stage and to discuss both the constitution and reconstruction issues at a further conference later in the week.

72.

PRO/DO 35 1142 X/J 7877

*Projet du procès-verbal de la troisième réunion du secrétaire  
aux Dominions avec des commissaires de Terre-Neuve*

*Draft Minutes of Third Meeting between Dominions Secretary  
and Commissioners of Newfoundland*

London, August 10, 1944

In opening the third of the series of discussions with the Newfoundland Commissioners the Secretary of State said that he would like first, if possible, to settle the difficulties which had been referred to at the previous meeting in regard to the measure of control which might be maintained by the United Kingdom Govern-

ment over the grants for reconstruction purposes which it was proposed to make to Newfoundland.

After recapitulating the arguments used on both sides, the Secretary of State said that he would like to put forward for the consideration of the Commissioners a scheme which he thought might meet the anxieties which they had previously expressed. He then read to them the attached note<sup>r</sup> proposing the establishment of a Joint Development Board, and added that, provided that the Newfoundland Government agreed with its terms, there would be three advantages in announcing the scheme at the same time as the policy of long-term aid was made public: viz.: (1) that it would answer local criticism of the need for more Newfoundland representation under the Commission form of Government; (2) that if announced whilst the Commission was still in Office it would avoid giving the impression that an additional control was being imposed immediately self-government were introduced; (3) it would afford a good means of testing out the Board's reliability in advance of a return to responsible Government.

In the discussion which followed, the Commissioners announced their agreement with the proposals which, they felt, would substantially overcome their previous anxieties. In reply to an enquiry about the position of the Comptroller and Auditor-General on the Development Board, Mr. Clutterbuck explained that in view of what the Commissioners had previously said about the need for control, it had been felt that the Comptroller by his presence on the Board would in effect be able to carry out a pre-audit of the schemes, and that his nomination would in any case be more popular locally than the presence of a Treasury representative. One of the conditions of the grant of assistance would of course have to be that the Comptroller should be a U.K. official appointed from this country for such time as the development plan was in operation. It would also be necessary to lay down that succeeding governments should not indulge in external borrowing without the consent of H.M.G.

On the question of maintenance costs the Commissioners showed themselves anxious to ensure that any succeeding Government should be held to the promise that the monies realised for this purpose by the assumption by the United Kingdom of interest and sinking fund charges on the Newfoundland Sterling debt should continue to be placed to the financing of recurrent costs of the various schemes. The Secretary of State expressed his sympathy with this point of view and added that, whilst it would hardly be possible to impose a written condition on any responsible Government, he would if and when the time came for him to make an announcement on the matter express the view that any succeeding Government should honour their side of the bargain.

Turning to the constitutional issue, the Secretary of State summed up the earlier discussions and said that it seemed clear that if a National Convention were to be held, its terms of reference would obviously have to be so widened as to allow its members, in the event of their not reaching a decision locally, to call for a Royal Commission or for such other guidance from the United Kingdom Government as they saw fit. He remained of the opinion that the members of the Commission must be guided by a factual report explaining the economic and financial position of the Island. This report should of course refrain from drawing

any conclusions as to what the future might hold out, but in view of the amount of evidence from expert enquiries, etc. which was already available to the Commission, the Secretary of State felt that, instead of an expert or body of experts proceeding to Newfoundland, it would be sufficient if a report were to be compiled with the Commission's assistance and published under the name of His Majesty's Government.

The Commissioners expressed general agreement with the proposals which had been put before them at the meeting and the Secretary of State then suggested that they should continue in consultation with Dominions Office representatives to work out details under the main heads discussed: viz.: election to the Convention; the preparation of a report; publication of the terms of assistance, etc. When this work had been completed a final meeting would be held with the Secretary of State to co-ordinate the full plan prior to his approaching the Cabinet for their approval of the scheme as a whole. Lord Cranborne felt that it would in any case for [sic] advisable for the Commissioners to report to their Government as a whole before he took steps to sound Ministers here, and to this end a draft scheme should now be prepared for them to submit to their colleagues.

The meeting then adjourned.

73. PRO/DO 35 1341/N402/26/X/J 7897

*Le secrétaire aux Dominions au gouverneur de Terre-Neuve*  
*Dominions Secretary to Governor of Newfoundland*

TELEGRAM 458

London, August 17, 1944

SECRET. Your telegram No. 333.<sup>†</sup> Following from Puddester, Emerson and Dunn, Begins: We fully appreciate difficulties outlined by Short inherent in scheme for primary elections. Furthermore we joined with our colleagues in expressing the Commission's view as to the holding of a Convention. Discussions here however have taken a turn quite unexpected which cannot be set forth in a telegram and which will be fully explained on our return. We should leave here not later than 26th August. Meantime we advise that Short should continue his exploration into methods of election on basis that Convention will be held. Ends.

74. 2828-40

*Mémoire du sous-secrétaire d'État adjoint aux Affaires extérieures*  
*au sous-secrétaire d'État aux Affaires extérieures*<sup>53</sup>

*Memorandum from Assistant Under-Secretary of State for External Affairs*  
*to Under-Secretary of State for External Affairs*<sup>53</sup>

[Ottawa,] September 13, 1944

FUTURE OF NEWFOUNDLAND

I enclose a copy of a despatch from our High Commissioner in Newfoundland, dated September 8, 1944, No. 401. This refers to the discussions which have been

<sup>53</sup>N. A. Robertson était alors à Québec pour la Conférence de Québec de septembre 1944.

<sup>53</sup>N. A. Robertson was then in Quebec City for the Quebec Conference of September 1944.

proceeding in London between representatives of the Newfoundland Commission of Government and the United Kingdom authorities. These discussions had to do with:

- (a) The future form of government of Newfoundland; and
- (b) the future of Newfoundland's economy.

You will observe from Mr. Macdonald's despatch that the members of the Commission of Government were not prepared to give him any information about the decisions that were taken in London. You will observe further that it is hoped that Lord Cranborne may make a comprehensive statement on these subjects and announce conclusions in relation to them in a statement to Parliament early in October.

In the third paragraph of his despatch Mr. Macdonald makes the somewhat surprising statement that "neither of the subjects under discussion directly affects our relations with Newfoundland." On the contrary, it seems to me to be quite obvious that our future relations with Newfoundland, politically and more especially economically, will inevitably be affected by the decisions being reached in the United Kingdom. I suggest that consideration should be given to the advisability of reminding the United Kingdom authorities of our inevitable interest in anything that happens in Newfoundland. This interest, which is inherent in the historic and geographic relationships of the two countries, makes it natural that we should desire to be informed of any fundamental decisions that may be taken in regard to the future of Newfoundland *before* we read about them in the newspaper accounts of a statement to the British Parliament.

If it should be decided that this matter should be taken up with the United Kingdom, I would suggest that Mr. Massey be asked to discuss the United Kingdom's plans with Lord Cranborne. I assume that it is hardly realistic to expect that the two Prime Ministers can find time to exchange views in regard to Newfoundland during the Quebec Conference.<sup>54</sup>

H. L. K[EEENLEYSIDE]

[PIÈCE JOINTE/ENCLOSURE]

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 401

St. John's, September 8, 1944

Sir,

I have the honour to refer to my Despatch No. 260 of June 3rd, with regard to the delegation that proceeded to London to consult with the United Kingdom

<sup>54</sup>La note suivante était écrite sur ce mémorandum: <sup>54</sup>The following note was written on the memorandum:

I agree — but think best way is to have a talk with Mr. [Malcolm] MacDonald. This I may be able to arrange down here — or next week when we get back. N. A. R[OBERTSON] 14.9.44

authorities respecting the future form of Government and the reconstruction of Newfoundland's economy. The delegation arrived in London on July 31st, and at once entered into conference with the Right Honourable Lord Cranborne, Secretary of State for Dominion Affairs, and officials of his Department. These conferences continued, with some interruptions, until August 25th.

2. Following visits to the Newfoundland Regiment in Normandy and the Newfoundland Forestry Battalion in Scotland, the Commissioners returned to St. John's early this week. They have reported the results of their discussions to the full Commission of Government, which has given them pretty continuous consideration ever since. Exchanges are now taking place between the Commission of Government and the Secretary of State for Dominion Affairs by post and telegram, and it is hoped that an agreement can be reached that will permit Lord Cranborne to make a comprehensive statement in Parliament on the subject early in October.

3. The Commissioners have refused, however, in spite of considerable baiting by the press, to give any intimation as to the tenor of their discussions or the character of the plans they are drawing up. I called on the various Commissioners to welcome them back and renew official and personal relations, and was hoping they might feel disposed to open up on the subject. None of them, however, seemed inclined to do so. I went so far as to intimate to Sir John Puddester, who, as vice-chairman of the Commission, acted as head of the delegation, that, if they had anything of a confidential nature that they wished the Canadian Government to know, I should be very happy to transmit it to them. He told me, however, that Lord Cranborne had asked them to keep the whole matter strictly confidential until a conclusion was reached and he was able to announce it in Parliament. As neither of the subjects under discussion directly affects our relations with Newfoundland, I did not press the point further. I gather, however, that all the Commissioners are favourably impressed with the willingness of the United Kingdom to assist in finding an acceptable solution for Newfoundland's constitutional position and its economic rehabilitation. It is the latter, rather than the former, that is the subject of chief interest and speculation. The most likely form for assistance to take would be the provision of loans for the development of natural resources, — chiefly the fishing industry, — though, in view of its own financial situation, it is not clear how the United Kingdom expects to be in a position to give extensive aid to Newfoundland after the war.

4. Unfortunately, there is no one in the Commission specifically charged with dealing with representatives of other Governments and who might, therefore, act as a spokesman in matters of this kind. Nor are they accustomed to the interchange of information and ideas that habitually goes on between states that have evolved channels for dealing with matters of mutual concern or of general international interest. It may be, however, that the Dominions Office, following its usual custom, will itself inform you of the progress of the discussions, and if so, I should appreciate securing a copy of the material.

I have etc.

J. S. MACDONALD

75.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 417

St. John's, September 20, 1944

CONFIDENTIAL

Sir,

With reference to my Despatch No. 401 of September 8th respecting the consultations between the Governments of Newfoundland and the United Kingdom concerning the future form of Government and the economic rehabilitation of this Island, I may say that the authorities here continue to preserve the utmost secrecy with respect to the details and even the general tenor of the discussions. So anxious are they to maintain secrecy with respect to the matter that I have recently learned that the Secretary of the Commission of Government, Mr. W. J. Carew, who is normally admitted to the deliberations of the Commission, was barred from the Council chamber on each occasion when this matter was under discussion.

2. I have recently learned, also, from a reliable source, that one of the Commissioners, Mr. P. D. H. Dunn, Commissioner for Natural Resources, following a party in honour of a lady who was about to leave Newfoundland, lost something of his habitual reserve and, under the influence of Newfoundland hospitality, revealed to her that it has been decided to call a National Convention in St. John's in which all parts of the Island and various public and representative bodies of citizens will be represented, to draw up a list of four or five questions, admitting of an affirmative or negative reply, for submission to the people, as, for example:

- a. Are you in favour of maintaining the Commission of Government as it is at present constituted?
- b. Are you in favour of maintaining an appointed Commission of Government with the provision that all Commissioners will be Newfoundlanders?
- c. Are you in favour of making the Commission of Government elective?
- d. Are you in favour of the restoration of Responsible Government in its old form?

3. Mr. Dunn further stated, according to my information, that next month, shortly after the new agreement is announced, Mr. John Chadwick will be sent out from the United Kingdom to make arrangements for the meeting of the National Convention. It will be recalled that Mr. Chadwick was Secretary of the Goodwill Mission which toured Newfoundland in June, 1943, and is already quite familiar with this country.

4. On the question of economic rehabilitation, Mr. Dunn is reported to have stated that the United Kingdom would grant £2,000,000 per annum for a period



of years as a Development Fund to enable Newfoundland to exploit more fully its natural resources, particularly the fisheries.

5. While I cannot, of course, vouch for the accuracy of the information set forth above (and the circumstances under which it was given were not of a character to ensure the greatest regard for strict accuracy) the general circumstances and the nature of the information itself are sufficiently convincing to lead me to believe that it contains a substantial element of truth. In any case I thought it might be of sufficient general interest to pass on to you in the event that no more reliable information has yet been received.

I have etc.

J. S. MACDONALD

76.

PRO/DO 35 1342/N402/29/X/J 7897

*Le secrétaire aux Dominions au chancelier de l'Échiquier  
de Grande-Bretagne*

*Dominions Secretary to Chancellor of the Exchequer  
of Great Britain*

N.402/39

London, September 22, 1944

My dear John [Anderson],

I mentioned to you the other day that I should like to have a talk with you about Newfoundland. By way of preparation for our talk, I enclose with this letter a note setting out the ideas which I should like to discuss with you. I will develop these more fully when we meet.

As you know, Parliament is taking a great interest in the Newfoundland position; we are pledged to take action as soon as practicable after the end of the German war, and in view of the rapidity with which things are moving on the Continent I am anxious to make a very early submission to the Cabinet with a view to a full announcement of our intentions being made as soon as possible after Parliament reassembles — say, early in October. It would, therefore, be very helpful if I could come and see you in the course of the next few days, and I should be grateful if, when you have read my note, you would let me know what would suit you best as regards a meeting.

Yours ever,

CRANBORNE

## [PIÈCE JOINTE/ENCLOSURE]

*Extraits d'un mémorandum du secrétaire aux Dominions<sup>55</sup>*  
*Extracts from Memorandum by Dominions Secretary<sup>55</sup>*

[n.d.]

## NEWFOUNDLAND

...  
 The general position was put to the War Cabinet towards the end of last year and it was then decided that, while no change in the present form of Government should be made during the war, machinery should be provided as soon as practicable after the end of the war in Europe to enable the Newfoundland people to examine the future of the Island and to choose the form of Government they desire, having regard to the financial and economic circumstances prevailing at the time. The full text of the Statement of Policy approved by the War Cabinet and announced to the House of Commons in December last is attached as Appendix A.<sup>1</sup> It has further been agreed in recent discussions with the Commissioners that this "machinery" could best take the form of an elected National Convention of Newfoundlanders. It will be the duty of this Convention to review all the alternative courses open to the Island and to make recommendations to His Majesty's Government as a basis for a national referendum.

...  
 The idea of confederation with Canada must be ruled out in present circumstances, since it is clear that Newfoundland public opinion would be wholly averse from this.

...  
 ... A scheme on the lines now proposed would cause great satisfaction both here and in Newfoundland as indicating the wish of His Majesty's Government, as trustees for the Island, to bury the past and give it the fairest possible start for the future; and though we should no doubt have to give some advance warning of our intentions to the Canadian Government, in view both of their interest in the Island and of the exchange considerations involved, there are good grounds for thinking that such a solution would be likely to appeal to them as being also, on a long-term view, to Canada's own advantage.

<sup>55</sup>Les passages qui ne sont pas reproduits traitaient des décisions prises lors des réunions du mois d'août et des propos depuis.

<sup>55</sup>The deleted passages dealt with the conclusions reached at the meetings in August and subsequent discussions.

77.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 431

St. John's, September 25, 1944

Sir,

I have the honour to refer to my communication No. 417 of September 20th concerning the future form of Government, and to inform you that Mr. Dunn's revelation respecting the plan for calling together a National Convention has been confirmed, quite unintentionally, by Sir Edward Emerson. In the course of an informal conversation I had with him over the week-end on the question of the advantages and disadvantages of democratic government he intimated that his own experience of administration convinced him that a Government should be either democratic or frankly authoritarian. He intimated that he had advised in favour of placing before the people two simple, clear-cut issues — either continuation of the Commission or return to responsible government, — and went on to say that the decision to set up a National Convention and deliberate on a whole range of questions for submission to the electorate would, almost certainly, tend to confuse the voters and might well give an unsatisfactory result. In making his point he had unwittingly said more than he should have said on the subject. I was glad, however, to have this confirmation of what Mr. Dunn had said, and feel it is a reliable forecast of what is being planned.

2. If, as both Commissioners have now intimated, it is intended that a series of questions relative to the future form of Government are to be debated by the Convention rather than a simple clear-cut choice between the present Commission and the previous form of Government, then it may well be that some members of the Convention will raise the question of seeking entry into Confederation.

3. In my opinion this would not be a propitious moment to get a majority for union with Canada. As you are aware, there has been a more or less latent distrust of Canada in Newfoundland for many years past. I doubt if the war has done very much to allay it. I have already pointed out the strong criticism that has been directed against the Canadian Armed Forces because of the damage done by their heavy equipment to the city streets, and to the hostility of water-front elements that has resulted in frequent clashes with Canadian Naval ratings. These conditions, of course, apply only to St. John's. More general is the feeling which it is difficult to gauge accurately but which certainly does exist for I have myself heard echoes of it from [time to] time that Canadian personnel are living here under comfortable conditions at \$1.40 per day while Newfoundland lads were fighting in Europe for 40 cents a day. This type of criticism was particularly strong before the invasion of Normandy, and not so much has been heard of it lately, though surprise is occasionally expressed that Canadian troops are now here at all. The fact that for the last eighteen months at least the majority of the Canadian Armed Forces have been French-speaking Canadians has not been

without its effect. For while there is no marked feeling against French-speaking Canadians as such, Newfoundlanders have come to realize more than they had before that Canada is not an Anglo-Saxon country. A further factor of some importance in recent months is that those elements most favourable to closer collaboration or union with Canada have seemed to sense a trend to the left in Canadian politics and nothing is better calculated to scare them away. On the other side of the picture, a good deal of employment has been furnished on Canadian installations and a good many friendships have been struck up between Newfoundlanders and individual members of the forces. The considerations I have mentioned, however, combined with the fact that Newfoundland is still enjoying a boom due to the outlay on defence installations and war-time demand for its main product, — cod-fish, — make me feel that a referendum on this question now would not show any substantial proportion of the population desiring to join with Canada.

4. I understand that the settlements on the Labrador are strongly dissatisfied with the services they are receiving from the Newfoundland authorities and the contacts with our services, including some eighty-seven "mercy flights" undertaken by the R.C.A.F. have impressed them both with our good intentions and the ability to give effect to them. The vote there on such a question might well be different, and if decisive, might eventually lead to significant results.

5. In our negotiations with Newfoundland the present system is undoubtedly the most satisfactory as it is also the most convenient in intra-commonwealth negotiations since Newfoundland no longer has Dominion status or requires separate representation at Commonwealth Conferences. The Commissioners, however, are not personally popular, and Government by Commission, having been in office for ten years, will run counter to the popular desire for a change. Admittedly, however, in a country where the press, the party system, trade unions and other organs for moulding and expressing public opinion are so poorly developed and where communication is so backward, it is difficult to speak with any assurance on the result of a referendum and it is perhaps idle in any case until the questions that are to come before the electorate are better known.

6. This afternoon I took Mr. Desmond Clarke, President of the Clarke Steamship Line, to talk with Mr. Dunn on post-war prospects. In the course of the interview which was mainly concerned with the likely outlook for freights, I ventured the suggestion that there would doubtless be a large road-building programme after the war with the consequent demand for Canadian cement. In his reply Mr. Dunn intimated that there would be quite substantial grants available for the first ten years or so after the war for purposes of general economic development, and that doubtless road-building would be one of the projects undertaken. He said he could not say anything more definite at the moment. But his remarks were sufficient to indicate that the information respecting economic rehabilitation set forth in my despatch under reference may be taken as fairly accurate.

I have etc.

J. S. MACDONALD

78. PRO/DO 35 1343/N402/32/X/L01183

*Le haut commissaire de Grande-Bretagne au secrétaire aux Dominions*  
*High Commissioner of Great Britain to Dominions Secretary*

TELEGRAM 2763

Ottawa, November 7, 1944

SECRET. Mr. Norman Robertson has asked me in course of conversation whether I know anything about an early proposed statement of the United Kingdom Government's future policy in Newfoundland. He said that there were rumours of this here. If there is to be such a statement, he suggested that it would be an excellent thing if its contents could be communicated to the authorities here before publication. I think he was thinking of this more as a matter of courtesy than as an opportunity for consultation.

2. Is there any news on this subject that I can give him?<sup>56</sup>

79. PRO/DO 35 1343/N402/32/X/J/7902

*Le secrétaire aux Dominions au haut commissaire de Grande-Bretagne*  
*Dominions Secretary to High Commissioner of Great Britain*

TELEGRAM 2426

London, November 8, 1944

SECRET. Your telegram No. 2763 of 7th November. Following personal from Machtig. We had already intended to discuss this matter with High Commissioner on his arrival and arrangements are in hand for this.

80. PRO/DO 35 1343/N402/32/X/J/7902

*Le sous-secrétaire d'État adjoint aux Affaires des Dominions*  
*de Grande-Bretagne au haut commissaire de Grande-Bretagne*  
*Assistant Under-Secretary of State for Dominion Affairs*  
*of Great Britain to High Commissioner of Great Britain*

TOP SECRET

London, November 17, 1944

My dear High Commissioner,

With reference to our discussion with you about Newfoundland, I now enclose for your personal information a copy of a note<sup>57</sup> outlining our ideas. This was sent by the Secretary of State to the Chancellor in September and was later discussed with him in a preliminary way, when it was agreed that officials of the Treasury and the Dominions Office should go into the whole matter together as soon as the

<sup>56</sup>Dans une note écrite à la main le 8 novembre, St. John Chadwick commenta:

The position will not be as simple as Mr. Norman Robertson may imagine.

<sup>57</sup>Voir la pièce jointe, document 76.

<sup>56</sup>In a handwritten note dated November 8, St. John Chadwick commented:

<sup>57</sup>See enclosure, Document 76.

ten-year reconstruction scheme prepared by the Newfoundland Government was received. I am not sending you the latter since it is a very bulky document, but will send you a summary later if you think that this would be useful. The present position is that discussions with the Treasury on the official level have now reached an advanced stage, and we hope soon to be able to make a joint report to the Secretary of State and the Chancellor as a preliminary to submission of the proposals to the Cabinet.

The moment for consulting the Canadians will come as soon as we have got Cabinet approval in principle for our scheme. We may then want to act very quickly, and it would be very helpful if, when you have read the enclosed note, you could let us know by telegraph whether there are any special points on which you would like further information or ammunition. We will in any case keep you posted with such further material as we can, including the case eventually put to the Cabinet.

I enclose also a copy of the note which I wrote on "The Approach to Canada," for the purpose of our discussions with the Treasury. This you saw when you were here.

Yours sincerely,

P. A. CLUTTERBUCK

P.S. I enclose also a copy of a further short note given to the Treasury to-day with a view to knocking down some of their arguments on the dollar difficulty.

[PIÈCE JOINTE 1/ENCLOSURE 1]

PRO/DO 35 1343/N402/32/X/L01183

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires des Dominions de Grande-Bretagne*

*Memorandum by Assistant Under-Secretary of State for Dominion Affairs of Great Britain*

[n.d.]

#### C. THE APPROACH TO CANADA

The general position in relation to Canada is as follows.

Although Newfoundlanders as individuals get on well with Canadians, and large numbers of them have settled in Canada, relations between the two countries have been marred by a long background of mutual suspicion and distrust — dating back to the 1860's when at a particularly bitter general election Newfoundland voted against entry into the Canadian confederation. Notwithstanding that over an ever-widening field the affairs of the two countries have tended to become increasingly mixed up together, the traditional Canadian attitude towards Newfoundland has been one of detachment, condescension and even contempt. In the background there has been the conviction that Newfoundland was too small and poor to be able to stand by herself in the modern world, and that one day, when it had tired of the struggle, the Island would fall into the Canadian lap; in the meantime, however, Canadians were in no hurry to add to their bur-

dens by taking over the Island, with every prospect that it would prove more of a liability than an asset. Newfoundlanders on their side were well aware that this was the Canadian attitude, and the result over the years was merely to increase the jealousy and suspicion with which all Canada's actions in relation to the Island were regarded and to strengthen the determination of Newfoundlanders to hold on at all costs to their precious independence. Thus in turn a traditional attitude grew up in Newfoundland that whatever fate might hold in store for the Island, nothing could be so disastrous for Newfoundlanders as entry into the cold and comfortless Canadian fold.

The war has seen a marked change in the attitude of Canada; there has however been no change in the attitude of Newfoundlanders. Under the stress of war, Canadian official opinion has at last grasped what has always been evident for all to see, namely, that Newfoundland, situated as she is at the mouth of the St. Lawrence and commanding the gateway to Canada, is essential to Canada's defence, and that her full partnership is necessary not only for Canadian security but also for the proper rounding off of the Confederation, which would otherwise be incomplete. What has served to drive home this lesson has been the American entry into the Island, as a result of the grant to the U.S. Government of military, naval and air bases for 99 years. The Canadians have also been granted similar bases, but they fully realise that the Americans, if they wish to extend their influence in Newfoundland, can very readily outbid them. Even without any such intention on the part of the Americans the very fact that they are established in the Island will inevitably lead to closer and permanent links, commercial and otherwise, between Newfoundland and the U.S., and the lavish scale on which Americans habitually conduct their affairs coupled with the plain fact that assured entry to the huge and profitable U.S. market would revitalise Newfoundland's industries, may cause an increasing number of Newfoundlanders, notwithstanding their strong attachment to the Crown, to look upon union with the U.S. as their eventual destiny. The Canadians now realise that had they adopted a less parochial attitude towards Newfoundland in the past, there need never have been cause for the Americans to establish themselves in the Island. Now that the Americans are there, they must make the best of it; but it is not lost upon them that if the Island is not to swing into the U.S. orbit, Canadian policy must now become active instead of passive, and consciously designed to break down the old barriers of mistrust, to conciliate Newfoundland opinion and gradually to build up an atmosphere of comradeship and practical co-operation in which the union of the two countries could be seen to be in the common interest.

This, as is no doubt fully realised by the Canadians, will be a long process, for Newfoundlanders at present are as suspicious of Canada as ever. Indeed the experiences of the war have served to accentuate rather than diminish the traditional jealousies and dislikes, largely because the attitude of the Canadian forces towards the people of the Island has compared unfavourably with that of the Americans, who have proved excellent "mixers" and have won golden opinions. In this atmosphere the Canadians dare not make Newfoundland an offer, for fear that it would be rejected, as indeed it certainly would be: and they have therefore confined themselves to friendly expressions of interest, and assurances that if Newfoundlanders themselves should wish to turn to Canada they would be given

a warm and sympathetic welcome. These assurances have cut no ice in Newfoundland, where indeed they have been received with something approaching derision.

The Canadian Government, who now have their own High Commissioner in the Island, will fully realise in these circumstances that there can be no prospect of Newfoundlanders, when they come to choose their course for themselves after the war, opting for political union with Canada. What would be the next best thing from the Canadian point of view? What the Canadians want is time, time to win over Newfoundland opinion and to bring home the advantages of the union of the two countries: what would suit them therefore would be something which was calculated to ensure reasonable stability in the Island until there had been opportunity for a policy of breaking down the barriers to take effect. This is exactly what our proposals are calculated to provide. If Newfoundland were to return to self-government, but without continued assistance from us, the result would almost certainly be chaos and a fresh crisis in a few years time; and the likelihood would be that this crisis would arrive *before* there had been any change of outlook towards Canada and while Newfoundlanders were still under the glamorous spell of the lavish American war-time expenditure in the Island, which has been the main factor in transforming them from an insolvent to a self-supporting community. Our proposals would relieve Canadians of this anxiety; for ten years at least the financial and economic position of the Island would be reasonably assured, and this would give them time to get to work on laying fresh foundations for the future. Moreover, in so far as the reconstruction schemes proposed would be calculated to add to the country's earning power, our proposals should be doubly welcome to the Canadians since the prospect would be that Canada, if and when she should take over Newfoundland in the future, would find herself relieved *pro tanto* of expenditure which she would then otherwise be forced to incur.

Against this background, and subject to the views of the High Commissioner, we recommend that in approaching the Canadian Government we should lay all our cards on the table, explain the full scope of our proposals and the motives which have prompted them, and say we feel sure that we can count on their sympathetic interest; the one difficulty we are up against is the exchange problem, and it is on this aspect particularly that we are most anxious for their advice. We could here say that the alternative to the finding of Canadian dollars for this purpose would be to give Newfoundland a new currency of its own, possibly backed by sterling; but we are doubtful whether this would be to the best interests of, or acceptable in, the Island and we imagine too that there would be difficulties in any such course from the Canadian point of view. In these circumstances there would seem to be no other course open to us but that we should draw on our earnings of Canadian dollars, notwithstanding that this would have the effect in the early years at any rate of increasing *pro tanto* the amount of assistance for which we shall have to look to Canada after the war and before our balance of payments has been restored.

We recommend that the initiative in making any other suggestion should be left to the Canadians. There are many things that the Canadians might say, but



the two main possibilities would be (1) they might wish to associate themselves directly with the financing, and control, of the programme; (2) short of this, they might think it preferable that rather than acquiesce in our financing the programme from our dollar earnings at the expense of obtaining increased help from Canada in other directions, they should make us a special loan for this purpose either interest-free or at a nominal rate of interest; this would be publicly known and enable them to get part of the kudos. Course (1) would be wholly unacceptable politically in Newfoundland, and would indeed be damaging to the Canadian long-term interest; we shall have to be very frank in turning down any suggestion if it should be made. Course (2) though less objectionable would also be open to difficulty as detracting from the value of our gesture in Newfoundland eyes, and leading Newfoundland opinion to suspect that there was some conspiracy afoot between us and the Canadians in relation to the Island; financially too — unless of course we could get the loan interest-free — there might be a certain awkwardness in negotiating terms for a loan now for this specific purpose in advance of the general negotiations which will have to take place later in regard to financial assistance from Canada in Stage III. Thus, both politically and financially, it would suit us best that we should finance the programme from our own dollars and our object, in discussing the position with the Canadians, should be to secure their acquiescence in this course.

It should be added that it would of course be necessary to keep any discussions with the Canadians on a most secret basis, since any suspicion in Newfoundland that we were in touch with the Canadians regarding our policy in the Island would have the most damaging results.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires des Dominions de Grande-Bretagne à la Trésorerie de Grande-Bretagne*

*Memorandum from Assistant Under-Secretary of State for Dominions Affairs of Great Britain to Treasury of Great Britain*

London, November 17, 1944

The Dominions Office fully appreciate the difficulties of the dollar position but they point out that it would be over-simplifying the matter to look upon the present proposals as involving dollar expenditure which would otherwise be saved. What is proposed is a ten-year reconstruction programme involving capital expenditure of \$100 million spread over that period. The accumulated Newfoundland surplus of \$20 million is required for purposes not included in the programme, and in any case could go only a very small part of the way towards meeting Newfoundland's reconstruction needs. This small surplus would at the most last for two or three years and on its exhaustion the Treasury would again be faced with just the same necessity for underwriting the Island's reconstruction expenditure. Indeed, it might not be possible to postpone the calls on U.K. funds for even as long as this, for any reconstruction programme is bound to involve increased maintenance charges, and the prospects are that it will not be possible for Newfoundland to meet such increased charges without assistance.

Thus *from the financial standpoint* the choice is not between spending or saving dollars but between entering into a commitment now which would enable the Island to plan ahead and would assure it of reasonable stability for the next ten years, or holding aloof until its surplus is exhausted with the virtual certainty that we shall then have to come to its assistance in a big way.

From *the political standpoint*, the latter course would cause serious difficulties since this would throw out of gear the programme of constitutional advance which has been worked out with Cabinet approval. Newfoundlanders are to choose for themselves after the end of the war in Europe what form of Government they want. It may be taken as certain that they will opt either for full self-government, or for some form of representative government with continued U.K. financial backing and control. If they opt for self-government, with no guarantee of financial help from this country, the prospects are that we shall speedily get back to the 1933 position, which is the last thing that H.M.G. would wish. If, however, in view of the uncertainty as to their financial and economic prospects, they should choose the second alternative, we should be saddled with a constitutional "half-way house" which in the circumstances of Newfoundland would be as difficult to work politically as it would be expensive financially; this would in fact give us the worst of both worlds. Either of these hypotheses would be very embarrassing to us. Given the political background, both in Newfoundland and in Parliament here, the essential requirement is to create conditions which would enable the U.K. to withdraw from control of the Island's internal affairs, while still keeping it straight financially. This can only be done by a scheme on the lines of that now submitted, which has been carefully devised so as to provide the U.K. Government with the fullest financial safeguards without at the same time encroaching on the sovereignty of any new Government which may be established in the Island.

P. A. C [LUTTERBUCK]

81.

2828-40

*L'adjoint spécial du sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire Terre-Neuve*

*Special Assistant to Under-Secretary of State for External Affairs  
to High Commissioner in Newfoundland*

SECRET

Ottawa, November 25, 1944

Dear Mr. Macdonald,

I attach an excerpt, dealing with Newfoundland, from a memorandum on the post-war plans of the United Kingdom exchange control, which was prepared following a visit to London by Messrs. Turk and Tarr of the Foreign Exchange Control Board.

Yours sincerely,

H. F. ANGUS

[PIÈCE JOINTE/ENCLOSURE]

*Extrait d'un mémorandum de la Commission de contrôle  
du change étranger*

*Extract from Memorandum by Foreign Exchange Control Board*

SECRET

[n.d.]

## UNITED KINGDOM EXCHANGE CONTROL POST-WAR PLANS

...

## NEWFOUNDLAND

Apparently the United Kingdom Parliament is in an extremely sentimental mood about Newfoundland at the present time and a great deal of pressure is being exerted on the Government to take steps to maintain the prosperity created by American military expenditures now that those expenditures are decreasing rapidly. We were told that a referendum is likely to be held in Newfoundland within the next six months, presumably on the question of whether Newfoundland is to revert to Dominion status or continue on the present basis. The Dominions Office is apparently receiving information which makes it feel that there is a real danger of Newfoundland electing to link up with the United States and feels that immediate steps must be taken to prevent any tendency in this direction. The proposal which is being pressed strongly is for the United Kingdom Government to borrow \$100 million in Canada to be furnished to Newfoundland for road building and other development projects.

The Bank of England and the Treasury are strongly opposed to any such move because it would prejudice the post-war financial arrangements which the United Kingdom will wish to make with Canada but there is a good deal of fear that in its present mood Parliament may force the Government to take some steps of this kind.

There would probably be little opposition in the United Kingdom to Newfoundland tying up with Canada and it would perhaps be regarded as a rather happy solution if Canada were to take over the financial responsibility for Newfoundland as a member of Confederation.

Some casual consideration is apparently being given to the possibility of Newfoundland establishing its own currency system.

...

82.

2828-40

*Le haut commissaire à Terre-Neuve à l'adjoint spécial  
du sous-secrétaire d'État aux Affaires extérieures*  
*High Commissioner in Newfoundland to Special Assistant  
to Under-Secretary of State for External Affairs*

St. John's, November 30, 1944

Dear Mr. Angus,

I appreciate very much your thoughtfulness in sending me an excerpt, dealing with Newfoundland, from the Memorandum on Post-War Plans of the United Kingdom Exchange Control prepared by Messrs. Turk and Tarr of our Foreign Exchange Control Board.

I find this information, supplementing as it does the material set forth in my despatch No. 401 of September 8th<sup>58</sup> and subsequent communications dealing with the future form of government in Newfoundland, of very considerable interest. It helps, in particular, to clear up a point which had puzzled me a good deal, as to how, in view of its own financial situation, the United Kingdom expects to be in a position to give extensive financial aid to Newfoundland after the war.

I greatly doubt that the Dominions Office is receiving any information which would make it feel that "there is a real danger of Newfoundland electing to link up with the United States." It is quite true that there is not the long-established suspicion of the United States that there is, and has been for so long, with respect to Canada; that union with the United States would give Newfoundlanders an assured market for their fish which they could not hope to get by entering the Canadian Federation; that there is a large Irish element in Newfoundland that has no strong feeling of loyalty to the British connection; that Mr. H. M. S. Lewin, General Manager of Bowaters, Limited, and a very influential man on the West Coast, and a number of others have occasionally stressed the advantages of union with the United States; that a large number of Newfoundlanders have found a livelihood in the United States, particularly in the New England States; and that, undoubtedly, if the question ever arose, the attractions of tying-up with the powerful, rich and progressive American Union would have a very powerful appeal. I do not think, however, that the question has ever been seriously considered in Newfoundland and would rather be inclined to think that the United Kingdom officials were greatly exaggerating the possibility.

I would hope, also, that if the proposal outlined to borrow one hundred million dollars from Canada to be furnished to Newfoundland for road building and other development projects is made, it will receive scant consideration. If such a thing were agreed to, it would be a gift rather than a loan, would give rise to little gratitude and take away the meagre bargaining powers that we have.

Yours sincerely,

J. S. MACDONALD

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<sup>58</sup>Voir la pièce jointe, document 74.

<sup>58</sup>See enclosure, Document 74.

83.

PRO/DO 35 1343/N402/32/X/J7902

*Le haut commissaire de Grande-Bretagne au secrétaire aux Dominions*  
*High Commissioner of Great Britain to Dominions Secretary*

TELEGRAM 3046

Ottawa, December 9, 1944

TOP SECRET. Following for Clutterbuck. Your letter of 17th November. Newfoundland.

1. Thank you for this full information. There are no special points on which I would like further information or ammunition.
2. I do not think that the early part of the note entitled "The Approach to Canada" is entirely fair to the Canadian point of view. But this is not a matter of great importance and I only mention it because I do not wish silence to be taken as meaning that I agree with every phrase and emphasis in that note. In general the note is true enough.
3. My main comment on the proposals from point of view of our relations with Canada is the same as the one which I made in London. Whilst there is presumably no question of the development fund going into actual operation before the end of Stage II, heavy drawings on it may be expected in early years of Stage III.<sup>59</sup> As I understand the position we shall then be hoping to borrow Canadian dollars from Canada up to the maximum of our capacity to repay, in order to import essential foodstuffs, etc., from Canada. Any borrowing for additional purposes will reduce by that much our capacity to take Canadian imports. This would not perhaps be very serious, if this other borrowing was limited to small amounts. But the 100,000,000 dollars proposed for Newfoundland seems, judging by the sort of figures which were being spoken about tentatively for Stage III while Keynes was here, to be a considerable fraction of the total. Even if only a proportion of it is spent in the first few years, this proportion is likely to be a largish sum. The Canadians might well see objection to a proposal which would involve them lending us this money for a purpose other than buying Canadian supplies. During the Keynes talks Dr. Clark and others showed a great deal of anxiety that our purchases from Canada in Stage III should be as large as possible, in the interests not only of reciprocal Anglo-Canadian trade but of Anglo-Canadian relations generally.
4. I mention this so as to emphasize the point again. I realize that in your view and that of the Newfoundland Government, the possible alternative proposal of Canada putting up the whole or part of the loan to Newfoundland is politically impracticable. If the Canadians make this proposal, I shall report back to you.
5. I am in favour of telling the Canadians about these Newfoundland proposals as soon as possible after Cabinet have taken their decision. The final financial settlement regarding Stage II will probably not have been reached by then. But

<sup>59</sup>Les étapes en question faisaient partie du programme de reconstruction d'après-guerre de Grande-Bretagne auquel le Canada devait participer.

<sup>59</sup>These stages were part of Great Britain's post-war reconstruction programme in which Canada was to participate.

in any case I am in favour of mentioning these Newfoundland proposals to the Canadians before that agreement is concluded, otherwise they may complain that we withhold from them something which, though it has no direct bearing on the financial problem of Stage II itself, is intimately concerned with our financial arrangements with them at a slightly later date. One of the arguments which is making Ministers and officials consider sympathetically our proposal that they should, by one means or another, give us the money for our requirements in Stage II is that we want to keep our borrowing power for financing Canadian imports into the United Kingdom in Stage III.

6. For your own information, the Newfoundland proposals were mentioned privately and informally to Keynes at end of last week. I thought that he should have this problem at the back of his mind and be made aware of all contingent liabilities in Canadian dollars. He will not, however, take the matter up at home until brought into it by the Treasury or you.

7. My only other comment on the proposals is that I think it doubtful whether the United Kingdom Trade Commissioner in Newfoundland (a post which does not of course exist as such at present) would be altogether suitable as one of the members of the proposed Joint Development Board in so far as Canadian assistance in some form is a prerequisite. Such an appointment to the Board might be somewhat suspect here in view of the primary function of our Trade Commissioner service.

84.

PRO/DO 35 1343/N402/32/X/J/7902

*Le secrétaire aux Dominions au haut commissaire de Grande-Bretagne*  
*Dominions Secretary to High Commissioner of Great Britain*

TELEGRAM 2659

London, December 11, 1944

TOP SECRET. Your telegram No. 3046 of 9th December. Following from Clutterbuck. Most grateful for your comments which we shall of course bear very much in mind in further consideration of matter here.

2. You will understand of course that scheme must be regarded as still in tentative stage as we have not yet obtained the Chancellor's concurrence, still less that of the Cabinet. Secretary of State hopes very soon to discuss further with the Chancellor, with a view if possible to clearing ground for submission to the Cabinet, but it may be some time yet before he is in a position to ask you to explain matters to Canadians. We hope that latter will not press you in the meantime, but if they do it would we think be wiser not to give them any inkling of our proposals, even off the record, until you hear further from us, since it is very difficult to forecast what may be result of Ministerial discussions here, and we are by no means yet on firm ground.

85.

PRO/DO 1342/N402/29/X/J/7897

*Extrait d'une lettre du secrétaire de la Commission  
pour Terre-Neuve au Dominions Office<sup>60</sup>*

*Extract from Letter from Secretary, Commission of Government  
of Newfoundland, to Dominions Office<sup>60</sup>*

St. John's, December 29, 1944

...

Everyone is wondering what is delaying the S[ecretary] of S[tate]'s announcement and hope it is not an obstacle on the Treasury side.

...

86.

2828-40

*Le haut commissaire de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner of Great Britain to Under-Secretary of State  
for External Affairs*

851/26

Ottawa, January 30, 1945

Dear Mr. Robertson,

As promised on the telephone, I enclose for your information a copy of the telegram from the Dominions Office containing the text of the statement made in the House of Lords by Lord Cranborne to-day on the subject of Newfoundland.

Yours sincerely,

MALCOLM MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire aux Dominions au haut commissaire de Grande-Bretagne  
Dominions Secretary to High Commissioner of Great Britain*

TELEGRAM 173

London, January 29, 1945

IMPORTANT. TOP SECRET. My immediately preceding telegram. Following for Machtig. Following is text of reply to be made by the Secretary of State, Begins: When the Noble Lord asked me a similar question in the Autumn, I said that I hoped to make a further statement about Newfoundland in the near future. At that time it was generally expected that the war with Germany might come to an end at an earlier date than now seems probable, and that we might be in a position not only to establish but to set in motion machinery during 1945 to enable Newfoundlanders to examine the future of the Island and to express their considered views as to the form of government they desire, having regard to the

<sup>60</sup>St. John Chadwick.

Island's financial and economic condition. The delay in achieving victory in Europe has unhappily affected the position adversely in two ways. First it must inevitably postpone the setting in motion of the machinery for deciding the constitutional future of the Island, for that must await the end of the war in Germany, and secondly it equally precludes any immediate attempt to forecast the economic prospects of the Island after the war. In view of this new situation, which H.M. Government deeply regret, it is clearly necessary to readjust our time-table.

I have always contemplated that the further statement which I had promised to make to Parliament must be a balanced one, that is to say that it should not be confined to matters of machinery but should deal broadly with reconstruction needs, and afford at least a starting point from which Newfoundlanders might be able to arrive at some assessment of their economic prospects in the immediate post-war period. It has been the clearly expressed view of Parliament here, and I think generally recognised in Newfoundland, that when the Newfoundland people come to pronounce on the constitutional future, much must depend on the degree of confidence with which they will be able to count on the Island continuing to be self-supporting in normal peace-time conditions. It would be unfair to expect them to come to a decision on the constitutional issue without full discussion of how they are likely to stand, financially and economically, when the present wartime activities cease. Indeed, a clear understanding of their economic future must be, quite evidently, an essential factor in any decisions or discussions by Newfoundlanders as to their constitutional future. But many of the factors of which account will have to be taken by them in reaching any economic or financial assessment of the Island's future are still speculative and hypothetical.

I have therefore come to the conclusion that the wiser course would be to recognise the realities of the war situation and to defer the production of detailed proposals until later in the year, when the situation should be clearer. I shall in any case aim at making a statement in good time before the moment comes for the setting up of machinery to enable Newfoundlanders to examine these questions for themselves.

Much as H.M. Government regret this inevitable postponement, I need hardly say that it will not interfere in the slightest degree with the progress of the Newfoundland Government's reconstruction plans for the immediate post-war period. These are now in an advanced stage and they will go forward in the normal way. The Newfoundland Government have ample funds for financing any schemes with which progress is likely to be possible in the near future and there will be no question of any such schemes being held up while the Newfoundland people are coming to a decision on the constitutional issue. Indeed a start has already been made with some schemes, notably those relating to fisheries development, and others are ready to be put into operation as soon as war conditions allow. Nor of course will postponement of H.M. Government's detailed statement in any way affect their determination to proceed as early as circumstances permit with the constitutional policy they have already announced. Ends.



87. PRO/DO 35 1343/N402/32/X/L01183

*Le secrétaire aux Dominions au chancelier de l'Échiquier  
de Grande-Bretagne*

*Dominions Secretary to Chancellor of the Exchequer  
of Great Britain*

London, February 20, 1945

My dear John [Anderson],

You will remember my discussing with you last month the interim statement I proposed to make in the House of Lords about Newfoundland. At my request, Ammon postponed his question until the 30th January, and I enclose a copy of the statement which I made on that day in reply to him.<sup>1</sup> You will see that this followed generally the lines of the draft which I sent you in my letter of the 19th January. Emrys-Evans made a statement in similar terms in the House of Commons on the same day, in reply to Questions which had been put down by Gunston, Herbert and Dugdale.

This will, I hope, serve to hold the position for the moment. But I am under increasing pressure both from Parliament and from Newfoundland itself to follow up our main statement of policy — made, with the approval of the War Cabinet, as long ago as December, 1943 — by announcing the Government's detailed proposals [and pressure] is likely before long to reach formidable proportions. Indeed, even since the Interim statement of the 30th January, there have been a further series of Questions in the House of Commons, not in themselves very damaging but all adding to the general restiveness both here and in Newfoundland.

We are of course seriously handicapped in giving any convincing justification for delay by our inability at this stage to refer to the dollar difficulty, except in the most guarded terms. But even if we could come more into the open on this head, this would be unlikely to allay pressure, especially now that the new Colonial Development and Welfare Bill has been through the House of Commons. Whatever our short-term dollar position, Parliamentary and public opinion would, I am sure, never accept a situation under which Newfoundland, alone of the dependent Empire, was to be promised no assistance for reconstruction and development — and this in spite of the special obligations which we have assumed for her welfare. Nor can we continue to say indefinitely that she can carry on for the present from her own resources, since, as a recent Treasury letter indicates, the few reconstruction schemes already approved have in effect mortgaged her existing surplus.

I am sure you will understand that in these circumstances I am most anxious to press forward with my scheme for the Island at the earliest possible moment. I fully recognise the difficulty of sounding the Canadians on my proposals while our Stage II problem is still unsettled, but recent telegrams from our High Commissioner at Ottawa indicate that there is now every prospect of a satisfactory conclusion to these negotiations in the very near future. Once the Stage II prob-

lem is out of the way, I shall, I hope, be able to go ahead with an informal approach to the Canadians about Newfoundland, though the precise time-table will no doubt have to be dependent to some extent on the nature of the case which, we are told, the Canadians are about to develop to us in regard to their trade prospects with the sterling area in Stage III.

Yours ever,

CRANBORNE

88.

PRO/DO 35 1343/N402/32/X/L01183

*Le chancelier de l'Échiquier de Grande-Bretagne  
au secrétaire aux Dominions  
Chancellor of the Exchequer of Great Britain  
to Dominions Secretary*

London, February 27, 1945

My dear Cranborne,

Thank you for your letter of the 20th February about Newfoundland. I realise that you are under considerable Parliamentary pressure on the subject and I should be glad to have a further talk with you as soon as our Stage II problem with Canada is settled. As you know, we have just received the views of the Canadian Government and we shall have to consider fully the very broad questions which they raise before we can make progress with the Newfoundland problem.

I fear that when we come to talk about Newfoundland to Canada, we shall find that it will be a very difficult and delicate discussion.

Yours ever,

JOHN ANDERSON

89.

2828-40

*Mémoire du sous-secrétaire d'État par intérim  
aux Affaires extérieures au Premier ministre  
Memorandum from Acting Under-Secretary of State  
for External Affairs to Prime Minister*

Ottawa, March 2, 1945

Attached is a copy of Departmental memorandum on the Future Political Status of Newfoundland.<sup>†</sup> The occasion for the memorandum is the recent statement in the United Kingdom Parliament by the Under-Secretary of State for Dominion Affairs.

2. An attempt is made, however, in the memorandum to cover the general background of the problem, as well as to summarize recent developments and expressions of opinion in Newfoundland.

H. W[RONG]

90.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 118

St. John's, March 5, 1945

SECRET

Sir,

In recent months, as the approaching termination of the war brings nearer the time when Newfoundlanders must give attention to their future form of Government, I have watched with much interest the growth of a tendency to think, not only in terms of deciding between the retention of the Commission and the restoration of Responsible Government, but also to admit the possibility of a wider solution involving federation with Canada or union with the United States.

2. This latter conception — given the immense economic advantages that would flow from free entry into the United States market, more attractive than ever before because of the development of a fresh fish industry, the already large and prosperous Newfoundland community in the New England States which still maintains many ties with its homeland, the large proportion of persons of Irish extraction in Newfoundland's population, and the favourable impression created by the lavish American spending in the Island — could take on great importance if the United States Government should undertake to fan it, which, however, I would consider most unlikely.

3. In the absence of any such action, considerable attention will undoubtedly be given to the idea of federation with Canada. [ . . . ]

...

7. It is hardly likely that there would arise, spontaneously, a sufficient demand for federation with Canada to lead to the appointment by the proposed National Convention of a delegation to proceed to Ottawa to ascertain if the Canadian Government were willing to admit Newfoundland into Confederation and, if so, on terms that would be acceptable. In these circumstances I have been wondering whether — and it is the general object of this despatch to raise the question now while there is still ample time for full consideration — it would be good policy to take an initiative in the matter.

8. The present would not, for reasons I have outlined in my despatch of September 25th, 1944, be a propitious moment to secure a majority for federation with Canada. We would, however, probably have to wait many years before a really propitious conjuncture of circumstances would arise, e.g. — a Government finding itself facing a depression and financially unable to carry on. Canada itself could hardly escape from the effects of any such depression and public opinion would then be adverse to accepting new commitments. Moreover, if Newfoundland is to enter Confederation there would be many advantages from our point of view in having the matter consummated during the next year or two rather than a

decade hence. It would, at one stroke, solve the contentious matter of post-war military and commercial rights, and possible adherence to the sterling bloc, though it would, at the same time, present us with a difficult problem in dealing with the American Bases on the Island.

9. In the absence of organs competent to express public opinion or a representative press, Gallup poll, or other means of reflecting public opinion, it is quite impossible to judge, with any assurance, whether a majority would likely be registered for the proposal or not. The City of St. John's, which is so largely dominated by Water Street, would probably not view the project with favour. The Managing Director, from whose letter I have quoted, doubts that a majority could be obtained for union in the capital. But the Island as a whole and Labrador would, I think, take a sounder view. It is hardly conceivable that so autocratic a form of Government as the Commission could be continued after this war for democracy and union would rally that large group of persons who desire an elected Government but fear that, as of old, it would misuse its powers. All things considered, I am inclined to think that, if really favourable terms were offered and the very real advantages to Newfoundland of union with Canada — reduced cost of living, freedom of immigration, and perhaps, above all, family allowances — were made known to the people throughout Newfoundland, a large section of opinion would vote in favour of union. At any rate of one thing we could be reasonably sure. We would get a far more favourable and more valuable verdict through a plebiscite of the people than we would ever get through waiting for the return of Responsible Government and having the matter then voted on by the Assembly. Political organization here is rudimentary and backward and Water Street, through control of the exchequer and organization of the two main parties, would have an influence in an elected Assembly far greater than they could have in a free vote of the people themselves.

...

11. It would be desirable to make a careful study of all the effects and implications — legal, constitutional, economic and financial — of Newfoundland entering Confederation so that, if a delegation arrived from the Convention, we would be in a position to set forth terms of federation quickly without having to undertake extensive studies that would give time for enthusiasm to cool off and opposition to get organized.

12. It would be desirable to take means to ensure that the United Kingdom does not, in a sentimental mood, dip down into its meagre resources and provide Newfoundland with a fund for development projects that would make it economically independent and uninterested in the advantages of federation. Such a move has been mooted and may be still under consideration.

13. It would be desirable, also, to give careful thought to the preparation of conditions under which an initiative, if taken, could be taken with the greatest possible prospect of success. It would be important that the initiative be taken by Newfoundland so that there would be no shadow of support for opponents who assert that the "big Canadian wolf" was at last preparing to gobble little Newfoundland. It would be important, also, if not indeed, essential, that the motion for union have the blessing of the Government of the United Kingdom and that it

be brought forward by a group of leading citizens containing representatives of the three main religious denominations, for the sectarian basis of everything having to do with Government is emphasized here far more than is now usual in other countries. I have it on unimpeachable authority that so influential a figure as Archbishop Roche is opposed to the idea of federation with Canada,<sup>61</sup> the reason assigned being that it would lead to the impairment of his ecclesiastical independence. His attitude would make it all the more necessary that any such move be assured of strong support from the beginning — in which case he would be much less likely to oppose it. Undeniably there is much prejudice and a strong undercurrent of opinion against Canada and Confederation to be overcome. A careful campaign would have to be planned to ensure that the advantages of union were made clear to the people of Newfoundland and measures taken to counter misrepresentation and particularly misrepresentation as to taxation under union. There is no subject on which people here are so benighted and so easily misled. Incredible as it may seem, a large mass meeting was held on Bell Island yesterday to protest the granting of Municipal Self-Government on the ground that it would mean the imposing of taxes. Strong teams would have to be organized under the direction of a Central Committee to see that the whole Island was covered and particularly the Outport areas which should benefit most by union and that clear, comprehensive and consistent arguments were put before the people in terms that they understand.

14. All these points and many others will come up for detailed consideration later if the general idea of taking an initiative in this matter commends itself to you. It would be some months, of course, before any necessity of making a public decision will arise. The United Kingdom does not seem to be in any hurry to change the present system and may even be contemplating maintaining its trusteeship until questions of post-war military and civil aviation rights and the composition of the post-war sterling bloc are settled. I would suggest, however, that preliminary consideration be given to this whole question in the next few weeks so that, if it looks to be worth exploring further, an informal conversation might be held between the Prime Minister and Mr. Winter when he is in Ottawa in the middle of April to discuss the Confirming Acts.

I have etc.

J. S. MACDONALD

<sup>61</sup>Comparez avec le document 58.

<sup>61</sup>Compare with Document 58.

91.

2828-40

*Extrait d'un mémorandum du sous-secrétaire d'État par intérim  
aux Affaires extérieures au Premier ministre*  
*Extract from Memorandum from Acting Under-Secretary of State  
for External Affairs to Prime Minister*

SECRET

Ottawa, March 21, 1945

DESPATCH NO. 118 OF MARCH 5TH FROM  
THE HIGH COMMISSIONER  
THE QUESTION OF NEWFOUNDLAND JOINING FEDERATION

2. The policy of the Canadian Government, as implied in your statement to Parliament on July 12th, 1943, has been to leave the initiative in the matter of federation to the people of Newfoundland. The question raised by Mr. Macdonald is simply whether Canada should not consider taking the initiative to the extent of making a generous offer which might be decided upon by the people of Newfoundland when the question of the future status of the Island comes up for a decision — a decision is likely within a few months after termination of hostilities in Europe.

3. It is suggested:

(a) That Mr. Macdonald's despatch should be circulated to the members of the War Committee of the Cabinet.

(b) That the question raised might be a subject of discussion by the War Committee at an early date. If discussion were decided on, members of War Committee should be supplied with appropriate memoranda in advance of discussion.

(c) That you might see Mr. Winter on his visit here, the understanding being that he might raise the question if he wished.<sup>62</sup>

<sup>62</sup>Il n'y a pas d'indication quant à la réaction du Premier ministre. De toute façon, il n'a pas eu d'entretien avec M. Winter.

<sup>62</sup>There is no record of the Prime Minister's reaction. He did not see Mr. Winter during his visit.

92.

2828-40

*Mémoire de l'adjoint spécial du sous-secrétaire d'État  
aux Affaires extérieures au sous-secrétaire d'État  
par intérim aux Affaires extérieures*<sup>63</sup>

*Memorandum from Special Assistant to Under-Secretary of State  
for External Affairs to Acting Under-Secretary of State  
for External Affairs*<sup>63</sup>

SECRET

[Ottawa,] May 7, 1945

CONVERSATIONS WITH THE HONOURABLE H.A. WINTER,  
COMMISSIONER FOR JUSTICE AND DEFENCE ABOUT  
THE FUTURE STATUS OF NEWFOUNDLAND<sup>64</sup>

On several occasions during his visit Mr. Winter expressed the opinion that the only rational solution of the Newfoundland problems was union with Canada. He felt that the opposition to it was based largely on bad history and misconceptions of the economic results which might follow union. Many Newfoundland businessmen, however, were beginning to think more and more of union as the best way out. He deplored the attitude both in Canada and Newfoundland that the subject should not be discussed openly.

While Mr. Winter did not reveal the United Kingdom's proposals in detail, I gathered that they envisage the following:

- (a) a large grant, which would be payable over a period of years;
- (b) a constitutional convention composed of elected delegates to be called some time after the cessation of hostilities in Europe;
- (c) the constitutional convention to discuss:
  - (i) continuation of the Commission of Government;
  - (ii) return of responsible government;
  - (iii) possibly other alternatives.
- (d) the decision of the constitutional convention to be placed before the people, possibly by plebiscite.

*It seems clear the United Kingdom proposals do not contemplate placing before the convention the question of union with Canada.*

Mr. Winter is apprehensive that the question of union with Canada may go by default and that the door will be effectively barred against union if the question is not brought up for discussion before the election of a constitutional convention. He thinks it might be fatal to wait for the establishment of responsible government before raising the matter, especially if return of responsible government were accompanied by a large loan from the United Kingdom. He feels that some overture should first be made by Newfoundland to Canada, in order to explore the possibilities, but he is not clear as to the appropriate steps.

<sup>63</sup>J. E. Read

<sup>64</sup>Comparez avec le document 946 du volume 1.

<sup>64</sup>Compare with Document 946 of Volume 1.

Mr. Winter asked whether I thought union would be seriously considered by Canada. I read to him the Prime Minister's statement in Parliament of July 12, 1943, the relevant passage of which is:

"If the people of Newfoundland should ever decide that they wish to enter the Canadian federation and should make that decision clear beyond all possibility of misunderstanding, Canada would give most sympathetic consideration to the proposal."

Mr. Winter asked what terms might be expected, assuming the readiness of Newfoundland to enter union. I said that no one was in a position to give him any authoritative answer on this point since obviously the terms would be, in part at least, a matter of mutual agreement. I pointed out, however, that in my opinion the financial terms applicable to the original provinces, or given to the provinces which entered later, did not suit Newfoundland's position in view of its substantially lower taxable capacity than that of the existing provinces. I explained, however, that these terms no longer suited the needs of the existing provinces and that it was probable that an effort would be made to amend these terms at a provincial conference before long.

I explained the financial recommendations of the *Sirois Report*,<sup>65</sup> and said that although the Report had not been adopted in full it was partly in effect for the duration of the war. I said that although I did not know what proposals the Dominion would make to the provinces at a provincial conference, my guess, for what it was worth, was that something along the lines of the *Sirois Report* would be proposed. I said, however, that in view of the extension of Dominion welfare services, such as Children's Allowances, and in view of the profound changes in the Canadian economy since the publication of the *Sirois Report*, and in view of the general acceptance of the principle that the Dominion must assume responsibility for maintaining employment, the specific grants to the provinces recommended by the *Sirois Report* were probably no longer suitable to the needs of the provinces. I expressed the opinion that if the fundamental principle of the *Sirois Report*, that the provinces should be provided with adequate revenues to enable them to provide services on average Canadian standards without heavier than average taxation of the people, became the accepted rule in financial relations between the Dominion and the provinces, Newfoundland's financial needs could be easily met, assuming of course union were acceptable to both parties.

Mr. Winter was much interested in the effect on the provinces of Dominion welfare services, such as Children's Allowances and Old Age Pensions, and he asked if I could give him any idea as to the amounts that might be payable to the people of Newfoundland if Newfoundland were to enter federation. I gave him a rough calculation, based on payments by the Dominion to the Maritime provinces, the area whose people are probably the most comparable in the matter of age groups with the people of Newfoundland.

R. A. M[ACKAY]

<sup>65</sup>Canada, *Rapport de la Commission royale des relations entre le Dominion et les provinces*. (Rapport Rowell-Sirois). Ottawa: Imprimeur du Roi, 1940.

<sup>65</sup>Canada, *Report of the Royal Commission on Dominion-Provincial Relations* (Rowell-Sirois Report). Ottawa: King's Printer, 1940.



93.

2828-40

*Le secrétaire d'État par intérim aux Affaires extérieures au  
sous-secrétaire d'État aux Affaires extérieures<sup>66</sup>*

*Acting Secretary of State for External Affairs to  
Under-Secretary of State for External Affairs<sup>66</sup>*

TELEGRAM D-137

Ottawa, May 7, 1945

TOP SECRET. Following from Read to Robertson, Begins:

1. Our confidential information is that United Kingdom has under consideration large loan to Newfoundland for purposes of reconstruction and that question of future status is likely to be placed before the people of Newfoundland by means of an elected constitutional convention. Date of convention is apparently not settled, but presumably it would not be until after return of Service personnel. Alternatives to be placed before constitutional convention apparently do not (repeat not) include question of union with Canada.

2. If constitutional decision is made in prospect of a large loan question of union with Canada is likely to be shelved indefinitely.

3. A large loan to Newfoundland by the United Kingdom might be prejudicial to Canadian interests. If the loan were in dollars it would complicate settlement of financial accounts between the United Kingdom and Canada. If the loan were in materials it might seriously impair Canadian markets in Newfoundland.

4. It is suggested that incorporation of Newfoundland in federation would not (repeat not) under present circumstances be financially difficult. The Newfoundland sterling debt of \$85,000,000 could be taken over by means of credit extended to the United Kingdom. Financial relations with Newfoundland could be adjusted on similar terms to those likely to be offered the provinces in the expected conference with the provinces. A rough estimate indicates that the net annual cost to Canada for subsidies and extension of Dominion services might be about \$3,000,000 to \$4,000,000 exclusive of cost of taking over Newfoundland debt.

5. It is submitted that union would remove difficulties about assuming post-war defence obligations in the Newfoundland region and would facilitate arrangements for civil aviation. It should also be of advantage in dealing with Fisheries problems.

6. Our information is that there is growing interest in union among responsible people in Newfoundland, and it is thought that if Newfoundland could expect good financial terms from Canada interest in union would be stimulated.

7. The relevant passage on Canadian policy from the Prime Minister's statement in Parliament on July 12, 1943 reads:

"If the people of Newfoundland should ever decide that they wish to enter the Canadian federation and should make that decision clear beyond all possibility of

<sup>66</sup>N. A. Robertson était alors à la Conférence de San Francisco.

<sup>66</sup>N. A. Robertson was then at the San Francisco Conference.

misunderstanding, Canada would give most sympathetic consideration to the proposal.”

8. It is thought that the Prime Minister might wish to raise the matter with Lord Cranborne.

94.

2828-40

*Le sous-secrétaire d'État aux Affaires extérieures  
secrétaire d'État par intérim aux Affaires extérieures*

*Under-Secretary of State for External Affairs to  
Acting Secretary of State for External Affairs*

TELEGRAM H-265

San Francisco, June 2, 1945

Following for Read from Robertson, Begins: Your telegram D-137 of May 7th. Prime Minister did not have an opportunity before leaving San Francisco to discuss the questions relating to Newfoundland which were raised therein. Could you ascertain whether he wishes me to take the matter up informally with Cranborne. Ends.

95.

2828-40

*Mémoire du sous-secrétaire d'État par intérim  
aux Affaires extérieures au Premier ministre*

*Memorandum from Acting Under-Secretary of State  
for External Affairs to Prime Minister*

TOP SECRET

Ottawa, June 4, 1945

1. On May 7 telegram No. D-137 was sent to Mr. Robertson at San Francisco suggesting that you might wish to raise with Lord Cranborne the question of the future status of Newfoundland.
2. A telegram has now been received from Mr. Robertson saying that you did not have an opportunity to do so, and asked whether you wish him to take up the matter informally with Lord Cranborne.<sup>67</sup>
3. Copies of our telegram No. D-137 of May 7 and of Mr. Robertson's telegram No. H-265 of June 2 are attached.

J. E. READ

<sup>67</sup>La note suivante était écrite sur ce mémorandum:  
Mr. Robertson. I did speak of this — but do not regard present as right moment to follow up. K [ING]

<sup>67</sup>The following note was written on the memorandum:

96.

2828-40

*Le sous-secrétaire d'État associé aux Affaires extérieures au  
sous-secrétaire d'État par intérim aux Affaires extérieures*  
*Associate Under-Secretary of State for External Affairs to  
Acting Under-Secretary of State for External Affairs*

CONFIDENTIAL

San Francisco, June 6, 1945

Dear Mr. Read,

When sitting next Lord Cranborne at dinner last night the conversation turned from the problems of Palestine to the problems of Newfoundland. He agreed with my remark that Newfoundland was the "problem child" of the Dominions Office and said that some new steps would have to be taken without much delay. He referred to the considerable interest in the House of Commons in the status of Newfoundland, adding that there was a strong feeling that the present system of commission government over a people of purely British stock was repugnant to a great many members.

He went on to say, however, that nothing would be done by the United Kingdom Government until the political situation at home had been cleared up by the election, although before the end of the European war they had had it in mind to consult the people of Newfoundland during the course of this year on a change in their government. His information was to the effect that the most popular course in Newfoundland would probably prove to be some half-way house between full responsible government and the present state of affairs.

I mentioned at that point that we had had during the last few months a number of intimations that there was a growing interest in the possibility of ultimate union with Canada on the part of certain responsible and intelligent Newfoundlanders. While there was still strong public opposition to any such prospect, there seemed to be a possibility that opinion was beginning to change in this direction so that, if given time, a majority might come to favour the admission of Newfoundland to the Canadian Confederation. There was no ardent public desire inside Canada for such a solution but if the people of Newfoundland came to the point of fulfilling the conditions set forth in the Prime Minister's statement of July 1943 I was confident that a union with Canada would be accepted by the Canadian people. He was interested to hear that the antipathy of Newfoundland towards union with Canada seemed to be receding and I should judge that he personally feels that this would be the most satisfactory outcome from the point of view of the United Kingdom Government.

I then touched on the question of financial assistance and mentioned our unavoidable involvement in any measure of financial assistance which the United Kingdom might extend to Newfoundland in view of the existing dollar-sterling position. He said that they had had this matter under consideration in London but that it had always been their intention to discuss with us in advance any plans for new loans or subsidies between the United Kingdom and Newfoundland. I remarked that I thought it important that discussion should take place at an early stage before they had determined on a settled policy and particularly before any

publicity had been given to their intentions in Newfoundland itself. He appeared to be fully in accord with this view. He was interested to learn that we had made some rough and informal estimates of the volume of financial assistance which Newfoundland was likely to require to bring their social and educational services up to minimum Canadian standards.

I remarked that there was a natural tendency in Newfoundland greatly to overrate their importance, especially in connection with aviation. He observed that Newfoundland was unlikely to remain a transit station of any significance on international air routes and thought that the principal traffic would be local with some possibility of a considerable expansion of tourist traffic for fishing and other forms of sport. He seemed to be under the impression that if union with Canada were to take place there would be little difficulty in arranging for the relinquishment by the United States of their rights in the leased bases. I replied that I believed there might be very substantial difficulties in this regard, especially in view of the very heavy investment made by the United States Government in the installations at Argentia and Stephenville.

It would be unwise to ascribe great significance to a casual dinner table conversation. I think, however, that it would be useful for you to pass on copies of this letter to the High Commissioners in London and Newfoundland as well as to the Prime Minister.<sup>68</sup>

Yours sincerely,

H. H. WRONG

97.

2828-40

*Extraits d'un mémorandum de l'adjoint spécial du sous-secrétaire  
d'État aux Affaires extérieures<sup>69</sup> au sous-secrétaire  
d'État par intérim aux Affaires extérieures*

*Extracts from memorandum from Special Assistant to Under-Secretary  
of State for External Affairs<sup>69</sup> to Acting Under-Secretary  
of State for External Affairs*

TOP SECRET

Ottawa, June 29, 1945

CONVERSATION WITH MR. J. B. MCEVOY OF NEWFOUNDLAND, ON  
THE QUESTION OF NEWFOUNDLAND'S JOINING FEDERATION<sup>70</sup>

1. Mr. J. B. McEvoy is a Newfoundland lawyer who in ten years has built up probably the most lucrative practice on the Island. He is solicitor for most of the leading Water Street merchants and apparently also for the Bowater Pulp and Paper Company. He is also interested in certain Newfoundland business enterprises, including Nova Motors, the largest automobile agency, of which he is President, and Steers Limited, one of the largest mercantile houses, of which he is

<sup>68</sup>Ceci fut fait.

<sup>68</sup>This was done.

<sup>69</sup>R. A. MacKay.

<sup>70</sup>Voir aussi le document 140 et l'appendice E.

<sup>70</sup>See also Document 140 and Appendix E.

a director. I have known Mr. McEvoy for some fifteen years, and have a high opinion of his general ability and native shrewdness in business matters and in his capacity as a "rough and tumble" political fighter. He is a forceful and effective public speaker among Newfoundland audiences. Mr. McEvoy, I should judge, has real capacity as an organizer and leader of a movement.

2. Mr. McEvoy observed that there is considerable apprehension among a few of his business friends, including, I gather, the management of two paper companies — Bowaters and the Anglo-Newfoundland Development Company — as to the possibility of the development of currency blocs, and in that event they fear that Newfoundland will be drawn in to the sterling bloc. The bait might be a large sterling loan. He thinks such a development would in the long run be disastrous for Newfoundland, and he intimated that the paper companies, although financed by United Kingdom capital, would be strongly opposed since their markets are now very largely in the United States and Latin America. Mr. McEvoy suggested that he and some of his friends were prepared to fight such a development vigorously.

3. Mr. McEvoy has long been a supporter in private of federation, and, indeed, he thinks there is no hope for Newfoundland in the long run otherwise. He has not publicly supported federation, and perhaps not in private except among very close friends, largely for business reasons, as most of his clients on Water Street are strongly opposed to federation. As far as he knows, only two prominent Water Street businessmen, Mr. C. C. Pratt,<sup>71</sup> President of Steers Limited, and the Honourable Mr. Munro, President of Munro Export Company and the only surviving former Prime Minister, are supporters of federation. Mr. McEvoy feels, however, that the question has never been fairly presented to the people of Newfoundland, and he is strongly of the opinion that federation would sweep Newfoundland (1) if the people were informed about Dominion social services, and particularly about Children's Allowances, (which would bring to Newfoundland a larger net return than the fishing industry had done in some years); and, (2) if Newfoundland could obtain a reasonable financial deal with the Dominion so that it could carry on as a province. Present financial arrangements with the provinces, he thinks, would by no means meet Newfoundland's needs. He said that, of course, most of the Water Street merchants would be opposed to federation, as well as the two St. John's papers. The opposition of Water Street might however be an asset as far as winning a popular vote is concerned.

4. Mr. McEvoy would, I think, be more than willing to take a stand and organize a group to lead a movement for federation if there was assurance that the Canadian Government would be willing to accept Newfoundland. Such a step would be a considerable personal sacrifice; he felt that since most of his clients are on Water Street he would probably lose fifty to seventy-five percent. of his professional business. He intimated that he and his friends felt that the Prime Minister's statement in Parliament of July 12, 1943 [was] too indefinite for them to take action upon: in the first place, he felt it does not commit Canada to taking Newfoundland into federation, even if the Newfoundland people were over-

<sup>71</sup>Comparez avec l'attitude de M. Pratt démontrée dans les chapitres IV et V.

<sup>71</sup>Compare with Mr. Pratt's attitude as reflected in Chapters IV and V.

whelmingly in support; in the second place, it makes no suggestion of possible terms. Under these conditions he felt he and his friends had no solid ground on which to base a movement for federation.

5. He felt, also, that there was grave danger of "missing the boat" unless Canada took some initiative in the matter shortly. The United Kingdom was likely to make an offer to the Newfoundland people which might be attractive in the absence of other alternatives, and if a decision were taken it would be more or less irrevocable, at least for a considerable period. He felt that the return of responsible government might delay rather than hasten union, since if autonomy were restored people would be most reluctant to give it up again. He is strongly against the return of responsible government, and, I gather, his friends are as well. They would prefer the continuation of Commission government in view of the precarious financial future of the Island as a separate political entity.

7. Mr. McEvoy hinted that he and his friends could find enough funds for a vigorous campaign in support of federation and that one of the first steps would be to establish a rival paper in St. John's.

98.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 223

St. John's, July 4, 1945

Sir,

I have the honour to report that, in the course of the last few weeks, Major Peter J. Cashin, who was Minister of Finance in the Squires Government and who has recently returned to Newfoundland, made a series of three broadcasts which have evoked considerable interest in Newfoundland. These broadcasts were not published in the local press. They have, however, now begun to appear in *The Fishermen's Advocate* of Port Union. I enclose, herewith, three copies of the first broadcast which may be of interest, particularly to the Department of Finance and the Bank of Canada.

2. In this broadcast Major Cashin touches on some of the events leading up to the abandonment of parliamentary government in Newfoundland. You will note that he credits the Bank of Montreal with the idea of abolishing responsible government and installing a Commission to run Newfoundland affairs. A further point of considerable interest is his statement that, if the Canadian banks doing business in Newfoundland had been required to honour their obligation to pay depositors in gold in 1931, the depositors would have received not only twenty-five million dollars in gold at that time but, through the upward revaluation of gold, an additional twenty million dollars today.

3. I will forward copies of the two additional broadcasts as soon as the texts are available.

4. Major Cashin has let it be known that he has been considerably handicapped in expressing his views by the application of censorship on the part of the radio authorities. I am told, however, by a member of the Newfoundland Broadcasting Commission that what he desired to say concerning particular individuals was so abusive and vituperative that it went beyond what could in common decency be allowed to be broadcast and for this reason was suppressed. Generally speaking, Major Cashin appears to be regarded as a rabid and not very substantial character although a few people with whom I have spoken regard him as an honest and outspoken champion of the common man.

I have etc.

J. S. MACDONALD

99.

2828-40

*Mémorandum du secrétaire du Comité de travail sur les problèmes d'après-guerre<sup>72</sup> au sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum from Secretary, Working Committee on Post-Hostilities Problems,<sup>72</sup> to Associate Under-Secretary of State for External Affairs*

SECRET

Ottawa, July 7, 1945

QUESTION OF A RECOMMENDATION TO THE CABINET ON THE  
FUTURE RELATIONS BETWEEN CANADA AND NEWFOUNDLAND

Mr. MacKay and I have discussed the paper approved by the Advisory Committee on the post-war defence of Newfoundland and Labrador (C.P.H.P. (44), of December 28th),<sup>73</sup> in the light of your suggestion that this paper might form part of a recommendation on the general question of future relations between Canada and Newfoundland.

We agree that the paper as it stands is not a sufficient basis for recommendation to the Cabinet on Newfoundland at the present time. Since the paper was approved two important issues have arisen, namely, the question of the civil use of Canadian defence properties after the war and the approaching decision regarding the constitutional position of Newfoundland.

The C.P.H.P. paper considered in detail alternative ways of approaching the problem of securing adequate defence rights for Canada in Newfoundland after the war, including the right for Canadian armed forces to "reasonable freedom of action and movement into, from and within the territory of Newfoundland and Labrador during peace as well as war."

Discussions have already taken place informally through Mr. Winter on the subject of Canadian defence rights arising out of the Confirming Acts. We have been asked to postpone action in the Confirming Acts pending agreement

<sup>72</sup>George Ignatieff.

<sup>73</sup>Voir le volume 1, documents 942 et 948.

<sup>73</sup>See Volume 1, Documents 942 and 948.

between the Canadian-Newfoundland Governments on the civil use of defence properties after the war. In a letter drafted for Mr. Robertson's signature it is proposed to suggest to the Newfoundland Government that we should agree to the postponement on the understanding, among other things, that the whole question of the Canadian defence interests in Newfoundland should be the subject of discussions between the two Governments within the next twelve months. If this letter is approved for despatch to the Newfoundland Government, it will make a good deal of the discussion in the P.H.P. paper unnecessary.

A more important issue, however, is raised by the prospect that within the next few months the people of Newfoundland are likely to be asked to vote on the question of their political future. Canadian policy with respect to Newfoundland joining federation has been to leave the initiative to Newfoundland. It is suggested that we should consider very carefully whether Canada should not take the initiative by making a general offer in advance of any discussion by the Newfoundland people on their future political status. Union would remove all constitutional difficulties with respect to defence and civil aviation.

Rather than treat the various aspects of the post-war relationship between Canada and Newfoundland in a piecemeal manner, therefore, it seems desirable that any recommendations relating to defence questions as well as to the post-war civil use of defence properties should be submitted to the Cabinet as a part of a paper outlining recommendations in general terms regarding the post-war relations between Canada and Newfoundland. Such a paper would presumably have to be prepared within the Department.

Do you think that a discussion between yourself, Mr. MacKay and myself might be useful in the first instance?

100.

2868-D-40

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Under-Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

Ottawa, July 9, 1945

Dear Mr. Macdonald,

Your thoughtful despatch No. 216 of June 26<sup>1</sup> has been carefully read in the Department and copies have been sent up higher.

I agree with you that the time has come when we should carefully reconsider our whole Newfoundland policy. A number of issues will have to be dealt with in the near future, among them: civil aviation; the extent of our defence responsibilities in the Newfoundland-Labrador region and the arrangements with Newfoundland to enable us to fulfil them; the problem of providing dollar exchange for the United Kingdom, which would be complicated if the United Kingdom were to make an offer of financial assistance to Newfoundland.



The root question is whether we should proceed to deal with these matters piecemeal, or whether we should definitely look forward to the incorporation of Newfoundland, and deal with these issues accordingly. Some could, no doubt, be postponed, though some could probably not await decision on the larger issue. But policy even on such issues should be governed by long-range objectives.

On the whole, federation would appear to be the only rational solution of Newfoundland's financial problem. There appears to be little prospect that Newfoundland can carry on for any long period without financial assistance in one form or another, either from the United Kingdom or ourselves. As far as one can see, Newfoundland as a province would be an additional, though not a heavy, burden on the Canadian tax-payer in other provinces. On the other hand, the availability of Newfoundland is essential for Canadian defence. Union would simplify the problem of political arrangements for defence purposes, which may otherwise be difficult to work out. As you suggest, the advantages to Canada of Union would be largely intangible, though they might be none the less real and substantial.

Hitherto we have gone on the assumption that the initiative for Union must come from Newfoundland, and that no initiative can be expected until the return of responsible government. It is possible that the return of responsible government might be long delayed. It is also possible that the re-establishment of responsible government might mean that the question of federation would be shelved indefinitely, or at least until the next depression.

One serious difficulty heretofore has been that the formula for financial relations between the Provinces and the Dominion has been completely inadequate to meet Newfoundland's fiscal needs. A special deal for Newfoundland might thus have given rise to demands from some of the existing provinces for an equivalent deal. It may reasonably be anticipated that the Dominion will offer to the provinces at the forthcoming Dominion-Provincial Conference a completely new deal in financial relations and it is quite possible that the new deal may be much more suitable for Newfoundland than existing arrangements between the Dominion and the Provinces, especially when the new federal programme of welfare services is taken into account. If so, there would be less objection, from the standpoint of internal politics, to taking Newfoundland in.

Assuming that federation would be in Canada's interests, the matter of tactics would still be important. It is possible that we should take the initiative ourselves, rather than leave it to Newfoundland. A possible course might be, to decide in general what terms we were prepared to offer, and to inform the United Kingdom Government accordingly. If the United Kingdom Government were agreeable to Union, as there is good reason to believe it would be, we might then ask that the Newfoundland people be advised accordingly and that the United Kingdom give its blessing to federation. We might stipulate that the question of federation be decided by plebiscite within a reasonable period, say twelve months, and that it be placed before the people quite independently of other issues. We should avoid all participation in the contest.

I should greatly appreciate any further views you may have on the whole matter, and especially your opinion on the question whether or not we should take

the initiative along some such course as that outlined in the previous paragraph. I may say that our Newfoundland policy is under active consideration in the Department and it is felt that if any change is deemed desirable recommendations on the matter should be made shortly.

Yours sincerely,

N. A. ROBERTSON

101.

PRO/DO 35 1344/X/J 7877

*Extraits d'un mémorandum du sous-secrétaire d'État adjoint aux Affaires des Dominions de Grande-Bretagne au sous-secrétaire d'État permanent aux Affaires des Dominions de Grande-Bretagne*

*Extracts from Memorandum from Assistant Under-Secretary of State for Dominion Affairs of Great Britain to Permanent Under-Secretary of State for Dominion Affairs of Great Britain*

London, July 10, 1945

NEWFOUNDLAND

Under the late Government's Statement of Policy of December 1943 we are pledged to make a start with implementing our constitutional programme "as soon as practicable after the end of the war in Europe."

Now that VE day has come and gone, it is possible to see more clearly the dates to which we are likely to be called upon to work.

...

We are thus left with only 3 months in which (a) to square Canada; (b) to square the Treasury; (c) to obtain Cabinet approval. Failing this the alternative will be to confine the proposed statement to the "machinery" alone, and would be unsatisfactory and embarrassing.

As regards Canada, the Secretary of State agreed to put off soundings until the Stage II discussions were concluded, but he made it clear to the Chancellor that as soon as the Stage II problem was out of the way he would wish to take up the question with the Canadians as a preliminary to further discussion with the Treasury (see correspondence flagged below)<sup>†</sup>. The present position is that as a result of the recent talks with the Canadian representatives who came over here specially for the purpose a satisfactory formula has now been accepted by both sides on Stage II. We, for our part, therefore, regard the way as now clear for the broaching of the Newfoundland question.

...

... Apart from the exigencies of our time-table, and from the fact that we shall soon be in danger, through continued delay, of stultifying ourselves on the whole Newfoundland question, the approach recently made to the Secretary of State by Mr. Hume Wrong indicates that the Canadians on their part are anxious about our intentions and would welcome discussions with us. It would seem indeed that they may be thinking themselves of some offer to Newfoundland, or at any rate of

some scheme in which they would help financially, and if this is so, the sooner we know the way their ideas are shaping, the better. Mr. Munro<sup>74</sup> has also told us that the Canadians are somewhat suspicious of the way in which we have remained silent about Newfoundland, and the longer this position drags on the more difficult it may be to conduct the discussions as we would wish. [ . . . ]

I attach on a separate sheet a time-table embodying the foregoing suggestions. If it is approved generally, it might perhaps be well in the interval before 27th July to send a short secret and personal telegram to Mr. MacDonald warning him that we may want to open the matter with the Canadians during August and asking him what part of that month would in his view be likely to be the most convenient for the purpose.

P. A. C[LUTTERBUCK]

102. 2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

SECRET

St. John's, July 14, 1945

Dear Mr. Robertson,

I have your letter of July 9th with reference to the question of future relations between Canada and Newfoundland and have read with much interest your comments on the points I touched on in my despatch of June 26th.<sup>7</sup> In that despatch, and in the previous one to which it referred, I tried to cover all the points that are yet topical and I do not think there is very much I can add.

With reference to your particular enquiry as to whether there would be any advantage in indicating to the United Kingdom now, that we would be interested in having Newfoundland join the Dominion and outlining the terms we would be prepared to offer, my view is fairly clear. The United Kingdom Government is solidly committed to giving the people of Newfoundland an entirely free hand in deciding on their future form of Government. I do not think they would wish to take the responsibility of advising that a new and special solution of the question should now be brought forward. Moreover, we must, I think, take every precaution to ensure that Newfoundlanders do not get the idea that Canada has designs upon them. While it is not a matter on which anyone can pronounce with complete assurance, my feeling is that it would be better not to raise the question with the United Kingdom Government. What we might well do, I think — and especially if the Labour Party should win the election — is to enquire if the United Kingdom Government has any plans respecting the future Government of New-

<sup>74</sup>Conseiller financier, haut commissariat de Grande-Bretagne.

<sup>74</sup>Financial Adviser, High Commission of Great Britain.

foundland. Such an enquiry would tend to prevent us being confronted with some undesirable "fait accompli" that might make our task more difficult or, indeed, upset all our hopes.

It is essential, in my view, to decide, in the course of the next few months, whether we would like to have Newfoundland in the Canadian Federation and if so, the most favourable terms we would be prepared to offer in order to induce them to come in. The fact that the United States' leases have still some ninety-five years to run is, for me, a very serious drawback, circumscribing our freedom of action and placing a serious limitation upon our sovereignty. This, and the other disadvantages I raised in my despatch under reference should, I think, be carefully weighed, before a decision one way or another is reached.

If it be decided to proceed further with the project, then I think the soundest plan would be for me to be authorized, privately and on a personal basis, to suggest to leading citizens of Newfoundland, who I already know to be generally well disposed, to proceed with the formation of a Committee to advocate Union. It would be for them to work up latent public interest in the matter and ensure that, when the Convention meets to consider the future form of Government a motion would be introduced favouring the despatch of a delegation to Ottawa to ask the Canadian Government on what terms Newfoundland could unite with the Dominion.[ . . . ]

It would be unfortunate, I think, if any over-zealous individual should attempt a premature crusade on his own, hoping to capture leadership. I have, therefore, refrained from giving any encouragement to anyone likely to be so minded.

As I have already pointed out I do not expect the Convention to meet before late this year or, perhaps even more probable, early next Spring and the matter could hardly be brought to a conclusion before another eighteen months. Consequently — and this is rather an important point to bear in mind — we cannot postpone the solution of outstanding questions — titles to bases and post-war defence and civil and commercial rights until the constitutional question is solved. It is partly for this reason that I have urged that we go ahead as rapidly as is practicable with the Confirming Acts and the negotiations respecting post-war military and commercial aviation rights. Under the Goose Bay Agreement we are committed to undertake such negotiations within twelve months from the end of the war, and in any case, particularly with regard to commercial rights, public curiosity and the development of aviation programmes would, I think, make it quite impracticable to hold back longer. As I have frequently pointed out, we have little or no bargaining power with Newfoundland and in securing post-war military and commercial rights may, as the United States did, have to have pressure applied by the United Kingdom. At any rate, in the course of these negotiations, we definitely run the risk of stirring up hostile public opinion in Newfoundland. It would seem most desirable, therefore, that the matter be got over with, as far as possible, in advance of the opening of discussions on the Confederation issue. If, of course, we could postpone all these questions, — confirmation of titles, post-war defence and commercial aviation rights — until the question of Federation were disposed of, one way or the other, it would be a

good deal better. I do not see, however, that it would be possible to hold off for so long, particularly with respect to the latter rights. In such circumstances it seems to me that the earlier we put ourselves in a position to proceed with the negotiations the better it will be.<sup>75</sup>

Yours sincerely,

J. S. MACDONALD

103.

PRO/DO 35 1344/X/J7877

*Extraits d'un mémorandum du sous-secrétaire d'État adjoint aux Affaires des Dominions de Grande-Bretagne au sous-secrétaire d'État permanent aux Affaires des Dominions de Grande-Bretagne*

*Extracts from Memorandum from Assistant Under-Secretary of State for Dominion Affairs of Great Britain to Permanent Under-Secretary of State for Dominion Affairs of Great Britain*

London, August 9, 1945

NEWFOUNDLAND

In preparation for discussion with the Secretary of State, I attach the following documents<sup>†</sup>:

...  
2. It will be seen that on the financial side our proposals involve the establishment by legislation here of a Newfoundland Development Fund from which grants could be made for reconstruction and development in Newfoundland up to 100 million dollars over a period of 10 years. At the same time, machinery has been devised under which assistance of this kind could be given to Newfoundland irrespective of the form of Government for which the Newfoundland people may opt when the constitutional issue is put to them next year.

...  
3. These proposals were agreed with the Commission of Government as a result of a special visit by three of the Commissioners to this country for consultations with the Secretary of State last year. Since then there has been considerable discussion with the Treasury on the scheme both between Lord Cranborne and Sir John Anderson personally and also on the official level. By the end of last year the position had broadly been reached that the Treasury would have been prepared to accept our proposals had we been dealing with a country in the sterling area. The currency of Newfoundland, however, is Canadian dollars, of which we shall, of course, be very short for many years to come, and the Treasury have felt that in these circumstances the financial objections to our proposals are overriding. Their main points are:

(i) During the war our expenditure in Canada, which has, of course, far outstripped our dollar earnings, has been financed by Canadian mutual aid. In

<sup>75</sup>Voir le volume I, chapitre I, partie 5, section b, sous-section i et partie 6, sections a, e, f et g.

<sup>75</sup>See Volume I, Chapter I, Part 5, Section b, Sub-section i and Part 6, Sections a, e, f and g.

other words, the Canadians have made available to us at their own expense the goods which we were unable to pay for. This state of affairs will, of course, come to an end immediately the Japanese war ends, but our essential requirements from Canada will nonetheless continue after the war at a level far in excess of our possible earnings of Canadian dollars. The financing of these requirements will clearly be a great strain on us. We shall have to borrow large sums from the Canadian Government and it will be essential if we are to get through our difficulties that these borrowings should be kept at an absolute minimum.

(ii) In this general situation our Newfoundland proposals in practice could only be financed by increasing our borrowings from Canada. This would merely aggravate our balance of payments difficulty and would impose an unfair burden on the British Exchequer.

...

(iv) Not only will an offer to Newfoundland on these lines create a very unfortunate impression in relation to our wider and all-important negotiations with Canada and the United States on Stage III, but difficulty will also be likely to arise with Canada on the score that borrowing for reconstruction in Newfoundland would reduce *pro tanto* our borrowing from Canada to finance our imports from her. In other words, the Canadians could, and no doubt would, argue that borrowing for assistance to Newfoundland could only be at the expense of the Canadian export trade with this country.

4. Nonetheless, we have continued to press our proposals on the Treasury, pointing out that His Majesty's Government have assumed a special responsibility for the welfare of Newfoundland and that difficult as the position may be, the one thing that is clear is that we cannot run away from this responsibility; nor indeed will Parliamentary and public opinion here allow us to do so. [ . . . ]

...

5. In the last two months the position has been further affected by indications that the Canadians themselves are getting a little restive about Newfoundland and suspicious of our intentions. They realise that we must have some plan in mind and they do not understand why we have not taken the matter up with them. Mr. Hume Wrong at San Francisco made an informal approach to Lord Cranborne in somewhat guarded terms which indicated that the Canadians themselves had views, and possibly a plan of their own, to put to us and would welcome discussion before decisions were taken here. He implied also that the Canadian Government might take it amiss if we were, as it were, to overdo our assistance to Newfoundland and put them in so stable a financial position as to preclude any possibility of Newfoundland opinion turning in favour of confederation with Canada. Shortly after this approach Mr. Mackenzie King spoke to Lord Cranborne when the latter paid a short visit to Ottawa on his way home and said he would much like to have a talk with him about Newfoundland.<sup>76</sup> In the event, owing to pressure of time, this was not followed up, but Mr. Mackenzie King's mention of the matter lent point to Mr. Hume Wrong's remarks. The interest now evidently being taken in Canadian Government circles of the New-

<sup>76</sup>Comparez avec la référence 67.

<sup>76</sup>Compare with footnote 67.

foundland problem is significant, and it is clear that both from the financial and also from the political point of view, early discussions with the Canadians are called for.

...

7. It will be seen from document C<sup>†</sup> herewith that the whole question is now very urgent, since it is essential that the Secretary of State should be able to make a comprehensive statement of our proposals as soon as possible after Parliament reassembles in the autumn. Before such a statement can be made, we have to exchange views with the Canadians, hold further discussions with the Treasury in the light of them and obtain Cabinet approval for the course of action which may be agreed. We must also carry the Commission of Government with us in any modifications in our existing proposals which may be decided upon. There is very little time for all this. We understand that the principal Canadian Ministers and officials concerned are engaged at present in the Dominion-Provincial Conference at Ottawa and that it is unlikely that they would be available for talks with us on Newfoundland until about the last week of August. If, however, it is agreed that we should go forward with such talks as soon as we can, there will no doubt be opportunity to discuss further with Mr. Malcolm MacDonald, on his arrival here, the most appropriate time and method of conducting them.

P. A. C[LUTTERBUCK]

104.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 279

St. John's, August 21, 1945

CONFIDENTIAL

Sir,

With reference to my despatch No. 269 of August 6th<sup>†</sup> and earlier correspondence respecting the changed conditions resulting from the accession to power of the Labour Government in the United Kingdom, I have the honour to report that I had a number of intimate talks with Mr. P. D. H. Dunn, Commissioner for Natural Resources, prior to his leaving the country to return to England on August 20th. He had, of course, no direct knowledge of what was in the minds of the Labour Government. He felt, however, that he had probably a better knowledge of Mr. Attlee's views than anyone else in the country, having accompanied him on his railway journeys about Newfoundland at the time of his visit in September, 1942, while he was Secretary of State for Dominions Affairs.

2. On that occasion Mr. Dunn had the opportunity of a number of private talks with Mr. Attlee. He told me, in confidence, that in Mr. Attlee's view, at that time at least, Newfoundland was too small to be a separate political unit. Mr. Attlee thought the ultimate and perhaps, indeed, the proximate destiny of New-

foundland was union with Canada. He said, however, that Mr. Attlee had found in his visits about the country no movement or sentiment in favour of union with Canada and a complete lack of any desire to see democratic government restored or even tried out in municipal affairs through elected Town Councils. Moreover, Mr. Clutterbuck, of the Dominions Office, who had come out with him, had had a three hours' conversation with Archbishop Roche and come away with the definite impression that the Hierarchy was strongly opposed to any move towards closer union with Canada. Mr. Attlee, who had come out partly for a rest and partly to look into the work of the Commission and particularly of the Governor as Chairman, had come to the conclusion that the time was not ripe — it was then the middle of the war and Newfoundland was already enjoying the wave of prosperity which set in with the construction of the military bases on the Island — for any change either in the personnel or in the form of Government.

3. Mr. Dunn inclines to the view that the new Government will go ahead with the plans for the holding of a National Convention partly on the ground that they themselves participated in the discussions as members of the National Government and have no good alternative plan of their own. A further reason, he thought, was that there is at present no party organization or organized group of responsible people in the Island to whom they could turn to form a representative Government, if they abolished the Commission. He felt, in view of the general apathy, a good deal of preliminary work would have to be done before representative institutions could be expected to function normally again. Lord Ammon had told him privately, though, as a Labour man, he could not put it in his report, that Newfoundland needed Commission Government for the next twenty years.

4. Mr. Dunn agreed with the view — which I have already set forth at some length — that the prospect for union with Canada would be a good deal greater under an impartial plebiscite than under a campaign waged by political parties after responsible Government had been restored. He has, moreover, a good deal more confidence than I that, once a National Convention met, a large group would spontaneously put forward union with Canada as one of the questions they should discuss and on which they should seek a decision.

5. Mr. Dunn doubts that the Labour Government will be able to do much for Newfoundland financially and thinks that union between Canada and Newfoundland is, if tactfully handled, a practical possibility in the next few years and would be a benefit to Newfoundland, Canada, and the Empire. It is this latter concept, I feel sure, that has the deepest significance for him.

I have etc.

J. S. MACDONALD



105.

2828-40

*Mémorandum de l'adjoint spécial du sous-secrétaire d'État  
aux Affaires extérieures<sup>77</sup> au sous-secrétaire d'État  
associé aux Affaires extérieures*

*Memorandum from Special Assistant to Under-Secretary of State  
for External Affairs<sup>77</sup> to Associate Under-Secretary of State  
for External Affairs*

SECRET

[Ottawa,] August 30, 1945

1. Some time ago I wrote by hand a personal note to the Honourable H. A. Winter, Commissioner for Justice and Defence in Newfoundland, and sent him a clipping from the *Ottawa Journal*, the purport of which was that union of Newfoundland with Canada was "up to Newfoundland." I sent him also a clipping outlining the Dominion's proposals to the provinces in the Dominion-Provincial Conference intimating that they went considerably farther than I had anticipated in conversation with him last May.

2. I enclose an extract from his personal letter<sup>†</sup> in reply, the interesting points are:

(a) that the Governor thinks the political turnover in the United Kingdom will make no substantial difference in policy;

(b) that no action is likely before October;

(c) that federation is being discussed seriously in Newfoundland (also to some extent union with the United States), and that the Dominion's social security programme is being noticed;

(d) Mr. Winter thinks that no decision in Newfoundland would be possible without concrete proposals as to terms. He thinks the approach to Canada to find out possible terms should be made through the Dominions Office. He and Wild, the Commissioner for Finance, will support such a proposal strongly when the constitutional question again comes before the Commission.<sup>78</sup>

3. I enclose also a copy of despatch No. 279, giving an account of a private conversation between Mr. Macdonald and the Honourable Mr. Dunn, Commissioner for Natural Resources, who is leaving shortly to take a post in England.[ . . . ]

4. I enclose also a copy of a letter from Mr. Macdonald to Mr. Robertson, urging a comprehensive review of our relations with Newfoundland and commenting on the implications of the atomic bomb and rocket bomb on our defence facilities with respect to Newfoundland.<sup>79</sup>

<sup>77</sup>R. A. MacKay.

<sup>78</sup>Voir l'appendice C.

<sup>78</sup>See Appendix C.

<sup>79</sup>La note suivante était écrite sur ce

<sup>79</sup>The following note was written on the memorandum:

This is an interesting batch of communications and points to the need for further ministerial consideration of the problems of Newfoundland before long. Macdonald's letter of Aug. 20th ought to be answered, and he might be sent now a copy of the memo which has not yet gone to the P[ri]me M[inister] with an explanation of the difficulties of assuring careful examination of Newfoundland problems by Ministers at the present time. H. W[RONG] 1/IX/45.

106.

PRO/DO 35 1344X/J7877

*Mémorandum du premier ministre de Grande-Bretagne  
au secrétaire aux Dominions*

*Memorandum from Prime Minister of Great Britain  
to Dominions Secretary*

M.43/45

London, September 1, 1945

You will recall that when I held your office I took a great deal of interest in the future of Newfoundland. I shall hope to receive your proposals on the matter before long.

C. R. A[TTLEE]

107.

PRO/DO 35 1344X/J7877

*Mémorandum du secrétaire aux Dominions  
au premier ministre de Grande-Bretagne*

*Memorandum from Dominions Secretary  
to Prime Minister of Great Britain*

London, September 5, 1945

Your minute No. M.43/45 of the 1st September about Newfoundland.

One of my first actions after assuming office was to review the Newfoundland position, and I was very glad to find that a scheme had already been worked out, in consultation with the Commission of Government, with which you had expressed your personal agreement when Cranborne consulted you last year. As you will recall, the scheme covered both the constitutional and the financial aspects, and was designed to implement our pledges in regard to the former, while at the same time providing for grants up to \$100 million from United Kingdom funds for reconstruction and development over a 10-year period, and also for the remission of the Island's guaranteed sterling debt (about £17 million). It was hoped by these means to ensure that any new Government taking over in Newfoundland would be able to do so with good prospects of financial stability.

Unfortunately, progress with this scheme has been held up during the last year by the difficulties of the dollar situation. In the meantime, the Canadians have indicated informally that they are much interested in the Newfoundland position and would like to have an opportunity of exchanging ideas with us before decisions on future policy are taken. It appears that they may themselves be turning over the possibility of making Newfoundland an offer to enter the Canadian Confederation.

Against this background I wrote to the Chancellor of the Exchequer on the 15th August, pointing out that the matter was now becoming urgent, and proposing (1) that as a first step I should send the Assistant Under-Secretary of State

concerned here to Canada with a view to comparing notes informally and non-committally with the Canadians, (2) that we should then consider the position further in the light of his report, with a view to the submission of proposals to the Cabinet. I enclose a copy of my letter to the Chancellor,<sup>†</sup> together with a copy of the reply received from him on August 30th.<sup>†</sup>

I can quite understand that the Chancellor should feel reluctant in present circumstances — with the general dollar position so fluid and uncertain — to contemplate dollar expenditure for reconstruction in Newfoundland. At the same time it would, I think, be premature to give up hope of our being able to do something for Newfoundland on the lines we had contemplated, for much must depend on the outcome of the forthcoming discussions with Canada and the United States on Stage III finance. However this may be, I think it urgent to proceed with informal talks with the Canadians on the whole Newfoundland problem as soon as possible; and, the Chancellor having agreed to this, I propose to send out Mr. Clutterbuck to Ottawa as soon as this can be arranged. I hope it may be possible for the visit to take place in the course of this month which would enable me to consult you further as to the position before Parliament reassembles.

ADDISON

108.

PRO/DO 35 1344X/J7877

*Mémorandum du premier ministre de Grande-Bretagne  
au secrétaire aux Dominions*

*Memorandum from Prime Minister of Great Britain  
to Dominions Secretary*

London, September 7, 1945

Thank you for your note and the copy of the correspondence with the Chancellor of the Exchequer. I am interested to know of the forthcomingness of the Canadians. They will have to make a very good offer to overcome the particularity and local prejudice of the Newfoundlanders, to say nothing of the vested interests of the Water Street Merchants.

The late Prime Minister always took the line that we ought to deal generously with the Newfoundlanders, the amount required for them being a drop in the ocean of our own liabilities.

C. R. A[TTLEE]

109.

2828-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

TELEGRAM 242

Ottawa, September 10, 1945

SECRET. The United Kingdom High Commissioner has asked us whether we would be prepared to hold very confidential and informal discussions on matters

relating to Newfoundland with Mr. Clutterbuck of the Dominions Office, who could arrive about the middle of this month. This is agreeable to us, and it would be convenient for you to time your visit to Ottawa accordingly. Ostensibly his mission would be for other purposes, and therefore this information is for you alone.

110.

PRO/DO 35 1344X/J7877

*Le secrétaire aux Dominions au haut commissaire de Grande-Bretagne*  
*Dominions Secretary to High Commissioner of Great Britain*

TELEGRAM 1645

London, September 11, 1945

SECRET. Your telegram No. 1874.<sup>†</sup> Following personal from Machtig, Begins: Clutterbuck is arranging to cross by bomber 14 September arriving Montreal Saturday 15 September. Grateful if accommodation could be arranged for him.

It is excellent that Canadian High Commissioner in Newfoundland will be in Ottawa at the same time, but we are a little nervous that it will come out in St. John's that Newfoundland is under discussion. We trust however that Canadian authorities will have impressed on their High Commissioner importance of saying nothing even in governmental quarters in Newfoundland which might disclose object of his visit. You should know that we have been careful not to give Newfoundland Government any inkling of Clutterbuck's impending visit or its object. Ends.

111.

PRO/DO 35 1344X/J7877

*Le haut commissaire de Grande-Bretagne au secrétaire aux Dominions*  
*High Commissioner of Great Britain to Dominions Secretary*

TELEGRAM 1949

Ottawa, September 20, 1945

TOP SECRET. Following for Stephenson from Clutterbuck.

Have had some useful talks with Norman Robertson and his colleagues including Canadian High Commissioner at St. John's. Initial reaction disappointing in that it appeared that, so far from Canadians having any positive ideas to put to us; there was little or no interest even in official circles and no serious consideration has been given to the problem. However we have jollied them along and they have not been unreceptive. Canadian officials are now taking soundings of Prime Minister and we hope to know better in a few days where we stand.

112.

W.L.M.K./Vol. 308

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs  
to Prime Minister*

TOP SECRET

[Ottawa,] September 25, 1945

## POLICY TOWARDS NEWFOUNDLAND

1. The United Kingdom Government feels it will have to announce its policy towards Newfoundland shortly after Parliament reconvenes in October. I understand from Mr. Clutterbuck, a senior official of the Dominions Office who is at present in Ottawa, that the statement of policy will include a review of developments since the last statement was made in 1943 and will outline the constitutional machinery it is proposed to set up to enable Newfoundlanders to express their views on their future form of government.

2. Under this plan a National Convention will be elected in May next to advise on whether Newfoundland should retain the present Commission of Government, return to Responsible Government, or adopt some other solution.

3. The United Kingdom Government is desirous of making a generous grant — a sum of the order of \$100,000,000 has been suggested — to Newfoundland for development purposes over a period of ten years and wish to announce it at the time of the October statement or, at the latest, at the opening of the Convention. To make such a grant, however, they would require assistance from Canada. I gather it is part of Mr. Clutterbuck's mission to sound out the possibility of getting this assistance. Clearly, however, a grant of so large a sum is unrealistic in the present circumstances and I do not think should be seriously entertained.

4. Clutterbuck has intimated that if the Convention, on examining the courses open to it, should decide in favour of seeking union with Canada the British Government would express their approval and lend their support to it provided they had an assurance in advance that such a development would be acceptable to Canada.

5. Raising the question of Confederation with Canada in this form would take it, for the first time, out of Newfoundland party politics and provide an opportunity, which has not existed before and probably will not occur again, to hold a plebiscite on the question under favourable circumstances. On the other hand, if responsible government were restored first, union might be shelved indefinitely and in any event would become a party issue.

6. There would be many advantages in bringing Newfoundland into Confederation at this time. It would solve at one stroke the difficult questions respecting title to the bases, permission to use them for civil aviation, and the right to maintain them for post-war defence. These objectives could probably be secured by negotiating with the Newfoundland Government but negotiation would be uncertain and probably not entirely satisfactory. In view of the United States decision not to withdraw, as was expected, but to maintain and enlarge its bases

in Iceland the probability is that the post-war defence problem in Newfoundland will continue to be an important one and one in which Canada should, in its own interest, maintain a prime place. The accession of Newfoundland, with Labrador, moreover, would increase the Canadian population by 300,000 people and enlarge the Dominion by 192,000 square miles, an area nearly four times the size of the Maritime Provinces, possessing very considerable mineral and forest resources as well as the finest fishing grounds in the world. It would add materially to the richness and variety of Canada's resources, enhance her prestige and place in the world and would complete, in effect, the union of all British North America into the Canadian Dominion envisaged by the Fathers of Confederation.

7. It would, also, remove the danger that Newfoundland, if left to itself, will be driven to take measures to emphasize and strengthen its position as a separate political unit. Such measures though not directed specially against Canada would tend, because of our proximity, to affect us chiefly and to place a gradually increasing strain on good relations. Ultimately they might result in Newfoundland and Labrador coming under the United States.

8. There are, of course, a number of considerations on the other side of the picture. The presence of the United States bases on the island at St. John's, Stephenville, and Argentia would constitute a limitation on Canada's sovereignty and the accession of Newfoundland to Confederation would tend to strengthen the centrifugal forces within the Dominion. Individualism, sensitiveness to criticism from outside, and a general backwardness of outlook are, moreover, strongly marked characteristics of the Islanders that would not make for tractability or their easy assimilation into the Dominion. Only the first of these conditions is of any real importance, however, and could probably be solved by some scheme for the internationalization of the bases.

9. If the financial arrangements with the Provinces proposed at the Dominion-Provincial Conference of last August are accepted, the process of union, if that be deemed desirable, would be greatly simplified. These new arrangements, together with the Dominion's programme of social security, should provide a basis to bring Newfoundland into Confederation on terms that would be favourable to her without at the same time necessitating very special treatment that is not extended to the other Provinces. In the past this has been one of the main obstacles to union from our point of view.

10. With respect to the cost to the Dominion it is very hazardous to forecast any figure in view of the many unknowns in the equation, as, for example, the degree of severity of Dominion taxation in the future; the effect of union on corporate earnings in Newfoundland; the possibilities of new industries (as, for example, development of the rich iron ore deposits recently discovered in Labrador); the future of world trade on which existing Newfoundland industries so largely depend; the increased markets, especially for consumers' goods, from the rest of Canada which union would bring about. A preliminary survey, however, indicates that exclusive of assistance on public works, the net cost to the Dominion might be of the order of from 5 to 8 millions annually at the outset, though this might well decline if prosperous conditions continued or new industries developed in Newfoundland following union.

11. The last pronouncement of the Canadian Government on the subject was your statement in Parliament on July 12th, 1943. The relevant portion reads as follows:

"If the people of Newfoundland should ever decide that they wish to enter the Canadian federation and should make that decision clear beyond all possibility of misunderstanding, Canada would give most sympathetic consideration to the proposal."

This statement has usually been interpreted to mean that the initiative is left entirely to Newfoundland. But federation with Canada could not very well be discussed intelligently in the abstract. The question must turn on the terms of Federation. It now appears to be a matter for decision, at the policy-making level, as to whether Canada should authorize the United Kingdom to bring this statement to the attention of the Convention when it meets in June or July next year and to state that the Canadian Government would welcome the appointment of a delegation to discuss terms of union. There is little doubt that, if such an invitation were put forward to the Convention by the United Kingdom and given their blessing, the problem of bringing Newfoundland into Confederation would be brought closer to solution than it ever has been before. There is of course a great deal of prejudice and inertia and strong opposition from certain elements to overcome. We would have to make the terms as favourable as we could to ensure acceptance by a substantial majority but it is doubtful, at least, that we would ever have as favourable an opportunity again.

12. If you approve of taking this step, which might be done on the occasion of your forthcoming visit to London, it is suggested that a small committee of officials under a senior officer of the Department be set up to examine in detail the various aspects — constitutional, financial and administrative — that would require consideration if Newfoundland accepts the proposal and enters into Confederation.

N. A. R[OBERTSON]

113.

PCO-CRF

*Mémoire du secrétaire du Cabinet au sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum from Secretary to the Cabinet to Under-Secretary  
of State for External Affairs*

Ottawa, September 26, 1945

RE: CABINET COMMITTEE ON NEWFOUNDLAND QUESTIONS

1. You might like to have this reminder to speak to the Prime Minister, when you have an opportunity, with a view to having him refer the consideration of government policy with respect to Newfoundland to a special Cabinet committee which might consist of:

Mr. St. Laurent,  
Convener,  
Mr. Ilsley,

Mr. Claxton,  
Mr. Bridges,

possibly also Mr. Gibson for Defence aspects, Mr. Abbott being so busy with other committees and duties.

2. Baldwin or Skelton, or both, might attend as secretaries of such a committee. This would provide a link with the Cabinet Committee on Dominion-Provincial Relations, of which Mr. St. Laurent is the Chairman. A "working" group of officials, perhaps headed by MacKay, would no doubt be required.

3. Mr. King might simply by telegram<sup>80</sup> express the desire to have such a committee act. The committee should, I think, be given fairly definite direction, possibly along the lines of your memorandum addressed to the Prime Minister yesterday.<sup>81</sup>

A. D. P. H[EENEY]

114.

*Extrait de The Mackenzie King Record*<sup>82</sup>  
*Extract from The Mackenzie King Record*<sup>82</sup>

...

At the end of the afternoon Mackenzie King went to tea at Earncliffe with Malcolm MacDonald who was anxious to speak to him about the future of Newfoundland. "I told him it would never do to compel Newfoundland to come into Confederation or to show a desire to have them come in. On the other hand, we should let them know we would be willing to have them consider favourably their coming into the Confederation at any time. He thought possibly next summer the British Government would take some steps toward having Newfoundland seek to come into Confederation. I told him what was really needed was a new province which would combine the three maritime provinces and Newfoundland. I stressed the importance of not crowding the matter too greatly."

...

<sup>80</sup>Mackenzie King devait partir sous peu pour se rendre en Grande-Bretagne.

<sup>81</sup>Il n'y a pas d'indication que cette proposition ait été présentée au Premier ministre. Même si elle l'a été, la réaction du Premier ministre n'est pas indiquée.

<sup>82</sup>Volume 3, p. 35. Cette entrevue a eu lieu le 27 septembre.

<sup>80</sup>Mackenzie King was to leave shortly on a visit to Great Britain.

<sup>81</sup>There is no record of the proposal being made to the Prime Minister. Even if it was, the Prime Minister's reaction is not indicated.

<sup>82</sup>Volume 3, p. 35. The meeting took place on September 27.



115. PRO/DO 35 1345/N402/43/X/L01211

*Extrait d'un mémorandum du sous-secrétaire d'État adjoint aux Affaires des  
Dominions de Grande-Bretagne au sous-secrétaire d'État suppléant  
aux Affaires des Dominions de Grande-Bretagne*

*Extract from Memorandum from Assistant Under-Secretary of State for  
Dominion Affairs of Great Britain to Deputy Under-Secretary of  
State for Dominion Affairs of Great Britain*

London, October 10, 1945

When I reported to the Secretary of State last week on my conversations in Canada, he asked me to prepare a draft memorandum putting the whole position to the Cabinet.

I annex a draft memorandum<sup>83</sup> accordingly as a basis for discussion. An account of the conversations with the Canadians is included as Appendix B and I have attached also as Appendix C the draft of a statement<sup>†</sup> which the Secretary of State might make in Parliament.<sup>83</sup>

...

P. A. C.[LUTTERBUCK]

[PIÈCE JOINTE/ENCLOSURE]

PRO/DO 35 1345/N402/43/ERD/1783

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires  
des Dominions de Grande-Bretagne*

*Memorandum by Assistant Under-Secretary of State  
for Dominions Affairs of Great Britain*

[n.d.]

#### APPENDIX B

##### REPORT BY MR. CLUTTERBUCK

I arrived in Ottawa on the 15th September under instruction from the Secretary of State to compare notes with the Canadians on the Newfoundland problem. My discussions were to be quite informal and were to take place against the background knowledge that, owing to the difficulties of the dollar position, the Chancellor could see no prospect of the United Kingdom being able to provide finance for a reconstruction programme in Newfoundland.

<sup>83</sup>Ces pièces jointes furent envoyées au secrétaire aux Dominions qui commenta le 14 et 16 octobre:

<sup>83</sup>The enclosures were sent to the Dominions Secretary who commented on October 14 and 16: -

I have read these papers with close interest. We are much indebted to Mr. Clutterbuck. Will you please arrange for the office conference suggested as soon as possible. It would be desirable to have it before I see Mr. Mackenzie King.

I have seen the P[rime] M[inister] who fully agrees to the course suggested at our meeting this morning.

2. After consultation with the High Commissioner, who advised that the best form of approach would be to lay our cards frankly on the table, discussions were opened with the senior Canadian officials concerned on the 18th September. Those on the Canadian side were Mr. Norman Robertson (Under-Secretary of State for External Affairs), Mr. Hume Wrong (Associate Under-Secretary of State), Mr. MacKay (Head of the Newfoundland Division of the Department of External Affairs)<sup>84</sup> and Mr. Scott Macdonald (Canadian High Commissioner in Newfoundland). I, for my part, was accompanied by the Deputy High Commissioner (Mr. Holmes) and the Senior Secretary at the High Commissioner's Office (Mr. Garner).

3. As a result of an informal approach made by Mr. Hume Wrong to Lord Cranborne at San Francisco and of certain subsequent remarks made by Mr. Mackenzie King to Lord Cranborne, we had gathered the impression that the Canadians had themselves been giving a good deal of thought to the Newfoundland problem and had certain ideas which they were anxious to discuss with us before conclusions as to future policy were reached. This impression was shared by the High Commissioner. Accordingly, at our first meeting, after rehearsing the plans in view to enable the Newfoundland people to choose their future form of government, I went on to explain that we were most anxious to ensure that any new Government taking over in the Island would have reasonable prospects of financial stability; with this object in view we had hoped to accompany our proposals on the constitutional side by a 10-year reconstruction programme financed by a specially created Newfoundland Development Fund from which grants could be made towards agreed schemes, on the application of the Newfoundland Government, within a specified overall total. Unfortunately, these hopes had now been dashed by the difficulties of our dollar position, difficulties which were bound to persist whatever the outcome of the general financial discussions relating to Stage III. The whole Newfoundland situation would accordingly have to be reconsidered by my Government, and it would be of the greatest help to them to know how the position was viewed by the Canadian authorities and what was their attitude towards the future of the Island.

4. To my surprise, the initial reaction of the Canadian officials to this approach was almost entirely negative. They began by explaining that there was an almost complete absence of interest in Canada in Newfoundland affairs. This applied not only to the Canadian public but also to Canadian Ministers and officials. The fact was that Canadians had too many problems of their own to concern themselves with Newfoundland. Not a single question had ever been asked about Newfoundland at the weekly Press Conferences of the Department

<sup>84</sup>Ceci est une erreur car il n'y avait pas de direction de Terre-Neuve. MacKay faisait partie de la deuxième direction politique qui s'occupait des relations avec les pays d'Europe, du Moyen-Orient, de l'Afrique et du Commonwealth. Il n'était pas le chef de la direction mais plutôt l'agent responsable des questions ayant trait à Terre-Neuve.

<sup>84</sup>This is an error since there was no Newfoundland Division. MacKay was a member of the Second Political Division which was concerned with relations with the countries of Europe, the Middle East, Africa and the Commonwealth. He was not the head of the division but rather the officer responsible for matters relating to Newfoundland.

of External Affairs over the last three years, nor had policy towards the Island been seriously considered either by Ministers or by their official advisers. It was true that, in connection with the new financial proposals recently put by the Dominion Government to the Provinces, an attempt had been made by the Newfoundland Division to work out what it would cost the Dominion if Newfoundland were to opt for union with Canada, but this was in the nature of academic exercise and nothing more.

5. In these circumstances the Canadian officials, while sympathising with our difficulties, felt that they could offer little useful comment. We would understand that against this general background of lack of interest it would be politically out of the question for the Canadian Government to provide us with the dollars necessary to finance reconstruction in Newfoundland (all the more so as any money provided for this purpose would reduce *pro tanto* the funds which would otherwise be available to us for financing United Kingdom imports from Canada); similarly there could be no question of their being able under present conditions to make any direct contribution themselves to reconstruction in the Island, since this would at once get them into trouble with their own Provinces. They much appreciated our action in consulting them, but they could see no prospect in the circumstances of being able to help.

6. I did not conceal my disappointment at this reply and pointed out that such a position would be very unsatisfactory from the Newfoundland point of view. If we on our side were unable to help her in her reconstruction measures owing to lack of dollars, while the Canadians on their side were not disposed to do so owing to lack of interest, who could be surprised if Newfoundlanders began to think seriously of turning to the United States, which now has a definite stake in the Island and is furthermore the natural market for the new frozen fish industry it is planned to develop? Was I to understand that Canada would be quite indifferent to such a development? There were many aspects — defence, air communications, the development of Labrador — in which Canada was surely very closely interested and of which account would have to be taken. However, the importance of these from the Canadian standpoint was for them rather than us to assess. But my Secretary of State would certainly expect me to take back with me a definite indication of the Government's attitude.

7. At this stage the Canadian officials became more helpful, and I was asked what my Government's reaction would be if the Canadian Government were to indicate to us that they would welcome a recommendation by the proposed National Convention in favour of Newfoundland joining up with Canada. In reply I said that any such indication would certainly be warmly received by my Government; it had always been felt by those concerned with Newfoundland affairs that union with Canada was the Island's natural destiny. Finally, after further discussion of the attractions of such a course from both the Canadian and the Newfoundland point of view, it was agreed that as the next step I should have a talk with Mr. MacKay and Mr. Scott Macdonald and examine with them the financial implications of a decision by Newfoundland to enter the Canadian Confederation. In this connection the Canadian officials explained to me that it would be very desirable to avoid a situation in which special treatment would have to be

given to Newfoundland, since this would certainly create difficulties with the Canadian Provinces and lead to undesirable controversy. Matters would be much easier from their point of view if Newfoundland could make both ends meet on the same financial terms as were applicable to the Canadian Provinces generally.

8. For the basis of this examination we took the new proposals in the field of Dominion-Provincial financial relations which have lately been put by the Dominion Government to the Provinces. These are now under consideration by Provincial Governments and are to be discussed at a Conference during the winter when it is hoped that general agreement will be reached. On the basis of these proposals it was found that in all probability there would be a gap of the order of \$2 million a year between Newfoundland's revenue and expenditure, after allowing on the one hand for the transfer to the Dominion Government of the various services, revenue-earning and otherwise, which would fall within the Dominion sphere, and on the other hand for the grants and subsidies from the Federal Exchequer which Newfoundland, as a Province, would receive. It was felt, however, that this gap would in practice be fairly readily bridgeable, e.g. through taxes on tobacco, cars and gasoline (which are Provincial matters) and the imposition of a sales tax on selected commodities, of a nature which would not impair materially the reduction in the cost of living that would be brought about by union with Canada. In other words, it was thought that there was good prospect that, so far as current expenditure was concerned, Newfoundland would be able to provide satisfactorily for her local services as a Province without being given more favourable treatment than other Provinces. In addition, she would be eligible under the Dominion-Provincial proposals for assistance towards capital expenditure in developing services, particularly health and education, not taken over by the Dominion Government.

9. It should be added that these conclusions were based on the assumption that Newfoundland's external debt would be a matter for separate discussion. Accordingly, debt charges were not taken into account in our calculations. It was agreed also that there would be no question of the Dominion Government claiming any part of the surplus (now \$25 million) built up by Newfoundland during the war. The whole of this surplus would thus be available for the Newfoundland Government for Provincial purposes.

10. We reported these conclusions to the full meeting of the Canadian group of officials, and in further discussion the latter adopted a much more forthcoming attitude. Figures were produced to show that apart from statutory grants and subsidies Canada would be liable, if she were to take over Newfoundland, for annual expenditure on social security measures alone of the order of \$15 million. This included over \$8 million for children's allowances and over \$4 million for old age pensions. As against this expenditure and that on the various administrative services, including the railway, which would be taken over, would have to be set receipts from customs duties, income tax, post office, etc. The probability was that such receipts would leave the Federal Exchequer substantially out of funds on balance, and to this extent it might be said that Newfoundland would, at the outset at any rate, be a liability rather than an asset; but the Canadian officials were fully prepared to agree that, having regard to the benefits, both tangible and

intangible, which Canada would receive through the rounding off of the Confederation in this way, this should not be regarded as a determining factor. They stressed again however that they had no authority to discuss such a solution with me, even tentatively, and they felt that before continuing the talks it would be necessary for them to obtain Ministerial cover. It was accordingly agreed that as the next step they should take soundings of the Prime Minister and obtain his reactions.

11. In the meantime, I had had a very useful private conversation with Mr. Scott Macdonald, who as Canadian High Commissioner in Newfoundland is in a good position to keep his finger on the pulse of Newfoundland opinion. He told me that it was his firm belief that there was now a substantial movement of opinion towards union with Canada, which was gaining rapidly in momentum. He attributed this very largely to the new social security measures, particularly children's allowances, adopted by Canada in 1944. The range and generous scale of the benefits provided under these Acts was now beginning to penetrate Newfoundland consciousness, and he himself would not be at all surprised if, once it was realised by the fishermen and workers of Newfoundland that by joining Canada they would be assured of these solid cash advantages, a call for union with Canada were to sweep the Island. He had reason moreover to think that many of the educated and commercial classes were coming increasingly to look upon union with Canada as the best hope for the future. It was clear from my talks that Mr. Macdonald had in fact advised his Government in this sense.

12. Unfortunately, the Prime Minister was very much preoccupied at the time, both in dealing with a new Parliament and also in arranging for his visit to the United Kingdom, necessitating in turn the settlement of outstanding matters before he left. However, a note on Newfoundland was submitted to him by Mr. Norman Robertson and shortly afterwards an opportunity occurred for the High Commissioner to mention the matter to him personally. The views expressed by Mr. Mackenzie King in conversation with Mr. Malcolm MacDonald were clear and decided and may be summarised as follows:

(1) He regarded entry of Newfoundland into the Canadian Confederation as natural, desirable and inevitable. If, therefore, Newfoundlanders were to express a desire as a result of the forthcoming Convention for union with Canada, he would very much welcome such a move on their part and would do the handsome thing by them.

(2) On the other hand, it would be essential that the initiative should be clearly seen to come from them, and both we and Canada would have to be very careful to say and do nothing which might look like "bouncing" them, or give rise to suspicions that we were engaged in a conspiracy to achieve this result.

(3) He did not think that he himself could very well go further than the statement he had made some months ago, in which he had indicated that if they wished to turn to Canada, Canada would meet them half way. But he would be very ready to make a further statement on similar lines if and when this might be thought helpful. The form and timing of any such statement would require careful consideration.

(4) Opinion in Newfoundland moved very slowly and he personally doubted very much whether it would in fact have sufficiently changed towards Canada by the time the Convention met to make a move towards union with Canada a likely outcome of its discussions. Even so, however, it was important that Newfoundlanders should take their own time and not be hurried.

(5) At the same time he hoped he might be wrong, for this would be a grand chance, which might not recur for a long time, of getting the Confederation question settled without it being made an issue in party politics in Newfoundland. Delay too might bring other dangers, such as a tendency for the Island to swing into the United States orbit, which would be very embarrassing.

13. I reported this very encouraging reaction to the Canadian group of officials, who were obviously much relieved and pleased. They admitted frankly that they had been drifting before with no clear policy, and were delighted that they now had a definite objective to aim at. I said that I would report accordingly to my Secretary of State, who was under obligation to make an early statement in Parliament. It would, of course, be impossible to make any overt reference to union with Canada in any such statement, but the Secretary of State would no doubt wish to consider how to deal in the statement with Newfoundland's reconstruction needs in such a way as not to impede the swing of opinion towards Canada. In this connection the Canadian officials expressed the view that it would be very desirable to make it clear in the statement that Newfoundland should not count on receiving further financial assistance from the United Kingdom. This would accord with the realities of the position and would, they thought, assist Newfoundlanders to turn their thoughts to Canada.

14. It was left finally that each side would consider the position now reached, and that when our statement had been made in Parliament it might be useful to examine between us possible ways of influencing Newfoundland opinion behind the scenes. I said that the Secretary of State would no doubt wish to have a word himself with Mr. Mackenzie King on the matter while he was in London, and Mr. Norman Robertson said that he also would be at our disposal in London for a further talk whenever we should think one useful.

P. A. C.[LUTTERBUCK]

116.

PCO-CRF

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
par intérim aux Affaires extérieures*  
*High Commissioner in Newfoundland to Acting Secretary of State  
for External Affairs*

DESPATCH 316

St. John's, October 17, 1945

Sir,

Last evening as the guest of the Honourable Harold Macpherson, one of the leading Water Street merchants, I attended a banquet of the Men's Service Club of St. Andrew's Church at which an address was made on the subject "Forms of

Government Newfoundlanders will have a chance of choosing." The speaker was Mr. C. E. Hunt, K.C., a prominent lawyer of St. John's and generally regarded as one of the leading citizens of Newfoundland. The subject and Mr. Hunt's treatment of it are of interest and should, perhaps, be set down briefly for your information.

2. The speaker, as befitting a former member of the Legislative Assembly, attributed the break-down of Responsible Government in the Island not so much to the failure of Newfoundland to measure up to the responsibilities of a democratic form of Government as to the economic chaos in which the world was floundering at the time and particularly to Newfoundland's economic vulnerability. He stressed, in particular, the point that from 1920 to 1940 inclusive there was a deficit on current account and that the public debt (which reached a figure of more than one hundred million dollars secured at a high rate of interest) had become unmanageable under any system of Government.

3. Turning to speculation on the future form of Government Mr. Hunt referred to the fact that the new Labour Government had not yet declared its policy and there was little evidence on which to forecast the course they would follow. If, however, they adhered to the previous Government's programme it was understood that a National Assembly would be chosen to discuss questions that should be submitted to the electorate.

4. In this connection Mr. Hunt stressed the provision in the Newfoundland Act of 1934 that Responsible Government — and not some other form — would be restored, on request from the people of Newfoundland, when the Island became self-supporting again. He went on, however, to outline half a dozen different questions that an Assembly might consider should be referred to the people, namely,

The restoration of Responsible Government

The establishment of Representative but not Responsible Government

The maintenance of the present Commission form of Government

The establishment of an elective Commission and

The establishment of an industrial Government composed of representatives of business, manufacturing, labour, the professions, etc.

5. The speaker emphasized that one of the great points of difficulty, which had apparently not been fully considered, was that it would be quite unfair to submit a group of alternatives none of which might secure more than 25% or 30% of the votes and it would be quite impracticable, in so sparsely settled an area as Newfoundland, to have a series of plebiscites in which the proposal receiving least support would be automatically dropped from the succeeding plebiscite.

6. Mr. Hunt referred, rather briefly, to the possibility of Confederation with Canada. He reviewed the background of the question, the close economic and cultural relations with Canada and spoke of the fair and statesman-like offer of the Canadian Prime Minister under which it was envisaged that Newfoundland, as the smaller country, would have to take the initiative if they desired to unite with Canada. He thought, however, that the question was one that would hardly come within the scope of his address as the question of union with Canada could not be discussed or voted on in the abstract. Lengthy negotiations would have to

be undertaken to determine whether a feasible basis of union could be worked out and the terms of the proposal then would have to be submitted to the electorate.

7. Appearing to be making an effort to be fair to all sections of opinion and to refrain from urging or favouring one suggestion or proposal more than another, Mr. Hunt contented himself, in closing, with a plea that the question of the future form of Government was one of very great importance to Newfoundland and should receive the careful study of everyone interested in the welfare of the country.

8. Mr. Hunt's private view, so far as I am able to gauge it, seems to be in favour of the retention of the Commission of Government for a further period with the expectation that eventually Responsible Government on the old model could be restored. He seems to think that Newfoundland is not yet on a sound enough basis financially or with a sufficiently literate population to flourish under a Government responsible to the people. I learned from Mr. John B. McEvoy, who was also present, that he had recently spent half the night trying to convince him, unsuccessfully, that Confederation with Canada offered the only practicable solution to Newfoundland's difficulties.

9. Remarkably little public interest is yet being displayed by the general public in the question of the future Government of Newfoundland. Although a letter has been sent on behalf of the Newfoundland Board of Trade and the Federation of Labour asking for information on the Government's policy, I understand it was the work of a few individuals only and that there was no widespread interest in it even among those organizations. A few evenings ago, in a general conversation after dinner at Government House, the Governor expressed himself as rather shocked at the general apathy that prevailed with respect to the matter. Most of those present agreed as to the truth of the Governor's impression but were clearly not very shocked by it. Mr. Justice Fox, who was present, stated that he had been talking with a commercial traveller who had just returned from a long and arduous trip which had taken him all over Newfoundland except the White Bay region in the North. The traveller, who called on the businessmen in all the communities visited, stated that the question of the future form of Government was not mentioned on a single occasion. The general consensus of opinion appears to be that so long as conditions are prosperous, as in the main they still are, the average fisherman and, indeed, the average Newfoundlander will take no interest in Government at all. It remains to be seen what effect the announcement of the British Government's plan will have on public opinion here.

I have etc.

J. S. MACDONALD

117.

PRO/DO 35 1347ERD1896

*Mémoire du secrétaire aux Dominions au Cabinet de Grande-Bretagne*  
*Memorandum from Dominions Secretary to Cabinet of Great Britain*

SECRET

London, October 18, 1945

NEWFOUNDLAND

Now that the war is over and Newfoundlanders who have served in the Forces are returning to their homes, it is desirable that I should make known as soon as



possible the procedure which we have in mind for enabling the people of the Island to choose their future form of government for themselves. I annex accordingly (Appendix A) the draft of a statement<sup>†</sup> which I propose, with the approval of my colleagues, to make in Parliament at an early convenient date. This follows up, and gives precision to, the general statement of policy made with the approval of the War Cabinet in December 1943 (Appendix B).<sup>85</sup>

The considerations which I have had in mind in preparing my proposed statement are set out fully in a memorandum (Appendix C)<sup>†</sup> and I annex also a report made to me by Mr. Clutterbuck, the Assistant Under-Secretary of State concerned, on certain informal talks which he recently had with the Canadian authorities at Ottawa at my request (Appendix D).<sup>86</sup>

The main points are:

(1) We should arrange to set up in the spring of 1946 an elected National Convention of Newfoundlanders, whose duty would be to review the alternative courses open to the Island and to make recommendations to His Majesty's Government as a basis for a national referendum.

(2) At the same time we must recognise that Newfoundland's present favourable financial position is the result largely of war-time developments and activities, and that it is a very open question how the Island is likely to fare in the future under normal peace conditions.

(3) If therefore we are to ensure that any new Government taking over in the Island would be able to do so with reasonable prospects of maintaining financial stability in the years ahead, it will be necessary for the Island to be guaranteed financial assistance for reconstruction and development. Unfortunately, however, there is no prospect, in the Chancellor's view, of our being able to find the dollars for this purpose, nor, in fact, would the Canadians welcome our doing so. It has further been established that the Canadians would not be prepared under present conditions to finance reconstruction in the Island themselves.

(4) Evidence is, however, beginning to accumulate that there is now a growing movement of opinion in the Island towards union with Canada. It has always been felt here that Newfoundland is too small a unit to be able to stand successfully on its own feet, except at the price of a standard of living and of administrative and social services much lower than those on the mainland. Union with Canada is its natural destiny. We know, too, that this is recognised by Mr. Mackenzie King, who has indicated privately that he would warmly welcome a decision by Newfoundlanders to enter the Canadian fold and would do his best to assure them generous terms.

(5) In these circumstances, we must, I feel, adapt our policy to the changed conditions, and since we cannot look ourselves to helping Newfoundland financially, we should now regard union with Canada as the objective to be aimed at. It would, of course, be most important that no hint that this is the solution which we envisage should be allowed to come out either here or in Newfoundland. The initiative must be left entirely to the Newfoundlanders, and we must take care to

<sup>85</sup>Voir les documents 59 et 60.

<sup>86</sup>Voir la pièce jointe, Document 115.

<sup>85</sup>See Documents 59 and 60.

<sup>86</sup>See enclosure, Document 115.

avoid any appearance of seeking to influence them in any way. At the same time, we must say or do nothing which would conflict with this objective or make it harder to achieve.

(6) If this view is accepted, it follows that my statement in Parliament must contain a clear warning that in all probability we shall be unable to help financially in long-term reconstruction in Newfoundland. This may be disappointing to Parliament, but any other course would be unrealistic, and unfair to the Newfoundlanders themselves. Moreover, it may be hoped that a warning on these lines would aid the swing of opinion towards Canada.

(7) At the same time, I should like to reserve for the present the question of the remission of the Island's guaranteed sterling debt (about £17 million). We should, I think, keep clearly in mind that in all probability it will be desirable for the debt to be remitted as the United Kingdom Government's contribution to any settlement which may be achieved, whether the choice of the Newfoundlanders is for union with Canada or for responsible government.

118.

*Extrait de The Mackenzie King Record*<sup>87</sup>

*Extract from The Mackenzie King Record*<sup>87</sup>

...  
On October 18 Mackenzie King had what he described as "a most delightful and refreshing conversation" with Lord Addison at the Dominions Office. Addison "wished to discuss the situation in Newfoundland and presented a case much as we have known it would be presented. In a word, the British Government are to allow the people of Newfoundland to decide on its future in some convention to be held in the coming year. Newfoundland has been prosperous through the war but it is unlikely that she will be able to continue that prosperity for long. The British Government are unable to make large expenditures on the Island and it is doubtful if the people governing themselves may not again fall into bankruptcy.

"The Government here would like to see Newfoundland a part of Confederation. They do not wish to see the Island fall into the hands of the U.S. They realize that unless the Newfoundland Government itself wishes to join Confederation, there would be no possibility of bringing it about.

"I expressed the view that it was regarded as a financial liability. We recognized, however, there were strategic reasons why it was desirable it should come to be part of the Dominion. If our arrangements with the provinces at the Dominion-Provincial Conference were successful, it might be that we would be willing to make terms for Newfoundland similar to what we were doing for each of the other provinces; that would mean we would not have much difficulty with other provinces of getting their consent to having Newfoundland enter Confederation. Both Lord Addison and I said we were simply thinking aloud and were committing no one to anything but the British Government wished to be able to see their

<sup>87</sup>Volume 3, page 67.

way. All that was being said amounted to Canada not objecting to the British Government lending such encouragement as it might find it possible to lend to the Island to make overtures to the Dominion if it so desired."

...

119.

PRO/DO 35 1345/N402/43 X/L01211

*Extrait des conclusions du Cabinet de Grande-Bretagne*  
*Extract from Conclusions of Cabinet of Great Britain*

SECRET

London, November 1, 1945

...

NEWFOUNDLAND

5. The Cabinet considered a memorandum by the Secretary of State for Dominion Affairs (C.P.(45)234) outlining his proposals for enabling the people of Newfoundland to decide their future form of government.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS said that he had it in mind that in the spring of 1946 there should be elected a National Convention of Newfoundlanders, whose duty it would be to review the alternative courses open to the Island, and to make recommendations to His Majesty's Government as a basis for a national referendum. The first step would be to send out from this country an expert adviser, who could give adequate guidance on constitutional forms and procedure. It was desirable that he should be accompanied by a Treasury representative, so that there could be made available to the Convention a full and objective statement on the financial and economic situation. Newfoundland was at present in a favourable financial position, but this resulted largely from war-time circumstances and it was doubtful how well the Island would fare under normal conditions. There was little prospect of our being able to find the dollars required for reconstruction and development in Newfoundland, and in present circumstances Canada would not be willing to finance reconstruction in the Island. There were, however, indications that public opinion in Newfoundland was moving towards the idea of union with Canada; and, although the initiative must be left entirely with Newfoundland, the Secretary of State thought it important that nothing should be said to discourage this movement of opinion. In his view, union with Canada was the natural destiny of Newfoundland.

In discussion, the following points were raised:

(a) THE SECRETARY OF STATE FOR DOMINION AFFAIRS said that business and financial interests had in the past obtained undue influence in the management of the Island's affairs, and special care should be taken to ensure that the proposed National Convention was so constituted as to reflect the true interests of the Islanders. It might be advisable to provide that candidates for election to the Convention should be persons resident in the area which they were to represent.

THE PRIME MINISTER said that, even if such a requirement were imposed, he feared that the business and financial interests might secure an unduly large

representation in the Convention. Having regard to the special conditions obtaining in Newfoundland, he wondered whether it would not be preferable to discard the geographical basis of election, and to devise an alternative method of election by various groups of workers and other interests in the Island. Alternatively, the two methods might be combined, some members of the Convention being elected on a geographical basis, and others as representing particular sections of the Island community. He believed that, unless some such measures were adopted, the interests of the Islanders themselves would not be properly represented in the Convention.

(b) THE MINISTER OF HEALTH raised the question whether it was appropriate that a change in the status of Newfoundland should be considered by the Parliament of Westminster alone. Would it not be more appropriate that the report of the proposed Convention should be considered in the first instance by some Imperial conference including representatives of the other Dominions?

THE SECRETARY OF STATE FOR DOMINION AFFAIRS undertook to consider this suggestion, though he thought it unlikely that Dominion Governments would wish to be associated with the discussion of a problem which was of special concern to one particular Dominion.

(c) The view was expressed that it ought not to be assumed at this stage, without further discussion, that Newfoundland's ultimate destiny lay in union with Canada. Canada was subject to strong economic influence from the United States, and her future development could not be predicted with certainty. Nor should it be assumed, without further enquiry, that there was no possibility of Newfoundland's being so developed as to become economically independent. For these reasons some Ministers wished to reserve judgment on the question whether Canada should be encouraged to absorb Newfoundland.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS said that this question would not arise in the immediate future, and would not in any event arise in the form of a compulsory change of status. There was no question of Canada's assuming any responsibility for Newfoundland unless the initiative came from the Newfoundlanders themselves.

(d) In paragraph (7) of C.P.(45)234, the Secretary of State for Dominion Affairs had stated that he wished to reserve for the present the question of remitting Newfoundland's guaranteed sterling debt of about £17 millions, but suggested that it might be found desirable for the United Kingdom Government to remit this debt as their contribution to any settlement of the constitutional issue which might be achieved.

THE CHANCELLOR OF THE EXCHEQUER reserved his opinion on this point. If Newfoundland sought union with Canada, it might be reasonable that Canada should take over this sterling debt as part of the settlement.

(e) In Appendix A of C.P.(45)234, the Secretary of State for Dominion Affairs had submitted the draft of a statement which he would propose to make in Parliament about the procedure suggested for enabling Newfoundlanders to choose their future form of government.

In discussion, it was pointed out that a statement of this length was certain to provoke a demand for a debate; and it would be convenient if the draft statement could be substantially shortened.

## The Cabinet —

- (1) Expressed general approval of the proposals outlined in C.P.(45) 234.
- (2) Invited the Secretary of State for Dominion Affairs to give further consideration to the points noted at (a) and (b) above, and to consider means of shortening the draft statement contained in Appendix A of C.P.(45)234.
- (3) Agreed to defer a final decision on this matter until [a later date.]

120.

2868-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 347

St. John's, November 10, 1945

I transmit herewith one copy of the document listed below.

Clipping from the *St. John's Daily News* of November 10/45. Editorial entitled "To What Good?" commenting on article on Newfoundland which appeared in November issue of the magazine *New World*.

PAUL A. BRIDLE  
for the High Commissioner

[PIÈCE JOINTE/ENCLOSURE]

*Extrait du Daily News de St. John's du 10 novembre 1945*

*Extract from St. John's Daily News of November 10, 1945*

...

## TO WHAT GOOD?

In his much condemned article in the Canadian publication *New World*, Robert McMichael observes that about 40 per cent of the people of Newfoundland live in the slums and adds in parentheses, as if well aware of the local reaction to his article, that "Newfoundlanders tend to get angry when any mention of this is made by outsiders." Now that is only one of many serious mis-statements in this article. We do not get mad because mention may be made of our pre-war poverty or our present slums. What makes us mad is the fact that people come here, accept the most liberal and indiscriminating hospitality that is passed out anywhere in the world, and then write about us as if in the whole 42,000 square miles of this land of ours there was not a single virtue or an atom of cause for pride and national feeling.

A great many of the things that are mentioned in McMichael's article may be duplicated in his own Ontario. We have seen the slums of Montreal and prefer our own, bad as they are. But we do not judge all Canada by what one finds on the wrong side of the railway tracks in many Canadian cities nor by the conditions to be observed in parts of Quebec where public health statistics are no better than those to be found in parts of Newfoundland. We happen to have an elemental

decency that is lacking in a lot of the people who come here, accept our hospitality, and then bite the hand that fed them. We know that this is not a perfect world and that social conditions everywhere need improvement. We know that poverty has not been conquered in the most progressive among countries. Therefore we try and take the good with the bad, view the whole picture collectively, and find that the composite is neither hopeless nor unattractive. Perhaps some of our critics would do well and be more just to their victims if they were to follow the same line.

Whether they happen to be Walter Davenports or J. V. McArees or Robert McMichaels, the people who find little virtue in this country are of a single class. They look for the worst and ignore the finer aspects of Newfoundland life because they know that dirt pays off best in reader interest and perhaps in filthy lucre. The readers of *New World*, it might seem, would be more interested in portraying the slums of St. John's than the growing and model suburban areas or such picturesque and prosperous-looking centres as Grand Falls and Corner Brook. The publishers of *New World* seem to imagine their readers will be titillated more by being led to believe that Newfoundlanders are ridden with disease than by picturing the burly gunners who fought their way through Tunisia, Italy, Belgium and Germany, with distinction, or the sailors who manned in their thousands the small ships of Britain and Canada and proved themselves the finest small-boat seamen in the world.

Let us be frank. We have slums in St. John's. We know about them and are trying to cure them. But they are not any more characteristic of the city than the slums of Montreal are characteristic of that metropolis. We have had our bad times but they have had bad times in Canada as well. But to what good is it to continue with these "tu quoques." The point is that we are aware of our deficiencies which have their source in past neglect and we are seeking to improve conditions on a progressive basis. But we have also many things which are a deep and lasting source of pride and what we resent is that all these should be ignored and only the sordid aspects, and some of these grossly exaggerated, publicized. That is not cricket and it is not strange that it makes us mad.

There is a special reason why we should be incensed. Articles that play up the worst side of life in this country to an exaggerated degree not only injure our pride but also our pockets. Our hope of progress depends on the expansion of our industries and particularly of our export trade. Articles like that in *New World* tend to alienate those who might be inclined to invest capital in Newfoundland and those who may be asked to buy the food products of this Island. The journalists who leave us not a shred of dignity or virtue in their muck-raking diatribes are contributing also to the difficulties which we have to overcome in order to expedite our economic and our social progress. We're a small country and that helps them get away with it. Just the same someone should tell these Canadian mud-slingers and their publishers that Canada needs Newfoundland more than Newfoundland needs Canada and that it is anything but good business to antagonize a market that consumes thirty million dollars worth of Canadian produce a year or that possesses many strategic advantages that Canada aspires to use for her very material interest and benefit.

121. 2868-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 353

St. John's, November 16, 1945

I transmit herewith 2 copies of the document listed below.

Clipping from *St. John's Evening Telegram* of November 15, 1945. Editorial entitled "A Smear Campaign."

PAUL A. BRIDLE  
for the High Commissioner

[PIÈCE JOINTE/ENCLOSURE]

*Extrait du St. John's Evening Telegram du 15 novembre 1945*  
*Extract from St. John's Evening Telegram of November 15, 1945*

A SMEAR CAMPAIGN

The outburst of offensive misrepresentations of conditions in Newfoundland, in which columnists in certain outside journals have recently been indulging, *The Telegram* has preferred to ignore, just as one would abusive epithets from a gutter-snipe or an alcoholic sot. At the same time, it is astonishing that what have been regarded as reputable newspapers and periodicals should pay money for, and give publication to, articles and illustrations intended to besmear and damage the reputation of a neighbouring and friendly country.

This vilification, however, which can no longer be passed over in silence when a provincial newspaper chooses to use such scurrilous material — and hearsay at that — in editorial comment to give its readers the impression that the statements are according to fact. So far as our knowledge goes, the *Charlottetown Guardian* has been the only offender in that respect. "Conditions in Newfoundland" is the heading of a leading article in its issue of November 5th, and it proceeds to quote as though it were fact the diatribe against this country published in the *Toronto Globe and Mail*, the writer of which took as his source of information a derogatory article on Newfoundland in a recent issue of the *Statesman and Nation*. It is astonishing that the *Guardian* should act with such discourtesy and with such irresponsibility.

Prince Edward Island is not so far distant from Newfoundland nor is its commercial intercourse so irregular that the *Guardian* could plead inability to ascertain whether or not the accounts were correct. It could have sought information at first hand from any of the P.E.I. business firms engaged in a profitable export trade with this country. It could have interviewed Premier Jones, so anxious to increase the trade with Newfoundland that not long ago he paid a special visit here to see conditions for himself. The *Guardian* had in the person of Professor L. Shaw, formerly Secretary for Education in Newfoundland and now engaged in similar work in Prince Edward Island, an authority who could have enlightened the *Guardian* on the matter of the status of Newfoundland teachers.

The *Guardian* chose to do none of these things. Instead, it gave to its readers choice excerpts which a *Globe and Mail* columnist had snatched from a defamatory article in the *Statesman and Nation* — to what purpose, who may say? Certainly, it was not a neighbourly act. It did nothing to make for pleasant relations with a country to which P.E.I. is anxious to sell more of its produce. The paper simply showed itself pleased to act as a collaborator in a campaign of vilification. If the idea was to adopt a cleaner-than-thou attitude, *The Telegram* suggests that it would have not far to seek in the "Garden of the Gulf" conditions no less backward or otherwise deserving of the censure than those which — it was led to believe — by someone who had been led to believe — by someone who had heard it indirectly — were so described as to make St. John's appear to be a slum community and the people of the country sunk in abject poverty and ignorance.

In serving to promote friendly relations between one part of the Empire and another and in helping to further commercial and social intercourse, the press is capable of serving a useful purpose. In choosing to further this slime campaign against Newfoundland, the *Charlottetown Guardian* has shown a strange disregard of such responsibilities and a low conception of journalistic ethics.

...

122.

PRO/DO 35 1345/N402/43ERD/1783

*Mémorandum du secrétaire aux Dominions au Cabinet de Grande-Bretagne*  
*Memorandum from Dominions Secretary to Cabinet of Great Britain*

London, November 21, 1945

SECRET

NEWFOUNDLAND

1. On the 1st November (C.M.(45)48th Conclusions) the Cabinet expressed general approval of the proposals outlined in my paper C.P.(45)234 for enabling the people of Newfoundland to choose their future form of government for themselves. I was asked, however, to look further into two points:

(a) It was suggested that, in order to avoid any risk of business and financial interests securing unduly large representation in the proposed National Convention, it might be preferable for the elections to the Convention to be held on a vocational rather than a geographical basis, or, alternatively, for the two methods to be combined.

(b) The question was raised whether it would not be more appropriate for any change in the status of Newfoundland to be considered in the first instance by an Imperial Conference including representatives of the Dominions rather than by the Parliament at Westminster alone.

2. I have consulted the Commission of Government on the first point, and their strong advice is that the geographical basis should be retained. A vocational basis would, in their view, be open to grave objection, since while there are a number of Unions, Associations and other groupings in Newfoundland, a large part of the population, including the great majority of the fishermen, does not belong to such bodies and could not be represented in this way. The Commission



point out also that even within such groupings opinion on political and constitutional questions is very divided. They feel that it would be very difficult therefore to obtain a truly representative Convention by a vocational method, and they suggest also that it would be an insuperable task to assess with reasonable accuracy the number of representatives which would properly be assigned to each body or group of bodies. Moreover, there would, they fear, be no effective control over the way in which the various bodies selected representatives, and this would mean that there would be full scope for intrigues and manoeuvres which might well distort completely the expression of the people's opinions. Finally, they make the point that the vocational method would be unfamiliar to Newfoundlanders and that Newfoundland public opinion would not be likely to be satisfied unless the Convention called upon to consider the constitutional issue were to be composed of representatives elected on the traditional territorial basis and thus comparable with the elected House of Assembly whose decision led to the surrender of self-government in 1933.

3. These objections, they consider, would hold good even if the vocational method were to be supplemented by elections on a geographical basis. At the same time, they fully recognise how important it is to ensure that the fishermen and workers receive full representation in the Convention, and it was on this account that they suggested that all candidates for election should be required to be *bona fide* residents in the districts they seek to represent. They have considered whether some system of primary and secondary elections might not constitute a further safeguard, but this, they feel, would be too complicated to be practicable. They consider, however, that the situation would in practice be satisfactorily met if a period of two years' residence immediately preceding the election is adopted as the minimum necessary to fulfil the residence qualification mentioned above. This requirement would, in their opinion, suffice to secure the election of candidates who were genuinely resident in their various districts, and would effectively prevent the planting out of agents, with a view to their election, by business or other interests in St. John's or elsewhere. It would, of course, be necessary to make it clear that war service would not be regarded as a break in residence for this purpose.

4. I think that the Commission of Government have made out a good case on this point, and I propose, therefore, if my colleagues agree, to accept their advice. The geographical basis of election has the great advantage of being unassailable in democratic theory, and I feel that, with the safeguards mentioned, it should give us the results we desire.

5. I have also considered with care the further point which was raised in the Cabinet as possibly affecting future procedure (paragraph 1 (b) above). On this, however, I think it is clear that a change in the Island's status must be looked upon as a matter for settlement, not by an Imperial Conference, but between the people of Newfoundland on the one hand and the United Kingdom Government and Parliament on the other. We are, in fact, already committed on this point, since the arrangements made in 1933, as a result of an unanimous vote of both Houses of the Newfoundland Parliament, contemplated only a temporary break in the Island's long history of self-government and provided that, as soon as its difficulties had been overcome, responsible government, on request from the

people of Newfoundland, would be restored. If, therefore, the people, when the issue is put to them, request the restoration of responsible government, we shall, of course, be bound to accede to their wish, and there would be no scope for reference of the matter to an Imperial Conference. Such a course would, in any case, be regarded by Newfoundlanders as derogatory, and might well be highly embarrassing to the Dominions, above all to Canada.

6. In the circumstances I now propose, with the approval of my colleagues, to make my proposed statement in the House of Lords at an early convenient opportunity. The draft statement, which was annexed as Appendix A to C.P.(45)234, has been agreed with the Commission of Government, subject to a few minor alterations, and since it has also formed the subject of confidential consultation with the Canadian authorities, it would, I feel, be desirable that I should adhere as closely as possible to that draft. I annex, however, a shorter draft which might be suitable for the purpose of a simultaneous statement in the House of Commons.

123.

PRO/DO 35 1345/N402/43ERD/1783

*Extrait des conclusions du Cabinet de Grande-Bretagne*  
*Extract from Conclusions of Cabinet of Great Britain*

SECRET

London, November 27, 1945

...

## NEWFOUNDLAND

5. The Cabinet had before them a memorandum by the Secretary of State for Dominion Affairs (C.P.(45)292) commenting on the points raised in their earlier discussion on 1st November of his proposals for enabling the people of Newfoundland to decide their future form of government.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS recalled that in the earlier discussion it had been suggested that the proposed National Convention might be constituted on a vocational, instead of a geographical, basis of election in order to prevent an unduly high representation of business and financial interests. He had taken the advice of the Commission of Government on this point and, after full consideration, he was satisfied that the suggestion would be impracticable, for the reasons summarised in paragraph 2 of his memorandum. He agreed, however, that it was important to ensure that the Convention adequately represented the interests of the Islanders themselves; and for this purpose he proposed that it should be made a requirement that every candidate should have resided in his constituency for the two years immediately preceding the election.

He had also considered the suggestion that the report of the proposed Convention should be considered by Imperial Conference. He was, however, satisfied that a change in Newfoundland's status was a matter for settlement between Newfoundland and the Parliament of Westminster. Discussion of such a question at an Imperial Conference would be embarrassing, not only to Newfoundland, but also the Dominions, particularly Canada.

The third suggestion made in Cabinet's earlier discussion was that the proposed announcement in Parliament might be substantially shorter than he had previously contemplated. He thought it would be appropriate that he should make a full announcement in the House of Lords, on the lines of the draft annexed to his earlier memorandum (C.P.(45)234); but he now submitted (in the Annex to C.P.(45)292) a shorter draft for use in the House of Commons.

The Cabinet endorsed the conclusions reached by the Secretary of State for Dominion Affairs on the points which had been raised at their earlier meeting. Discussion turned on the terms of the proposed announcement in Parliament. Some doubt was expressed about the expediency of including in this announcement the reference (at the beginning of the penultimate paragraph of the draft annexed to C.P.(45)292) to the difficulty of providing from the United Kingdom further financial assistance for Newfoundland. This passage<sup>88</sup> seemed to be designed to encourage the view that Newfoundland's ultimate destiny lay in union with Canada. At the Cabinet's earlier discussion, however, some Ministers had doubted whether it should be assumed at this stage, without further discussion, that the ideal solution of Newfoundland's difficulties lay in union with Canada. On this point there had been some difference of view, but it had been agreed that there could be no question of Canada's assuming any responsibility for Newfoundland unless the initiative came from the Newfoundlanders themselves. In these circumstances it seemed preferable that the statement of policy to be made on behalf of His Majesty's Government should not contain any hint of union with Canada.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS agreed to delete from the draft statement annexed to C.P.(45)292 the first three sentences of the penultimate paragraph,<sup>88</sup> and the words "on this account" at the end of that paragraph; and to make corresponding changes in the final paragraph of the longer statement to be made in the House of Lords (Appendix A of C.P.(45)234).

The Cabinet:

- (1) Approved the proposals set out in C.P.(45) 234 and 292 for enabling the people of Newfoundland to choose their future form of Government.
- (2) Agreed that simultaneous announcements of these proposals should be made in the House of Lords and the House of Commons respectively, in the terms of the drafts annexed to C.P.(45) 234 and 292, subject to the textual amendments noted above.

<sup>88</sup>Les trois phrases se lisaient comme suit:

His Majesty's Government will make clear to the Convention when it meets their own position in relation to possible future financial assistance to the Island. I think it only fair to our fellow citizens in Newfoundland that I should sound a note of warning on this point. The currency of Newfoundland is the Canadian dollar, and we are now so short of Canadian dollars that the future financing of imports from Canada essential to the life and welfare of our own people constitutes in itself a formidable problem.

<sup>88</sup>The three deleted sentences read:

124.

W.L.M.K./Vol. 308

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs  
to Prime Minister*

TOP SECRET

Ottawa, December 1, 1945

STATEMENT ABOUT NEWFOUNDLAND TO BE  
MADE IN THE HOUSE OF LORDS

1. Attached is a draft of the long-awaited statement to be made by the Secretary of State for the Dominions in the House of Lords shortly regarding the future of Newfoundland. Mr. Malcolm MacDonald intimates that our views would be appreciated.
2. It is proposed that a constitutional convention should be elected about next June to review the situation of the Island and to make recommendations "as to possible forms of future government to be put before the people at a national referendum." The statement is obscure and perhaps intentionally so as to whether the convention is expected to recommend a single scheme or to propose alternatives.
3. If weighted at all, the statement seems to favour a return of responsible government. There is no suggestion of confederation as a possible alternative. The statement warns, however, that the United Kingdom cannot make any financial commitments at the present time. This will, no doubt, disappoint many Newfoundlanders and may induce them to look for other alternatives than either responsible government or continuation of the Commission of Government.
4. I suggest that our best course is to make certain that neither the statement itself nor the method proposed for consulting the people of Newfoundland should prejudice due consideration of confederation.<sup>89</sup> If the door is clearly left open and if there is sufficient public interest to warrant its consideration, the question may be expected to arise spontaneously during the election or during the convention.<sup>90</sup>
5. I suggest that the present draft in one or two places does prejudice consideration of confederation, but that this could be met by verbal changes. Suggested changes are attached to the statement at paragraph (2) sub-paragraph (2) and at paragraph (4) second last sentence.
6. In view of the historic opposition to confederation in Newfoundland a constitutional convention could scarcely be expected to recommend a referendum on confederation alone. If confederation is placed before the people by way of referendum it will probably be as one of two or more alternatives. A referendum on several alternatives might result in no clear-cut decision on anything unless some

<sup>89</sup>Note marginale:<sup>89</sup>Marginal note:

On the other hand it should not invite it.

<sup>90</sup>Note marginale:<sup>90</sup>Marginal note:

I agree.

system of preferential voting were adopted. It is suggested that this should be pointed out to the United Kingdom.<sup>91</sup>

N. A. R.[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

*Extraits du projet de déclaration du secrétaire aux Dominions*

*Extracts from Draft Statement by Dominions Secretary*

(1) Since assuming office the Government have reviewed the position in relation to Newfoundland.

(2) Before proceeding to describe the measure which we propose, I should like to refer briefly to three preliminary points. [ . . . ]

...  
(2) It will be the duty of the Convention to review all the alternative courses open to the Island and to make recommendations to His Majesty's Government as a basis for a National Referendum. It is fitting, therefore, that it should be given wide terms of reference and these will take the following form:

"To consider and discuss amongst themselves as elected representatives of the Newfoundland people, the changes that have taken place in the financial and economic situation of the Island since 1934 and bearing in mind the extent to which the high revenues of recent years have been due to wartime conditions, to examine the position of the country and to make recommendations to His Majesty's Government as to possible forms of future Government<sup>92</sup> to be put before the people at a National Referendum."

...  
[ . . . ] Our relations with Newfoundland have been so special and Newfoundlanders have played such a gallant part in the war that it would, I know, be the wish of all to assure to any new Government which may take over the Island<sup>93</sup> the fairest possible start. But we must, above all, be careful not to promise what we may not be able to perform, and the special difficulties of our financial position over the next few years may well preclude us from undertaking fresh commitments. As your Lordships will understand from what I have said, the object of the procedure proposed by His Majesty's Government, is to enable the people of Newfoundland to come to a free and informed decision as soon as possible on their future form of Government.<sup>94</sup> I know that this House, which has always been solicitous for the welfare of the people of the Island, will wish them well in the exercise of their choice.

<sup>91</sup>Une réaction négative à cette suggestion est implicite dans le document suivant.

<sup>92</sup>On proposa de remplacer "possible forms of future Government" par "the issues."

<sup>93</sup>Note marginale:

<sup>91</sup>A negative reaction to this suggestion is implicit in the following document.

<sup>92</sup>It was proposed that "possible forms of future Government" should read "the issues."

<sup>93</sup>Marginal note:

management of the affairs of the

<sup>94</sup>On proposa de remplacer "on their future form of Government" par "on their political future." Le Premier ministre commenta: "Goes too far."

<sup>94</sup>It was proposed that "on their future form of Government" should read "on their political future." The Prime Minister commented: "Goes too far."

125.

W.L.M.K./Vol. 308

*Mémoire du Premier ministre*  
*Memorandum by Prime Minister*

Ottawa, December 2, 1945

Phoned Robertson at 2.30 p.m. — Sunday. Gave it as my opinion it would be better to leave the memorandum exactly as it stands and not to introduce the words "the issues" or "on their political future." The latter, I felt would certainly suggest determining at once whether they were to be with the U.S., the U.K. or Canada, or on their own. Also I thought the British government had used "form of government" deliberately, the significant matter to be decided at present being whether the Commission form of government would continue, or a responsible government, either within the island itself or as part of some larger confederation.

I did point out that on page 3, fourteen lines from the bottom, that the words "take over the Island" were certainly ambiguous and should be changed to make plain that it is not the taking over of the Island by some external government which may be elected, but rather something which would signify the government to be elected to manage the affairs of the Island.<sup>95</sup>

Mr. Robertson agreed that, in the circumstances, he would not suggest an alteration of the memorandum in the form in which it is, except in regard to the last-mentioned point.<sup>96</sup>

W. L. M[ACKENZIE] K[ING]

126.

PRO/DO 35 1345/N402/43/X/L01211

*Le haut commissaire de Grande-Bretagne au secrétaire aux Dominions*  
*High Commissioner of Great Britain to Dominions Secretary*

TELEGRAM 2505

Ottawa, December 10, 1945

MOST IMMEDIATE. TOP SECRET. Your telegram No. 2111 of 29th November.<sup>†</sup>  
 Newfoundland.

Copy of proposed statement was handed to Robertson on 30th November with a short explanation on lines of your telegram under reference. Robertson made no comment at the time but said that he would like to look at the statement and presumed that we would like him to let us have their observations if any.

He has since told me that Ministers have no comments to make and they do not wish to offer any suggestions formally. Department of External Affairs have however pointed out informally that on strict legal interpretation phrase at end of proposed terms of reference for the convention and in particular the words "as to possible forms of future Government" might be held strictly to rule out the

<sup>95</sup>Voir la référence 93.<sup>95</sup>See footnote 93.<sup>96</sup>Comparez avec le document suivant.<sup>96</sup>Compare with following document.

possibility of Newfoundland joining Canadian Confederation. Department of External Affairs have therefore made informal suggestion that some more general form of words such as "as to the issues to be put before the people" might get over this difficulty. I undertook to pass this suggestion on.

127.

243s

*Le secrétaire aux Dominions au haut commissaire de Grande-Bretagne*  
*Dominions Secretary to High Commissioner of Great Britain*

TELEGRAM 2193

London, December 11, 1945

IMPORTANT. TOP SECRET. Your telegram No. 2505.

Canadian authorities can be assured that there is no risk of any such narrow interpretation as is suggested being placed upon terms of reference. Latter are linked with introductory sentence of paragraph 2 which makes it clear that it will be the duty of the Convention "to review all the alternative courses open to the Island, and to make recommendations" etc. In the circumstances, the terms of reference having been very carefully drawn in consultation with the Commission of Government and having been approved by the Cabinet, it was felt undesirable to alter them and statement was accordingly made in House of Lords to-day in terms set out in my telegram No. 2112.†

128.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve*  
*au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland*  
*to Secretary of State for External Affairs*

DESPATCH 376

St. John's, December 12, 1945

CONFIDENTIAL

Sir,

There was considerable excitement in St. John's yesterday when an announcement was made over the local radio that the United Kingdom Government was about to make its long deferred statement on the future government of Newfoundland. The statement itself was listened to with great attention by all classes of people and is, of course, the one topic of conversation this morning.

...

8. In the meantime it will be interesting to watch the trend of developments in this country. The Governor tells me that he has consulted six of the leading business men on Water Street. They were rather alarmed at the prospect opened up by the British statement and were inclined to take the view that Britain had let them down.

9. I have not encountered the latter feeling at all. The three or four influential men in the community, that I have thus far had an opportunity of speaking to informally on the subject, understand clearly enough that Britain's financial position does not enable her to keep on supporting Newfoundland indefinitely. The general feeling seems to be rather one of bewilderment accompanied by a fear, on the part of more responsible elements, that a Convention made up of individuals elected from the various constituencies without the cement of any party and without any agreed body of principles to guide them, will be composed in the main of "wild men" who will not be able to agree on anything constructive at all. I note, however, a rather more general feeling than I have noticed hitherto in favour of a return to straight Responsible Government. This seems to be the prevailing feeling among the returned men in particular and also on the West Coast where Mr. Lewin, the General Manager of the Bowater's Newfoundland Pulp and Paper Mills, Limited, and a leading figure in the West Coast Association, has taken the position, in private conversation at least, that no other form of Government is compatible with the dignity and, indeed, the ultimate well-being of the country.

10. Thus far the press has had no opportunity to do more than to point out that the future destiny of Newfoundland is now squarely in its own hands and that Newfoundlanders must give careful attention to the problem they will be called upon to solve. The reference to Britain's inability to continue to help them financially has, of course, not escaped them and they seem quite ready to draw the necessary inferences. I enclose for your information editorials and leading articles,<sup>†</sup> from the local press, which have appeared today. I shall forward editorials that may appear in papers published elsewhere in the Island as soon as they are available and shall not fail to keep you informed of the trend of opinion and the development of events.

I have etc.

J. S. MACDONALD

129.

2828-40

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

DESPATCH A.635

London, December 14, 1945

Sir,

I have the honour to refer to my despatch No. A.166 of May 10th, 1945,<sup>†</sup> concerning the constitutional status of Newfoundland. The Prime Minister made a statement in the House of Commons on Tuesday, December 11th concerning the restoration of self-government to Newfoundland. I attach a copy of his statement.



2. Mr. Attlee announced that the government had decided to set up early next year an elected National Convention of Newfoundlanders. Its terms of reference would be to consider and discuss the changes that have taken place in the financial and economic situation of the Island since 1934, to examine the position of the country and to make recommendations to the United Kingdom Government as to the possible forms of future Government to be put before the people at a national referendum.

3. To assist the Convention the United Kingdom Government would make available to it the services of an expert adviser to give guidance on constitutional forms and procedure; and they would also prepare for the use of the Convention a factual and objective statement of the Island's financial and economic situation. In the meantime the Commission of Government had already a programme of reconstruction to cover the more pressing requirements of the next two or three years and this would be pushed forward as rapidly as possible.

4. Mr. Attlee concluded by saying that because of this country's special relationship to Newfoundland and their appreciation for the latter's part in the war, it would be desirable to assure to any new government the fairest possible start. But they must be careful not to promise anything they might not be able to perform, and the special difficulties of their own financial position over the next few years might well preclude them from undertaking fresh commitments. The object of the proposed procedure was to allow the people of Newfoundland to come to a free and informed decision as to their future form of government. The House would wish them well in the exercise of their choice.

5. In making a similar announcement in the House of Lords, Lord Addison made a slightly fuller statement. He amplified the remarks on reconstruction measures, referring to short-term plans for rehabilitation of ex-Servicemen, and schemes for fishery development, land settlement, the improvement of communications and hospital and educational services. With regard to long-term measures, the new government must be left free to form its own development policy, and the Commission would confine itself to making available for the Convention information respecting the order of development and reconstruction expenditure they thought likely to be required over the next ten years.

6. Lord Cranborne asked a question to elucidate the statement. He understood that there would be three steps in the Government's plan: first the Convention would sit; then the conclusions of the Convention would be forwarded to the United Kingdom Government; and finally a plebiscite would be held at which the issues would be put before the people of the Island. He took it that, while the Government might reserve the right to consider the conclusions of the Convention, they had no intention of precluding the people of Newfoundland from voting on the alternatives which the Convention might recommend. Lord Addison replied that the Government had no such intention. They hoped that the Convention would be able to frame their recommendations in the form of questions to be submitted to the people of Newfoundland at the referendum.

7. The Government's statement appears on the whole to be very non-committal, both on the question of future financial assistance and in that no guidance is given as to the type of government they would themselves like to see set up, nor is

any mention made as to whether it is contemplated that Newfoundland will at once assume full Dominion status. *The Times* commenting on the statement, remarks: "Whether a people so few in number, and with such precarious natural resources, will wish again to assume the cares and burdens of separate Dominion status cannot be judged until the Convention meets. Their recent experience will have persuaded them that the determining factor is likely to be the economic climate of the world in which they have to earn their national living; and that is still very far from being denied. All that is certain is that the systematic scrutiny of the nation's affairs by debate among the elected representatives of the people will be resumed by the meeting of the convention; and their fellow subjects in these islands will wish the venture well."

I have etc.

VINCENT MASSEY

[PIÈCE JOINTE/ENCLOSURE]

*Déclaration du premier ministre de Grande-Bretagne*  
*Statement by Prime Minister of Great Britain*

In pursuance of the statement of policy made on behalf of the Coalition Government in December, 1943, which they fully endorse, His Majesty's Government have decided to set up in Newfoundland next year, as early as climatic conditions permit, an elected National Convention of Newfoundlanders. Elections to the Convention will be held broadly on the basis of the former Parliamentary constituencies. All adults will be entitled to vote, and candidates for election will be required to be *bona fide* residents in the districts they seek to represent. The Convention will be presided over by a judge of the Supreme Court of Newfoundland, and its terms of reference will be as follows:

"To consider and discuss amongst themselves, as elected representatives of the Newfoundland people, the changes that have taken place in the financial and economic situation of the Island since 1934, and bearing in mind the extent to which the high revenues of recent years have been due to wartime conditions, to examine the position of the country and to make recommendations to His Majesty's Government as to possible forms of future government to be put before the people at a national referendum."

In order to assist the Convention, His Majesty's Government will make available to it when it meets the services of an expert adviser who could give guidance on constitutional forms and procedure; and they will also prepare for use of the Convention a factual and objective statement of the Island's financial and economic situation. This statement will be made available to Parliament at the same time.

In the meantime it is, of course, most important that the series of reconstruction measures which the Commission of Government already have in hand or are planning to introduce should proceed without interruption, and these will be pushed forward as rapidly as possible. The Commission have a full programme designed to meet the more pressing requirements of the Island over the next two or three years.

Our relations with Newfoundland have been so special and Newfoundlanders have played such a gallant part in the war that it would, I know, be the wish of us all to assure to any new Government which may take over in the Island the fairest possible start. But we must above all be careful not to promise what we may not be able to perform, and the special difficulties of our financial position over the next few years may well preclude us from undertaking fresh commitments.

The object of the procedure which His Majesty's Government propose is to enable the people of the Island to come to a free and informed decision as to their future form of government. I know the House, which has always been solicitous for their welfare, will wish them well in the exercise of their choice.

130.

PRO/DO 35 1142/X/J7871

*Le secrétaire principal, le haut commissariat de Grande-Bretagne,  
au sous-secrétaire d'État adjoint aux Affaires des Dominions  
de Grande-Bretagne*

*Senior Secretary, High Commission of Great Britain, to  
Assistant Under-Secretary of State for Dominion Affairs  
of Great Britain*

851/20

Ottawa, January 8, 1946

Dear Clutterbuck,

I am sorry that for a variety of reasons we have not been able to send you an earlier summary of Canadian press reactions to the recent statement of policy about Newfoundland. You will, however, probably have seen the brief comments already included in the Minim Preco telegram.<sup>†</sup>

The statement evoked considerable interest in Canada and was widely reproduced (though as a point of minor interest reference was invariably made to Mr. Attlee's and not to Lord Addison's statement). It also evoked considerable editorial comment. The press have without exception welcomed the statement and generally approved of its terms, expressing pleasure that Newfoundland is to be given a chance to become self-governing again. There has been very little criticism of the Commission Government in the Canadian press, though several papers have dwelt on the depressed condition of the island and have called attention to the neglected<sup>97</sup> state of education, health services and general development.

Nearly all papers have, not unnaturally, hinted at the possibility of Newfoundland joining Confederation, though generally without very much enthusiasm and the point is frequently made that, if Newfoundland were to be linked with Canada, the Dominion would have additional burdens to bear and the change

<sup>97</sup>Note marginale:<sup>97</sup>Marginal note:This is hardly the *mot juste* though we could not object to "still backward."

would mainly be to the advantage of Newfoundlanders, though it is not thought unlikely<sup>98</sup> that they themselves will vote for this.

I enclose some typical editorials from the *Montreal Daily Star*, the *Winnipeg Free Press*, the *Ottawa Journal* and the *Globe and Mail*. The *Montreal Daily Star* points out that Newfoundland is a country with a restricted economy and that, until some means can be found of extending that economy, the island is hardly likely to find its feet. It also refers to the "political apathy" to which Lord Ammon drew attention and concludes that there is little evidence that Newfoundlanders have given serious thought to the possibility of Confederation. The *Globe and Mail* similarly thinks that opinion in favour of Confederation does not seem strong for the move on either side, but concludes that Canada "felicitates the colony on its opportunity to regain command of its own household" and hopes that the partnership between Canada and Newfoundland may long endure. The *Ottawa Journal* points out that Newfoundland would no doubt be better off as a province of Canada, but says that Newfoundlanders during the years have been suspicious of such proposals and adds that Canada might not be any too ready to attach Newfoundland as a Tenth province. The *Winnipeg Free Press* also refers to Newfoundland's past reluctance to join in Confederation, but concludes that, whatever course Newfoundland chooses, Canadians will wish them well and will take a more than neighbourly interest in their further progress. The *Saint John Journal* is even more sceptical about the possibility of Newfoundland joining with Canada, pointing to Newfoundland's past record of financial backwardness and the possibility of her becoming a heavy expense to Canada and urging that, should the question be brought up, all the pros and cons should be marshalled and considered with care.

On the whole, I think we can regard this as a satisfactory display of interest with comments generally as favourable as could be expected.

Yours sincerely,

J. J. S. GARNER

131.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 13

CONFIDENTIAL

Sir,

St. John's, January 10, 1946

I have the honour to refer to our despatch No. 388 of December 28th, 1945,<sup>†</sup> and previous despatches on the political future of Newfoundland. Since our last despatch there has been no further comment of any significance in the weekly

<sup>98</sup>Note marginale:

<sup>98</sup>Marginal note:

? likely

newspapers which have reached our Office. During the past two weeks, however, there has been a considerable volume of discussion in the editorial and correspondence columns of the St. John's daily papers.

2. There is a noticeable, though not marked, increase in the attention which is being paid to the pros and cons of Confederation and one has the impression that this question is steadily engaging the thoughts of Newfoundlanders as a practical issue. Several correspondents writing on the subject appear to have given it some study. The *Evening Telegram* continues editorially, while retaining its freedom of judgement, to write in such a manner as to place Confederation squarely before the public as a matter for serious consideration. Perhaps even more significantly, the *Daily News* and its columnist "Wayfarer" continue to oppose Confederation in a manner which indicates that they consider it, in spite of their own arguments, to be a real issue. I will shortly forward you a summary and analysis of the various opinions on Confederation which have recently appeared in the Newfoundland press.

3. I enclose for your information copies of editorials<sup>1</sup> which appeared in the St. John's *Evening Telegram* on January 4th, 5th, and 8th and in the St. John's *Daily News* on January 5th and 7th. These editorials continue the discussion to which we have referred in earlier despatches and bring forward no essentially new arguments. They do reflect, however, the trend of public thinking and cover certain points more fully than did previous articles. It is interesting to note the clear-cut divergence of outlook of the two papers as indicated in their editorials of January 7th and 8th.

4. It is noted also that on the latter date the *Evening Telegram* states that it "will deal in due course with the forms of Government in the Colonies and will give whatever information is available on Provincial status." There appears to be an implication here that the paper's information on Provincial status is not as complete as it would like it to be. This, of course, may simply reflect the inconclusive state of current Dominion-Provincial negotiations, but it probably also indicates a general incompleteness of information on Canadian constitutional and financial arrangements. In any case, Newfoundlanders generally are only partially informed on those aspects of Canadian affairs which concern them most closely. Any steps which can be taken to make such information readily available to those Newfoundlanders who desire it, would have the desirable effect of making local discussion of Canada-Newfoundland relations realistic and constructive.

5. The British Government has promised that it will make available to the Convention the services of an expert adviser to give guidance on constitutional forms and procedure. The question of the manner in which factual material concerning Canada and Confederation would, if circumstances should warrant such a procedure, also be made available to the Convention, is no doubt under consideration. It is perhaps significant that we find such statements as the following appearing in the columns of both St. John's daily papers. In an article entitled "The National Convention" which appeared in the *Evening Telegram* on December 28th and which is enclosed with this despatch, "Terranovan" states, "Before the question of Newfoundland becoming the tenth province arises Ot-

tawa would or should present us with a statement outlining the benefits (as seen from there) for this Island if Union becomes an issue. It would be useless for advocates (if any) of Confederation pushing the issue if they did not know whether Canada was willing to receive Newfoundland or what Canada would offer." In another article entitled "Union with Canada" the same writer says on January 2nd, that "Canada already is the potent influence in Newfoundland, controlling our currency, oil and petroleum products, insurance and in many other avenues of trade and commerce has established as complete a control as if she were 'the boss' . . . . Perhaps Ottawa will take these things into consideration when and if the King Government decides to set further terms governing the Confederation issue, and make a generous gesture to Newfoundland." In an article entitled "Making It Plain" which appeared in the St. John's *Daily News* on January 5th "Wayfarer" states, "You cannot make Confederation work by simply assuming that certain things are bound to be done. Only if Canada is prepared to make specific and definite commitments that will assure us of what we need for proper development should it be considered at all."

6. The *Evening Telegram's* editorial of January 5th entitled "Dominion Status" raises a pertinent constitutional point. It discusses, in a historical context, the significance of Newfoundland's not having ratified the Statute of Westminster. Presumably this omission would be no obstacle to Newfoundland's regaining Dominion status but the historical argument advanced by the editorial, if valid, would seem to imply that, even if Newfoundland were to decide to seek union with Canada subsequent to regaining Dominion status, it would be possible to arrange matters on the basis of the British North America Act. This appears to me to be a doubtful conclusion. Confederation of the present nine Provinces, although it occurred over the course of some years, was a joining together by Act of the British Parliament of political units which by no means possessed the practically unlimited sovereignty of a Dominion in the Commonwealth of today. The present status of Newfoundland is, from the constitutional point of view, anomalous, but technically she is more subject to British rule than were the Canadian Provinces before Confederation. Hence, if Newfoundland, before regaining Dominion status, should decide that she wishes to become a Province of Canada it would appear, should Canada be agreeable, to be quite feasible to arrange matters on the basis of the British North America Act. On the other hand, if Newfoundland should return to Dominion status and then decide that she wished to join Canada it would appear that the whole matter would have to be negotiated on a somewhat different basis — with the concurrence of the Crown, of course, but as a matter for settlement between two self-governing Dominions.

7. The *Daily News's* editorial of January 5th raises a further point of interest. It expresses apprehension that Confederation might "involve the desertion of Newfoundland by thousands who would move to the mainland when immigration barriers went down." One can see in this assertion and in the whole editorial, the truly patriotic considerations which motivate some of the opponents of Confederation. I should think that one useful argument against this point of view might be that Confederation, should Newfoundlanders decide that it is the only practical solution to their problems, could be as much a matter of faith for Newfoundland as could a determination to maintain their national identity. If Confederation

should bring to Newfoundland the benefits which its advocates claim that it would, then there should be little need for Newfoundlanders to emigrate to the mainland. It must be admitted, however, that there is no questioning the truth of the *Daily News's* statement in this same editorial that "the hope of Newfoundland's own development lies in the industry and enterprise of her people" and that there is much force in this newspaper's unremitting efforts to discover and promote new methods by means of which Newfoundland may develop her own resources to the utmost.

8. I enclose two copies of clippings from the *St. John's Evening Telegram* of December 28th, 1945, and January 5th, 1946, which contain articles entitled "The National Convention" and "Convention Candidates." They discuss the British Government's statement that candidates for election to the Convention will be required to be *bona fide* members of the districts they seek to represent. The first article points to the discrepancy between Mr. Attlee's and Lord Addison's statements as reported in the local press. It is claimed that, whereas the former statement is unequivocal the latter "might be taken to mean that a man having grown or temporarily lived in any place outside St. John's but is domiciled in the City now could represent his home district." The article states that "an official statement clearing up this particular point should be forthcoming." The Commissioner for Home Affairs and Education in his speech on January 5th, which we have sent you, is reported to have stated that "the Convention will consist of representatives who are *bona fide* residents of their districts." There would appear, therefore, to be no doubt that the possible alternative interpretation referred to by the article is erroneous.

9. The second article argues that each district should have no difficulty in electing a worthy representative. It adds, "As to the method of selection it should not be a difficult matter to organize meetings in the towns or larger settlements for the purpose of selecting delegates to attend a district Convention, and to vest the latter with authority to select candidates to represent the district at the National Convention." This is, in effect, an answer to the pessimistic point of view of the *Newfoundland Trade Review* in the editorial to which I referred in paragraph five of our despatch of December 28th.

10. An interesting point is brought out by "Wayfarer" in his column of January 4th. He states that the total of those now qualified to vote and who have never had an opportunity before to exercise the privilege of franchise, is in the neighbourhood of 70,000; while the total number of eligible voters in 1932, when the last election was held, was about 150,000.

I have etc.

PAUL A. BRIDLE

132.

PRO/DO 35 1142 X/J 7871

*Le secrétaire principal, le haut commissariat de Grande-Bretagne,  
au sous-secrétaire d'État adjoint aux Affaires des Dominions  
de Grande-Bretagne*

*Senior Secretary, High Commission of Great Britain, to  
Assistant Under-Secretary of State for Dominion Affairs  
of Great Britain*

851/20

Ottawa, January 19, 1946

My dear Clutterbuck,

With reference to my letter of the 8th January, the Canadian press are continuing to pay attention to the statement of policy about Newfoundland.

In a recent leading article the Toronto *Daily Star* has said:

"Canadians have the kindest feelings for the people of Newfoundland and wish for them political freedom in whatever form may be best for them. Our people would be proud to have Newfoundland become the tenth province of Canada and would be indisposed to haggle about terms. If Canadians do not extend a pressing invitation to Newfoundland to join confederation it is because they have no wish to embarrass a neighbor that they admire."

The Vancouver *Daily Province* has also had a leading article, the conclusion of which reads:

"The popular feeling seems to be for self-government rather than union with Canada, but the island's destiny is in the lap of the gods. It is very doubtful indeed if in any economic sense Newfoundland can live alone."

Yours ever,

J. J. S. GARNER

133.

PRO/DO 35 1142X/J7871

*Le haut commissaire adjoint de Grande-Bretagne  
au sous-secrétaire d'État adjoint aux Affaires  
des Dominions de Grande-Bretagne*

*Deputy High Commissioner of Great Britain  
to Assistant Under-Secretary of State for  
Dominions Affairs of Great Britain*

851/26

Ottawa, January 21, 1946

CONFIDENTIAL

Dear Alec [Clutterbuck],

The Department of External Affairs have forwarded to us a copy of a despatch from the Acting High Commissioner at St. John's reporting on the reactions in the Newfoundland press to the recent statement of policy in Parliament.



I am sure you will be interested to see this despatch. I would draw your attention in particular to paragraph 5 in which Bridle suggests that "the question of the manner in which factual material concerning Canada and Confederation would, if circumstances should warrant such a procedure, also be made available to the Convention, is no doubt under consideration."

Incidentally I think that Scott Macdonald was on leave in Canada when this despatch was written.

Yours sincerely,

STEPHEN L. HOLMES

134.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 41

St. John's, January 24, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to my despatch No. 270 of August 9th, 1945, concerning a series of three radio broadcasts made by Major Peter J. Cashin in June, 1945.

2. Major Cashin, who I understand makes his home in Montreal, was away from St. John's during most of the summer, but since his return he has made a number of broadcasts at irregular intervals. These broadcasts have not been printed in any of the Newfoundland papers, but they have been widely listened to and have created considerable interest in many parts of the Island.

3. Major Cashin's broadcast on January 12th on the subject of the National Convention brought to a head his long-continued attacks on the Commission of Government and all whom he suspects of being associated with it in any way. His consistently uncompromising advocacy of the return of full responsible government has now taken the form of attacks on the Convention as being merely a "red herring" which improperly confuses the issue. He claims that the United Kingdom Government has broken its pledge by allowing the introduction of possible forms of government other than self-government, and he is presently engaged in an attempt to organize local committees in various parts of the Island with the object of obtaining signatures to a petition asking to have the Convention scheme annulled and responsible government unequivocally restored. So far he seems to have run up against the same apathy with which all political leaders here are at present faced in more or less degree, and his campaign has not yet been marked by any conspicuous success.

4. In each of his broadcasts Major Cashin has managed to introduce several controversial topics which he knows sufficiently well to use as the basis of generally destructive and sometimes sensational criticism. He has not confined himself

to current events but has delved into the past; his remarks are interspersed with a wealth of personalities and concrete instances and he always talks about matters with which the average Newfoundlander is reasonably familiar. He is a strong speaker and is not without humour; the vigorously critical attitude which he continually adopts appeals, even if only as entertainment, to a large number of people, particularly those in the less prominent walks of life. He has made a point of specifically directing an appeal in turn to each of several different economic and social sections of the community.

5. It is difficult at this point to judge to what extent Major Cashin has acquired an actual following. Although he is widely listened to, there are few in the country who do not know his political record, and it is apparently not one to inspire the trust of the masses. Also it is possible that, when public debate increases in scope and tempo, Major Cashin's speeches may lose some of their appeal, which at the moment is partly just the novelty of plain speaking. However, it would be unwise to underestimate his potential influence. He is said, rightly or wrongly, to have the backing of certain St. John's merchants, and if he were able to associate himself with some group possessing a popular following on its own merits, he might develop into an important political figure during the months ahead.

I have etc.

J. S. MACDONALD

135.

PRO/DO 35 1142X/J7871

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires des Dominions de Grande-Bretagne au sous-secrétaire d'État permanent aux Affaires des Dominions de Grande-Bretagne*

*Memorandum from Assistant Under-Secretary of State for Dominion Affairs of Great Britain to Permanent Under-Secretary of State for Dominion Affairs of Great Britain*

London, February 1, 1946

To See Nos. 4, 5 and 6.<sup>†</sup>

Sir H. Walwyn reports that the statement in Parliament has been well received, but that there is the usual division of opinion as to the best course for the Island to follow and that the public generally are hanging back pending publication of the full election scheme . . . .

The Canadian despatch<sup>99</sup> in 6 is also interesting. This is the first time that the Canadians have shown us one of their own reports, and we might I think reciprocate by letting them see the Newfoundland despatch in confidence . . . .

No doubt Sir H. Walwyn will have something more to tell us on his arrival, but it does appear that there is a good deal more interest in the idea of confederation with Canada than hitherto.

P. A. C[LUTTERBUCK]

<sup>99</sup>Document 131.

136.

PRO/DO 35 1142X/J7871

*Le sous-secrétaire d'État adjoint aux Affaires des Dominions  
de Grande-Bretagne au haut commissaire adjoint de Grande-Bretagne*

*Assistant Under-Secretary of State for Dominion Affairs of  
Great Britain to Deputy High Commissioner of Great Britain*

N.402/46

London, February 4, 1946

CONFIDENTIAL

Many thanks for your letter 851/26 of the 21st January in which you enclosed a copy of an interesting despatch from the Acting High Commissioner for Canada at St. John's regarding the reactions of the Newfoundland press to the recent statement of policy about Newfoundland. Please thank the Canadians for letting us see this. We are also very grateful for Garner's letters of the 8th and 19th January reporting on the Canadian press reactions.

You may like to see in this connection the enclosed copy of a despatch which we have received from the Governor of Newfoundland commenting on the public reception of the statement in Newfoundland. There would be no harm in your showing this to the Department of External Affairs in confidence. We will endeavour to let you have from time to time any further information of importance as to trends of opinion in Newfoundland which may come our way. So far there does not seem to have been any marked swing in one particular direction.

As to the point mentioned in paragraph 2 of your letter, it is possible (indeed we should hope for this, though we cannot, of course, say so) that when the Convention, in going through the list of possible courses open to the Island, come to the question of confederation with Canada, they will take steps — either by sending representatives to Ottawa or otherwise — to secure from the Canadian Government an authoritative outline of the terms which would apply. This is likely to be a tricky matter, since normally the terms would be for negotiation between Governments; but it would be only reasonable that before deciding their attitude Newfoundlanders should know broadly how things would be likely to work out. We hope therefore that the Canadian authorities will be prepared for this contingency — will be ready to adopt as forthcoming an attitude as possible.

Yours ever,

P. A. CLUTTERBUCK

[PIÈCE JOINTE/ENCLOSURE]

*Le gouverneur de Terre-Neuve au secrétaire aux Dominions  
Governor of Newfoundland to Dominions Secretary*

DESPATCH 22

St. John's, January 15, 1946

My Lord,

In accordance with the request contained in the first paragraph of your telegram No. 7 of January 4th,<sup>†</sup> I have the honour to submit the following brief appreciation of the public reception of the statement recently made respecting the Constitutional programme.

2. Publication here was followed by a general feeling of satisfaction and relief that positive steps were to be taken to enable the people to choose the form of Government they desired. Some disappointment was expressed that the statement did not include any announcement of financial assistance. The press was practically unanimous in the opinion that people should now take their responsibilities seriously and study the problem carefully. The letters appearing in the issues of the two St. John's daily newspapers have averaged about two daily. Some of these have advocated return to Responsible Government; some have pointed to the benefits received under the present form of Government; some have recommended Confederation with Canada; some have expressed the view that the issue of Confederation should be discussed only after a new form of Government has been chosen.

3. Shortly after publication of the statement, Honourable R. B. Job, a member of the former Legislative Council, advocated in the press a modification of the constitution of the National Convention by addition to its membership of a number of representatives of the larger organizations in the Island competent to debate the issues that will confront that body. This view met with some editorial support. None of these organizations expressed publicly any views on the matter. It was suggested in the press by the Honourable F. J. Morris, O.B.E., retired Judge of the Central District Court, that discussions on possible alternative forms of Government might take place over the radio so that the people could be fully informed of the implications of each. This proposal was also supported editorially. The view has been expressed that a large body of the public are not quite clear as to the functions of the National Convention and are awaiting further information with regard to its constitution and working duties. This will be forthcoming when the legislation is passed and published and the necessary instructions thereunder issued. It is understood that business men from the St. Barbe Peninsula and sections of Notre Dame Bay who recently visited St. John's have expressed the opinion that the fishermen in those places are in favour of a continuation of Commission of Government on the ground that prices of goods have been kept reasonably under control during the war while high prices have been obtained for fish. These merchants have stated that the fishermen fear any change which may bring the Government of the country under the influence of the mercantile community. This fear is also believed to be shared by many members of Labour Organizations and Co-operatives but has not yet become vocal.

4. It may be said generally that the announcement met with acceptance. The feeling of disappointment regarding financial assistance was tempered by the realization of the difficulties of the dollar position of the United Kingdom. It is impossible to tell just how the minds of the people are working as no persons of substance or organizations have yet advocated the adoption of any particular form of constitution or declared their intention of sponsoring or supporting any particular candidates. Neither has any person declared his intention of standing as a candidate for election to the Convention. The people appear to be awaiting further information regarding the working of the Convention. There seems to be a deep-rooted fear in the minds of many people that return to self-government may lead to certain abuses associated with it in the past and before committing themselves to a decision they will wish to be thoroughly informed as to alternative

forms of government and the economic and financial prospects of the country. The *Daily News* puts forward the view that return to responsible government will be in the best interests of the country. This view is based on the expectation that competent men will offer themselves for election. The paper adds the qualification that, if such men should not be willing to accept public office, there is no alternative to seeking a Government of limited powers and subject to external control. There seems, however, to be some ground for believing that a large section of the public, in doubt as to the feasibility of any representative form of Government, may wish to retain the present form for a time at least until the possibility of self-support is definitely established. With the publication of detailed information as to the method by which the National Convention will be constituted and conducted an increase of public interest may be anticipated. At the moment the position is confusing and it is not possible to give a closer approximation of what is in the public mind.

5. I might mention that the *Evening Telegram* has recently been expressing grave doubts respecting the financial ability of this country to maintain necessary services on the present scale or to expand them in desirable cases and has been stressing that a decision as to the future form of government can be made only after careful consideration of the economic and financial position and our capacity to carry on these services, and generally to remain self-supporting. After warning that no increased development of resources is apparent and that it is unlikely that war-time prices for fishery products will long continue and that it is not unreasonable to anticipate a reduction in the cost of imports with consequent decrease of revenue from customs duties, this paper states "The question is whether there is reasonable ground for the belief that sufficient revenue may be raised to cover expenditure" and "If after insisting upon the full restoration of its former status, Newfoundland had once again to go out begging for assistance, the position would be, to say the least, humiliating."

6. The report upon the details of the scheme for Elections and preparations therefor requested in the second paragraph of your telegram will be sent forward at an early date.

I have etc.

HUMPHREY WALWYN

137.

2828-40

*Le haut commissaire adjoint de Grande-Bretagne au  
sous-secrétaire d'État aux Affaires extérieures  
Deputy High Commissioner of Great Britain to  
Under-Secretary of State for External Affairs*

851/26

Ottawa, February 14, 1946

CONFIDENTIAL AND PERSONAL

Dear Norman [Robertson],

I think you may care to see, for your confidential information, this copy of a recent despatch from the Governor of Newfoundland, regarding the public re-

ception of the recent announcement about the constitutional programme for that Island. Up to the present there does not seem to have been any marked swing of public opinion in any one particular direction.

We are incidentally very grateful to you for letting us see a copy of Bridle's despatch of the 10th January.

Yours sincerely,

STEPHEN L. HOLMES

138.

2727-AF-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 47

St. John's, February 14, 1946

Sir,

I have been rather struck of late by the number of inquiries from responsible businessmen, whom I have hitherto regarded as inveterate opponents of Confederation with Canada, that would lead me to believe they are beginning to give some serious thought to the question. A point on which they desire information is the tax relationship between the Provinces and the Federal Government. They would like to know the original division or allocation of sources of revenue; the wartime agreement; and the present Dominion proposals.

2. A few of them have intimated that they would like me to talk to them on the subject in some detail. While I have pointed out that to do so might have the appearance of taking sides in their domestic affairs I can, however, hardly go so far as to refuse to supply factual information to individuals who raise the question with me. I should be grateful, therefore, if I could secure authentic material on these points. I should also like to have your view as to whether I should furnish such information to groups or individuals who may ask for it.

I have etc.

J. S. MACDONALD

139.

2727-AF-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

St. John's, February 15, 1946

Dear Mr. Robertson,

In the discussions that are beginning to take place in Newfoundland on the future form of Government the question of union with Canada is coming to be

regarded as one of the alternatives that should be considered. I have been approached fairly frequently for information on different aspects of the question. A good many Newfoundlanders will doubtless write direct to the various Departments in Ottawa for similar information. I have been wondering whether it would not be advisable to forward copies of any replies to such enquiries to this Office so that we could, by bringing them all together, obtain a better knowledge of the extent to which the question is attracting attention and the special aspects of it that are considered most important.

There is another point to which I should like to call your attention. Individuals keenly interested in the idea will desire to spread it as broadly as they can. It has occurred to me that some of them, particularly, Mr. C. F. Garland, secretary of a returned soldiers group in St. John's, and Mr. J. R. Smallwood, a prolific journalist, may approach some of the Departments at Ottawa with requests not only for information but for large numbers of pamphlets issued by the various Departments for use in publicity work in Canada. If large numbers of pamphlets were made available by the Departments concerned to persons writing in for them from Newfoundland and they were widely distributed here it might create the impression that the Canadian Government was carrying on a propaganda campaign and be harmful to our interests. It might be advisable, therefore, to ask the Departments concerned with these questions not to send any large numbers of Canadian Government booklets on these subjects to individuals who might circulate them here.

Yours sincerely,

J. S. MACDONALD

140.

R.A.M./Vol. 4

*Extrait d'une lettre de R. A. MacKay<sup>100</sup> à J. B. McEvoy<sup>101</sup>*  
*Extract from Letter from R. A. MacKay<sup>100</sup> to J. B. McEvoy<sup>101</sup>*

PERSONAL

Ottawa, February 19, 1946

Dear J. B.,

...  
 I enjoyed greatly the evening at your home. Thanks once again to you both, and especially to Mrs. McEvoy for her excellent dinner. The conversation afterwards was most stimulating. I hope that I did not commit any serious errors. I was however rather perturbed that you and your friends feel that the constitutional convention is the wrong procedure and, indeed, almost alarmed that you all

<sup>100</sup>R. A. MacKay avait été à Terre-Neuve pour voir à la préparation du livre *Newfoundland: Economic, Diplomatic and Strategic Studies*.

<sup>100</sup>R. A. MacKay had been in Newfoundland in connection with the preparation of the book *Newfoundland: Economic, Diplomatic and Strategic Studies*.

<sup>101</sup>Les passages non reproduits étaient de nature personnelle.

<sup>101</sup>Passages which are not printed were entirely personal.

seemed unanimous against taking any part in it. I know it is rather galling to many Newfoundlanders to have the Dominions Office take such a patronizing course. But the decision having been made by the Dominions Office, I don't think there is any possibility of its reversing its stand. I drafted an argument on this point after our conversation, but did not get it typed until I came back to Ottawa. I enclose a copy, which, you will understand, should not be connected with my name.

There is a further point that I did not mention in the memorandum, namely, that those who may show up as political leaders in the Constitutional Convention will in all probability be the leaders of Newfoundland under any new regime. I think it would be a great pity if the wrong people get the lead in the Convention, not only because the Convention might lead to the wrong results under these circumstances but because the wrong leadership might be riveted on the country for the next generation.

I hope you will not think either the memorandum or this letter impertinent. I feel really very strongly that if the best people in Newfoundland should boycott the Convention it might be a sad day for the country.

...

Yours sincerely,

R. A. MacKAY

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire de R. A. MacKay*

*Memorandum by R. A. MacKay*

[n.d.]

1. The convention proposal, however unsatisfactory, cannot now be stopped. The proposal originally came from, or was approved by, the Churchill Government; the Attlee Government has simply taken over the idea. Since both major parties in the House of Commons have approved, no substantial support could be expected for any radical change in procedure. Moreover, any movement originating in St. John's to change the procedure would certainly be interpreted in the United Kingdom and probably here as an attempt to defeat the popular will. Further, no Government could possibly agree to a radical change in procedure without losing caste politically, after having so definitely committed itself as has the present United Kingdom Government.

2. The convention may be a fiasco or a useful mechanism to enable the people of Newfoundland to reach the right decision. If it gets under the control of demagogues it may be more than a fiasco — it may be dangerous. It can be useful and successful if responsible people and people with the capacity for comprehending Newfoundland's economic problem and a capacity for leadership are elected to the convention. The convention cannot be expected to be an assembly of wise men — no popularly elected body ever is — but if care is taken to see that some, even two or three, wise men are elected it should be a success. Although it might seem desirable to organize a party in advance in order to control the



convention, the disadvantages would be that elected representatives might be prematurely committed in advance and that a snap and ill-considered decision might be taken by the people. The best course would appear to be to make certain of the election of one or two people of judgment and capacity for leadership.

3. If it is desirable to canvass the possibility of confederation, it would seem that the only satisfactory way would be through the machinery of the convention. The Canadian Government could not be expected to discuss the matter with a private group, however representative of Newfoundland opinion since to do so would leave the door open to charges of interference with the popular decision and might well react against confederation.

4. It may be inferred from the Prime Minister's statement in the Canadian House of Commons of July 12, 1943, that the Canadian Government would certainly be interested in confederation provided it were clear that the people of Newfoundland wanted it. It may be also inferred that the Canadian Government would not take the initiative to bring about such a decision. If reassurance of Canadian interest is thought desirable before the issue were brought before the convention, a possible course might be to have some member of the Canadian House of Commons address a properly framed question to the Government after Parliament reassembles — it is quite conceivable that some member or other may raise the matter without any urging in view of the probable public interest in Canada which is likely to be stimulated by the summoning of the convention.

5. It is obvious that the people of Newfoundland cannot be expected to make any decision without a knowledge of the probable terms of union. The present is not, however, an appropriate time for the Canadian Government to give any indication of terms since the whole question of Dominion-Provincial financial relations is in a state of flux. The Dominion made sweeping proposals to the provinces at the Dominion-Provincial Conference which opened in August, 1945. These proposals are still under discussion, but appear to be on the way of acceptance though probably considerably modified. Decision on the question may be expected by early summer, about the time of the projected Constitutional Convention in Newfoundland.

6. It is thus possible that if a request were made officially by the Constitutional Convention regarding probable terms the Dominion Government would then be in a position to state terms. It might be argued that Newfoundland could expect to get better terms if it had a responsible government to fight for it. Under such circumstances details might be different, but it may well be doubted whether the overall terms would differ greatly, since in any case Newfoundland would have to be fitted into the general pattern of Dominion-Provincial financial relations. But if such a course were desired by Newfoundland there would seem to be no reason why the Dominion would not be prepared to wait for the re-establishment of responsible government before making union definite. On the other hand, the recent financial proposals made by the Dominion to the provinces assume reconsideration of financial relations after three years. Even if Newfoundland came in without a responsible government to speak for it at the time, there should thus be an opportunity to reconsider financial relations after a trial period of three years.

141.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 59

St. John's, February 23, 1946

Sir,

With reference to my despatch No. 13 of January 10th, 1946, and earlier correspondence respecting the holding of a National Convention to discuss the political future of Newfoundland I have the honour to report that a further step has now been taken by the publication of a statement from the Commissioner for Home Affairs and Education, on behalf of the Commission of Government, outlining the arrangements under which elections to the Convention will be held.

2. It is proposed to set up electoral machinery based on the principle of using the established Electoral Districts and to provide for an additional member for those seats that the census now being compiled will show to have sufficiently increased in population. It appears probable that there will be forty-five Members in all of which six will be from the City of St. John's.

3. Perhaps the most important provision is that which deals with the limitation of candidates to persons resident in the Electoral District. Subject to a provision to safeguard the position of soldiers and sailors, only voters who have been ordinarily resident in an Electoral District for a period of two years immediately preceding Nomination may become candidates for that District. This is the feature of the Convention which has been most vigorously assailed locally. It is contended that it puts a premium on ignorance, that it will encourage parochial rather than a national viewpoint, and that no other Anglo-Saxon country places such a limitation on the choice of the electors. A limitation of this character would, indeed, radically alter the complexion of democratic bodies in any country and its effect here in Newfoundland, where the influence of the capital has been so strong, may be little short of revolutionary.

4. It is also proposed to break new ground in other respects, namely, by giving representation to Labrador, which hitherto has never been granted representation in the local Parliament; by extending the franchise to women on the same terms as men, hitherto only women of the full age of twenty-five years had the right to vote, and by abolishing the property qualification for candidates. Hitherto candidates for the House of Assembly were required to have a net annual income from any source of \$480 or possession of property exceeding \$2400 clear of all encumbrances. Copies of the text of the Commissioner's statement are enclosed.<sup>†</sup>

5. It is pointed out that the Convention will be permitted to draw up its own rules of procedure and will be given authority to proceed in accordance with the terms of reference which, as you are aware, have already been outlined by the Government of the United Kingdom.

6. Detailed arrangements for the holding of the election have been placed in the hands of Magistrate Short of Corner Brook who has been appointed Chief Electoral Officer responsible to the Commissioner for Home Affairs. It is hoped that the electoral machinery can be made ready to hold the election in June or perhaps a month or so later in the case of Labrador.

7. Mr. Peter Cashin continues to wage a vigorous campaign against the Convention on the ground that Responsible Government has been suspended only, not revoked, and that the country has been given a clear-cut promise by the Government of the United Kingdom that "as soon as the Island's difficulties are overcome and the country is again self-supporting Responsible Government, on request from the people of Newfoundland, would be restored." He has circulated a petition in various parts of the Island praying the Government of the United Kingdom to dispense with the Convention and to carry out its promise. He plans, if sufficient names are secured, to forward the petition to London before arrangements for the holding of the Convention have progressed so far as to be irrevocable. It is hardly likely that he will succeed in this objective. Undoubtedly, however, a considerable number of people feel that this view is a valid one. Another opinion, which I find to be fairly general, is that the object of the Convention is to defer Responsible Government and give the Commission a further eighteen months' lease of power.

I have etc.

J. S. MACDONALD

142.

2868-A-40

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Under-Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

CONFIDENTIAL

Ottawa, February 27, 1946

Dear Mr. Macdonald,

I refer to your despatch No. 47 of February 14 and your personal letter of the 15 regarding the problem of publicity in Newfoundland about the Canadian federal system. As you know, we are anxious to avoid creating any impression of propaganda for federation. On the other hand, I quite appreciate that you are likely to be under increasing pressure for information and it would be undesirable to create the impression that we did not want the Newfoundland people to consider the question.

The whole problem has been discussed by officials of the Department with the Canadian Information Service, and to some extent in the Departmental staff meeting of February 26. We accordingly decided tentatively on the following course of action:

(1) A careful data paper on financial relations between the provinces and the Dominion should be prepared by the Information Service and submitted for

approval of Mr. Skelton, of the Bank of Canada, and other officials who are familiar with the problem of Dominion-Provincial financial relations. Copies of this paper when completed would be sent to you for use at your discretion. Since no decision on the Dominion's proposals made to the provinces last August will be forthcoming until after the Conference reconvenes late in April, it is thought advisable that you should avoid making statements about the subject in the meantime.

(2) The Canadian Information Service will get in touch with the various departments of Government which might be disposed to distribute pamphlets and other information in Newfoundland on request. It will be suggested that while individual enquiries should be answered, the Department should avoid giving out material in quantities for distribution.

(3) Since the Canadian public is likely to become increasingly interested in Newfoundland as the situation develops there, it is felt desirable that a data paper should be prepared by Information Service explaining the background of the constitutional convention. It is felt that a "safe" lead might thus be given to the Canadian press.

I should greatly appreciate your views on these proposals at your earliest convenience. Formal instructions can be sent you later.<sup>102</sup>

Yours sincerely,

N. A. ROBERTSON

143.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 67

St. John's, February 28, 1946

CONFIDENTIAL

Sir,

In my despatch No. 59 of February 23rd I outlined the arrangements that are being made to hold the National Convention next summer to discuss the political future of Newfoundland. It may be convenient, for purposes of reference, if I should attempt to sketch the development of public opinion that has taken place during the four or five weeks since my last despatch on the subject.

2. The most interesting, and perhaps the most important development, has been the organization of discussion by means of public debate. The Humber Arm branch of the West Newfoundland Association held a general meeting at which approximately one hundred people were present. Speeches were made for and against the following forms of government which a committee of the Association

<sup>102</sup>Il semble qu'il n'y a pas eu de suite à cette lettre.

<sup>102</sup>There appears to have been no follow-up to this letter.

had decided as possible alternatives which Newfoundland might adopt: Representative government or Crown Colony status, Responsible government, and Confederation with Canada. The enclosed clippings from the *Western Star* of February 1st, 8th, and 22nd, give a detailed account of the proceedings and set forth the arguments for and against each of the various alternatives. It will be noted that the main advantages seen in Confederation were family allowances, old age pensions, rehabilitation of veterans, and the improved social services that would accrue to Newfoundlanders through the extension of Canadian standards.

3. St. John's has no organization that is strictly comparable to the West Newfoundland Association. The Rotary Club is probably the nearest thing to a functional counterpart. It has been left, however, to a less prominent organization to provide the Capital with its first opportunity to debate the Constitutional question. The Methodist Church Literary Institute,<sup>103</sup> which has been a breeding ground for public speakers for two generations, devoted three of its weekly meetings to a mock Convention. The meetings were open to the general public and the debates caused a marked increase in attendance. The first session overcrowded the Institute's customary place of assembly, and the second and third meetings, held in a larger hall, were each attended by some two hundred and fifty people, including a sprinkling of former politicians, City councillors and senior Civil Servants. The discussions consisted of short speeches from the floor, and the sessions were frequently of an animated character. The first session, on February 14th, considered retention of the Commission of Government and Confederation with Canada. The second discussed Representative and Responsible Government. The third session, held last night, was devoted largely to summing up and the taking of a vote on the four main types of government which had been discussed. The vote was as follows: Confederation with Canada 80 Responsible Government 79 Commission of Government 38 Representative Government 9.

4. This result, which is most interesting, bears out the general views which I, and members of the staff here, have heard expressed by many persons at private gatherings. Confederation with Canada is no longer a question to be shunned; it is definitely a question to be considered. Indeed, at a supper party recently at the house of Mr. MacPherson, one of the leading merchants, Mr. George Thomas, Manager of the Buchan's Mining Company, who knows the Island well, took me aside and said, "These Water Street people may be against Confederation, but I tell you, the outports are solid." This is, of course, an exaggeration, a serious exaggeration, but I believe it represents a growing trend of feeling and one which has been restrained, rather than encouraged, by the absence of knowledge as to the probable terms of union.

5. It must be recognized, of course, that opinion is still in a formative stage. No parties or political groups have as yet emerged into the open, and I rather doubt that much has as yet gone on behind the scenes. Nor has the Press given any clear lead in favour of one rather than another solution to the country's problems. It is, of course, difficult for the people to come to an informed view without more knowledge than they now have, or will have for several months, as to the economic position and potentialities of the country, and exactly what

<sup>103</sup>Methodist College Literary Institute.

Confederation with Canada would mean. All that can be safely said at present, I think, is that the people are taking an increasingly active interest in their political future, and are this time more in a mood to base their actions on knowledge than on emotion and prejudice, as has been the case in the past.

6. I attach for your files copies of the more interesting articles and reports<sup>1</sup> that have appeared in the Press during the past month on the general question of Newfoundland's political future.<sup>104</sup>

I have etc.

J. S. MACDONALD

144.

BC/2B520

*J. R. Smallwood au conseiller à la recherche, la Banque du Canada*<sup>105</sup>

*J. R. Smallwood to Research Adviser, Bank of Canada*<sup>105</sup>

Gander, March 5, 1946

Dear Sir,

It has been suggested to me that you would be able to furnish me with some information which I badly need, and that you might do so upon request.

As you may have heard, the whole constitutional position of Newfoundland is shortly to be reviewed. In June some 45 delegates will be elected by the whole country to form a National Convention. This Convention will examine the country's position and recommend a form of government. Their recommendation will be submitted to the people in a referendum.

As a prospective candidate for election to the Convention, and a journalist (publicist, if I wanted to sound important) I have been making as close a study of the question of Confederation as possible with the information I have. I obtained some data from the Office of the Prime Minister, and from the Maritimes I obtained their Estimates for ten years past.

I have written and am now publishing a series of eleven letters on the whole question. They are appearing in the *Daily News* of St. John's. I would classify myself as a Confederate.

The whole question is likely to range around the success or otherwise of Nova Scotia under Confederation. Already critical letters and editorials have been published ranging around that matter.

I enclose my second letter to the *News*, and frankly what I need badly now is some substantial evidence bearing out my contention in the particular case of Nova Scotia, or the Maritimes generally.

<sup>104</sup>Cette dépêche fut signalée au Premier ministre et à MM. St. Laurent, Bridges, Claxton, Abbott et Ilsley. Brooke Claxton commenta:

<sup>104</sup>This despatch was referred to the Prime Minister and to Messrs St. Laurent, Bridges, Claxton, Abbott and Ilsley. Brooke Claxton commented:

I still feel that we should take a definite stand on this question — We can't afford to lose Nfld. Even a few free-lance journalists down in Nfld. would do the job.

<sup>105</sup>D. A. Skelton.

The Canadian Trade Commissioner here tells me that you were secretary to the Sirois Commission and are now to the Dominion-Provincial Conference, and that you undoubtedly possess the very data I need.

It is this: under Confederation Nova Scotia gives and gets. I need to know how much in each case. All that she gives, obviously, in actual cash, is federal taxation. She gets the Dominion subsidy, performance by the federal government of many services which their own government would otherwise have to perform, Family Allowances, old age pensions, freight subsidies, etc., etc.

What I need is a sort of balance-sheet of the position, showing at least the two totals, and the details if possible.

Has Nova Scotia, or rather is Nova Scotia now losing by being affiliated with Canada? The people of N.S. give the federal government a certain total amount annually in taxes. The N.S. Govt. and the N.S. people receive from the federal govt. certain cash amounts. Is there a net gain or loss for N.S. as a whole?

Would you oblige me by sending this information?

Would you oblige me even more by rushing the information?

The controversy has already started, and as unwittingly I have become the spearhead of the case for Confederation I am urgently in need of all the information I can obtain.

If it is not asking too much altogether, could you air-mail this information at once, within a day or so of receipt of this letter?

At somewhat more leisure, would you send me any other information that might be of some help in considering whether Newfoundland would be wise to affiliate with Canada?

Faithfully yours,

J. R. SMALLWOOD

145.

2828-40

*Le conseiller spécial du sous-secrétaire d'État aux Affaires extérieures à l'adjoint de recherche, la Banque du Canada*  
*Special Adviser to Under-Secretary of State for External Affairs to Research Assistant, Bank of Canada*

Ottawa, March 8, 1946

Dear George [Watts],

I enclose a copy of the memorandum on "The Financial Costs of Incorporating Newfoundland in the Dominion,"<sup>106</sup> which you asked me about over the phone. After glancing over it again, I feel that it should be used with very great caution. We made some rather wild guesses on several items. The memorandum also was written before we had much idea what the Dominion would propose to the prov-

<sup>106</sup>Non reproduit. Ce mémorandum avait été rédigé en 1945.

<sup>106</sup>Not printed. The memorandum had been written in 1945.

inces. The costs of extending Dominion Services and Dominion subsidies would therefore be much higher than we anticipated. For example, Old Age Pensions are estimated on the prevailing Dominion rate, whereas the Dominion scheme for Pensions of everyone over seventy would cost very much more. We shall have to get busy and do some more guessing under the proposed Dominion Plan.

Yours sincerely,

R. A. MacKAY

146.

2828-40

*Extraits d'un mémoire de A. M. Fraser*<sup>107</sup>

*Extracts from Paper by A. M. Fraser*<sup>107</sup>

A PAPER, READ BEFORE THE ROYAL INSTITUTE OF  
INTERNATIONAL AFFAIRS, NEWFOUNDLAND BRANCH,  
BY A.M. FRASER, 15TH MARCH, 1946

It is with a very keen sense of my own inadequacy that I venture to address you on a subject that is at once so complicated in its ramifications and of such vital and urgent importance to our country as the political and financial implications to Newfoundland of her confederation with Canada. The subject would be difficult enough, even if all the cards were on the table and if one had but to consider definite terms which represented the firm offers of both negotiating parties. As it is, with no definite terms before us, and without negotiations even having begun, I may perhaps be excused if I feel rather like a bridge-player, playing a three-handed game of bridge with a pack from which several unknown cards have been removed, and playing for stakes which have not previously been mentioned.

...

At the outset, I would, however, like to make one exception to this self-denying ordinance, and to say that in my opinion, the final decision on Confederation, as far as Newfoundland is concerned, must rest with the people of Newfoundland, and that they should be asked to register that decision only after negotiations to secure the best offer of terms from Canada have been completed, on their behalf, by a sovereign government of their own choosing. If these negotiations were to be conducted under any other auspices, the terms secured would be bound to be suspect, and even if Confederation were achieved in this manner, it would leave a heritage of discontent, which might well imperil the satisfactory operation of the agreement.

I propose to deal with this question of Confederation under two heads, namely, its political implications and its financial implications.

Considering, first, the political implications, it must be assumed that, as a Province of Canada, Newfoundland would have a provincial government similar in form to those of the nine existing provinces. It is true that the British North

<sup>107</sup>Professeur d'histoire et d'économie, Memorial University College, St. John's. Auteur de plusieurs chapitres du livre *Newfoundland: Economic, Diplomatic, and Strategic Studies*.

<sup>107</sup>Professor of History and Economics, Memorial University College, St. John's. Author of several chapters of the book *Newfoundland: Economic, Diplomatic, and Strategic Studies*.



America Act does not prescribe any particular form of government, either for the Dominion or for the provinces, and that Section 92 of that Act expressly allows the provinces to amend their own constitutions, except as regards the office of Lieutenant-Governor. Nevertheless, it was unquestionably the intention of the Fathers of Confederation that Cabinet Government of the Parliamentary type should be established both for the Dominion and for the provinces. This may be regarded as the unwritten element of the Canadian Constitution, and it has been consistently observed by the Dominion and the Provinces, alike. This means that Newfoundland would have provincial Responsible Government within the framework of Dominion Responsible Government.

The law-making powers of the Province, as defined by the B.N.A. Act and its amendments, would be exercised by a Newfoundland Provincial Legislature, either bi-cameral or uni-cameral. Newfoundland would, therefore, have an elected House of Assembly and also, if she wished, an appointed Legislative Council. All the other provinces have discarded their Legislative Councils, except Quebec. The number of members in her Provincial Legislature would be determined by Newfoundland herself, and they would be paid from Provincial Funds.

The executive powers of the Province would be exercised by a Provincial Premier and his fellow ministers, who would be responsible to the House of Assembly, in accordance with the accepted principles of Cabinet Government. The nominal head of the Executive would be the Lieutenant-Governor of Newfoundland. He would be appointed by the Governor General in Council, that is, in effect, by the Dominion Government, which pays his salary, and is empowered to instruct him, and also to remove him. [ . . . ]

...  
I turn now to Newfoundland's political status as a component part of the Dominion of Canada. Here it is imperative to remember that Canada is a federal state. In a federal state, two matters are of fundamental importance, viz.:

- (1) the representation accorded to the Province in the Federal Legislature, and
- (2) the division of legislative and executive powers, as between the Federal Legislature and Government, on the one hand, and the Provincial Legislatures and Governments on the other hand.

Here it is possible to speak with some measure of precision, for both these matters are carefully described in the British North America Act.

The British North America Act of 1867, under which the four original Canadian provinces, Ontario, Quebec, Nova Scotia and New Brunswick were confederated, was the first constitution which attempted to combine federalism with the cabinet system of government. In the Dominion of Canada, therefore, a parliamentary executive, almost wholly dependent on precedent, unwritten customs and convention, co-exists with a federal constitution, which is necessarily written and rigid.

Moreover, the Canadian confederation, unlike the American Union, was based not on a contract between individual sovereign states, but on a political agreement between dependent although responsible colonial governments, which agreement was incorporated in an Act of the Parliament of the United Kingdom.

That Act, together with its subsequent amendments, forms the written element of the Canadian constitution. Under it, the legislative powers of the Dominion were vested in a Federal Parliament, a bi-cameral legislature consisting of a Senate and a House of Commons. Unlike the United States Senate, the Senate of Canada was not founded on provincial equality, but was based on a compromise, recognizing the individuality of the federating units, and the racial claims and the divergent social and economic interests of the geographical sections of the country.[ . . . ]

...  
Fortunately, however, the Senate has been prudent enough to recognise and appreciate its inferior position in the parliamentary system. It realises that its continued existence is dependent on the avoidance of a serious clash with a resolute government. The Senators are aware that they represent neither provincial governments nor provincial electorates, but simply Dominion ministries, some of which have since been defeated.

"The Canadian Senate has never possessed the glamour of an aristocratic and hereditary chamber, or the strength of an elected assembly, or the utility of a Senate representing the federal idea."

There are good grounds for agreeing with the verdict of R. McG. Dawson, in *The Principle of Official Independence*, that the Senate is the one conspicuous failure of the Canadian Constitution. Consequently, Newfoundland's slender representation in the Senate would not entail serious consequences.

Much more important is the question of Newfoundland's representation in the Canadian House of Commons, the supreme law-making body of the Dominion.

...  
Turning now to the division of powers, between the Dominion Government on the one hand, and the Provincial Governments on the other hand, we find that the distribution of legislative powers is clearly set forth in Sections 91 and 92 of the B.N.A. Act. Section 91 lists 29 classes of subjects as falling within the jurisdiction of the Dominion Parliament. These are:

1. The Public Debt and Property.
2. The Regulation of Trade and Commerce.
3. The Raising of Money by any mode or system of taxation.
4. The borrowing of money on the Public Credit.
5. Postal Service.
6. The Census and Statistics.
7. Militia, Military and Naval Service and Defence.
8. The fixing of and providing for the salaries and allowances of the Civil and other officers of the Government of Canada.
9. Beacons, buoys, lighthouses and Sable Island.
10. Navigation and Shipping.
11. Quarantine and the establishment and maintenance of Marine Hospitals.
12. Sea Coast and Inland Fisheries.
13. Ferries between a province and any British or Foreign country, or between two Provinces.

14. Currency and Coinage.
15. Banking, Incorporation of Banks and the Issue of Paper Money.
16. Savings Banks.
17. Weights and Measures.
18. Bills of Exchange and Promissory Notes.
19. Interest.
20. Legal Tender.
21. Bankruptcy and Insolvency.
22. Patents of Invention and Discovery.
23. Copyrights.
24. Indians and Lands reserved for the Indians.
25. Naturalization and Aliens.
26. Marriage and Divorce.
27. The Criminal Law, except the Constitution of the Courts of Criminal Jurisdiction, but including the Procedure in Criminal Matters.
28. The Establishment, Maintenance and Management of Penitentiaries.
29. Such classes of subjects as are expressly excepted in the enumeration of the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces.

And any matter coming within the Classes of Subjects enumerated in this Section shall not be deemed to come within the Class of Matters of a Local or Private Nature, comprised in the Enumeration of the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces.

The foregoing are the legislative powers which Newfoundland would surrender to the Canadian Parliament, if she became a Province of the Dominion.

What legislative powers would she retain? They would be the following, as outlined in Section 92 of the B.N.A. Act:

1. The Amendment from time to time, notwithstanding anything in this Act, of the Constitution of the Province, except as regards the office of Lieutenant-Governor.
2. Direct taxation within the Province in order to the raising of a Revenue for Provincial purposes.
3. The Borrowing of Money on the sole credit of the Province.
4. The Establishment and Tenure of Provincial Offices, and the appointment and payment of Provincial Officers.
5. The Management and Sale of the Public Lands belonging to the Province, and of the Timber and Wood thereon.
6. The establishment, maintenance and management of Public and Reformatory Prisons in and for the Province.
7. The establishment, maintenance and management of Hospitals, Asylums, Charities, and Eleemosynary Institutions in and for the Province, other than Marine Hospitals.
8. Municipal Institutions in the Province.

9. Shop, Saloon, Tavern, Auctioneer, and other Licenses, in order to the Raising of a Revenue for Provincial, Local or Municipal purposes.

10. Local Works and Undertakings other than such as are of the following classes:

(a) Lines of steam or other ships, Railways, Canals, Telegraphs, and other Works and Undertakings connecting the Province with any other or others of the Provinces, or extending beyond the limits of the Province.

(b) Lines of steamships between the Province and any British or foreign Country.

(c) Such works as, although wholly situate within the Province, are before or after their execution declared by the Parliament of Canada to be for the general advantage of Canada, or for the advantage of two or more of the Provinces.

11. The incorporation of Companies with Provincial Objects.

12. The Solemnization of Marriage in the Province.

13. Property and Civil Rights in the Province.

14. The administration of Justice in the Province, including the Constitution, Maintenance and Organization of Provincial Courts, both of Civil and of Criminal Jurisdiction, and including Procedure in Civil Matters in those Courts.

15. The imposition of Punishments, by fine, penalty or imprisonment, for enforcing any law of the Province made in relation to any matter coming within any of the Classes of Subjects enumerated in this Section.

16. Generally, all matters of a merely local or private nature in the Province.

Section 93 of the B.N.A. Act assigns the exclusive power to make laws concerning Education, to the Provinces, subject to certain conditions safeguarding the rights of the religious minority in any province.

...

The original intention of the Fathers of Confederation appears, therefore, to have been to grant all residuary powers to the Dominion, so that, in case of dispute as to the respective limits of Dominion and Provincial powers, the presumption in law would be against the claim of a provincial legislature.

Nevertheless, this original intention has, in fact, been frustrated by the judicial interpretation which the B.N.A. Act has received from the Judicial Committee of the Privy Council. [ . . . ]

...

One of the most serious consequences of the extension of the field of provincial legislation and administration is that the Dominion and Provincial powers of taxation and consequently, their financial resources, have come to be in inverse proportion to their respective administrative responsibilities.

This brings me to the financial aspect of Confederation; and here, admittedly, we enter the realm of speculation and hypothesis. For the financial terms of Union would be the outcome of shrewd and hard bargaining on both sides. Certainly, they cannot be accurately estimated at present. However, it is probable that Newfoundland would not be accorded preferential financial terms as compared with those which the other Provinces have received from the Dominion.

Indeed, the last Confederation negotiations between Newfoundland and Canada — in 1895 — broke down on that very point, MacKenzie Bowell, the then Canadian premier, declaring that his Government was unable to offer better financial terms to Newfoundland, because that would “open up at once the question of terms to each member of the Confederation.”

Let us now examine the 1895 terms and consider them in the light of Newfoundland's present revenue and expenditure.

...

So far, in dealing with the financial implications of Confederation, I have proceeded on the perhaps unreal assumption that the terms of 1895 would be the basis of the negotiations. There is, however, a possible alternative which I now propose to consider, namely the Recommendations of the Rowell-Sirois Commission.

As pointed out, earlier, the effect of the judicial interpretation of the B.N.A. Act has been to increase the administrative responsibilities of the provinces out of all proportion to their limited powers of revenue production. Consequently, many of the provinces found themselves in serious financial difficulties, particularly during the period of the Great Depression. Indeed, today, the average debt charges of the Provincial Governments amount to more than 25% of their average provincial revenues — a very high proportion.

...

The Plan proposed by the Commission as its number one preference, is as follows:

(1) The Dominion is to relieve the Provinces of the dead-weight burden of provincial debts.

(2) The Dominion is to assume full responsibility for unemployed employables, together with the right to administer unemployment relief and to enact and administer any scheme of compulsory unemployment insurance.

(3) The Dominion is to enable every Province to carry out its normal functions of Government and to provide education and social services equal to the average Canadian standard, and to do this without imposing a tax burden upon the residents of any province greater than the average tax burden for Canada. In computing the tax burden of a Province, municipal and provincial taxes are to be lumped together, and the total is to be considered in relation to the total income of the residents of that Province. Any Province which is unable to provide education and social services equal to the average Canadian standard, without placing an undue tax burden on its residents, is to receive annual money grants, to be known as National Adjustment Grants, from the Dominion Government. The initial grant is to be irreducible, but emergency grants may be granted for a year at a time, upon the recommendation of a competent Finance Commission, which will also be empowered to review the Adjustment Grants every five years and to make recommendations thereon.

(4) In return for all these concessions, the provinces will:

(a) relinquish to the Dominion their present rights to levy income taxes and succession duties, and

(b) surrender to the Dominion all their present Federal Subsidies.

If this Plan were to be accepted by the Dominion-Provincial Conference, its bearing upon Newfoundland's attitude to Confederation would be immense, and would repay the most exhaustive study.

In bringing this already over-long paper to an end, may I be permitted to point out that I have purposely refrained from considering the wider economic consequences of Confederation. Several of these readily occur in mind, such as the effect upon Newfoundland's bargaining power in international trade, resulting from her becoming an integral part of a larger and stronger bargaining unit. Or again, the possibility that Newfoundland's interests as a producer and exporter of primary products may be consciously or unconsciously sacrificed on the altar of Central Canadian secondary industry. Or again, the adverse effect upon Newfoundland's manufacturing industries of the removal of the existing tariff barriers against Canadian goods, and the compensation, or protection for a limited period after Confederation that might be granted to these industries and their employees. These and many other matters of vital importance to the economic well-being of our country are inextricably interwoven with the question of Confederation. They would, of course, require to be examined most thoroughly by the Newfoundland Government and its advisers, and explained clearly and impartially to the People of Newfoundland, before they were asked to give their sovereign verdict — Yea or Nay.

For, if the People of Newfoundland decide to enter the Canadian Union, they will be making what is to all intents and purposes, an irrevocable decision. Confederation is not like a marriage contracted in Hollywood, to be followed by a divorce a few months later in Reno. It will be a permanent and indissoluble Union, binding not only upon this generation of Newfoundlanders but upon their children and their children's children, it may be for centuries to come. For the Articles of Confederation make no provision for the secession of any dissatisfied Province. The decision, then, is one of the utmost gravity, and if it is made, it should be made only after patient, conscientious and expert investigation and discussion of all the relevant facts, and with but one supreme purpose in view — the permanent well-being of Newfoundland as a whole.

147.

2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

SECRET

St. John's, March 15, 1946

Dear Mr. Robertson,

A few days ago I dropped in on Mr. Justice Fox of the Supreme Court of Newfoundland. In the course of an informal chat, he brought up the subject of the forthcoming National Convention. He considers that there is a growing incli-

nation on the part of Newfoundlanders to examine the possibility of union with Canada and that the question will be raised in the Convention. As he has many friends and acquaintances, particularly in Roman Catholic circles, I think his opinion is worth recording, though he was careful to state that it was a view he would put forth only in confidence.

Mr. Justice Fox is a former Speaker of the Legislative Assembly and is well disposed towards Canada. It is probable that he will be chosen to act as Presiding Officer at the Convention, a position which, in view of the inexperience of the members in all matters of procedure, will be one of considerable influence. He had clearly been giving some thought to the probable course of events and raised a point which has also puzzled me at various times when I have considered it. Pointing out that members of the Convention could not discuss intelligently the question of Confederation with Canada unless they have some knowledge of the terms on which Confederation could take place, he raised the question, which may not be a hypothetical one, "Could the Canadian Government negotiate or deal with a delegation from the Convention or could they deal only with duly authorized representatives of the Government of Newfoundland?"

The question is a rather important one. The terms of reference under which members of the Convention will be elected and under which they will carry on their work are fairly restrictive. The relevant section is as follows:

"To consider and discuss amongst themselves as elected representatives of the Newfoundland people the changes that have taken place in the financial and economic situation of the Island since 1934 and, bearing in mind the extent to which the high revenues of recent years have been due to war-time conditions, to examine the position of the country and to make recommendations to His Majesty's Government as to the possible form of future government to be put before the people at a national referendum."

Strictly speaking, therefore, the delegates to the Convention will not be authorized to negotiate with another Government respecting the future of Newfoundland though, if the Government of Canada would receive them, they could doubtless discuss terms on which union could be secured.

A possible solution, it has seemed to me, would be for the Convention to recommend to the United Kingdom Government that a delegation be sent to ascertain whether the Canadian Government would be prepared to accept Newfoundland as the Tenth Province and, if so, on what conditions. The Government of the United Kingdom, having secured the consent of the Canadian Government, could empower this delegation to discuss the question in detail with representatives of the Canadian Government, giving them for the purpose both plenary authority and, if necessary, a group of expert advisers. If the delegation secured the terms of an offer they thought good enough to recommend, the terms could be brought back to the Convention and, if approved by it, submitted as a recommendation to the Government of the United Kingdom which could then submit the offer to the people of Newfoundland at a national referendum.

The alternatives to this procedure would be either, (a) to have detailed negotiations, provided it is desired to initiate them, carried on with the Commission of Government, or (b) to wait until Newfoundland has established Responsible Government and have the negotiations carried on with it.

Neither of these alternatives is promising. The Commission of Government is unrepresentative and unpopular. Terms it negotiated would tend, by that fact alone, to be looked at with suspicion and disfavour. If, however, a decision on the matter were postponed until Responsible Government is first re-established, a great deal of time would be lost and party strife might be expected to misrepresent the question and drag in other matters to becloud the issue as was done at the time of Confederation. We would get a more favourable and a more valuable verdict by having the matter submitted to the direct vote of the people than by having it voted on by an Assembly organized into Government and Opposition.

A study of the procedure followed in the incorporation of Saskatchewan and Alberta, where I believe popular Government did not exist in any well developed form at the time, might prove of some advantage. In any case I think that it would be worthwhile having our authorities on constitutional procedure look into the question in some detail and let us have the benefit of their views.

Yours sincerely,

J. S. MACDONALD

148.

BC/2B520

*Le conseiller à la recherche, la Banque du Canada, à J. R. Smallwood*  
*Research Adviser, Bank of Canada, to J. R. Smallwood*

Ottawa, March 18, 1946

Dear Mr. Smallwood,

I found your letter and telegram of March 5th and 6th on my return to the office and I am sorry there has been such a delay in replying.

It is rather difficult to answer your specific question as to how much Nova Scotia gives and how much Nova Scotia gets under Confederation. A definite dollar value could be set on the fiscal transfers at the time the transfers were made but the further we get from that date, of course, the more it becomes a matter of estimate. In addition, probably the general economic effects of Confederation are more important financially than the transfers of Confederation revenues and expenditures, and there is much greater difference of opinion on the net result of these. There is no doubt, for example, that Canadian tariff policy has worked at least relatively to the disadvantage of the Maritimes, but how much in dollars and cents and what the position would be under any conceivable alternative is straight guesswork. Certain other national policies have, of course, worked to the relative advantage of the Maritimes, such as the transportation subsidies, but it is equally impossible to put a dollar figure on this or to prove that the assistance has been either enough or not enough.

What can be done, however, is to give a rough estimate of the immediate effect of the financial transfers proposed by the Dominion at the August 1945 Conference. These show a very definite net advantage to the Maritime provinces and, in fact, to all provinces. I realize that this comparison does not exactly fit your case since it simply illustrates that the provinces would be in a more favourable posi-



tion under the Dominion proposals than under the pre-war set-up but some of the items are of obvious interest to Newfoundland. The estimates I am enclosing are in no way official and are being sent to you confidentially and on the understanding that the source would not be disclosed, but they may be taken as indicating the financial order of magnitude of the proposed transfers with rough accuracy.

I am also forwarding you a copy of the official proposals and of the proceedings of the August Conference. The Co-ordinating Committee has met three times since then and is meeting again on April 25th but its proceedings are in camera.

Yours very truly,

D. A. SKELTON

149.

2828-40

*Le ministre de la Justice au sous-secrétaire d'État associé  
aux Affaires extérieures*

*Minister of Justice to Associate Under-Secretary of State  
for External Affairs*

PERSONAL AND CONFIDENTIAL

Ottawa, March 26, 1946

Dear Mr. Wrong,

I thank you for the copy of Mr. J. S. Macdonald's report,<sup>108</sup> concerning the question of possible union of Newfoundland with Canada.

It seems to me that the procedure suggested by him, as a possible solution, is much to be preferred to either of the alternatives (a) or (b), set out in his report.

Yours sincerely,

LOUIS S. ST. LAURENT

150.

4427-A-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 95

St. John's, March 29, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to my despatch No. 30 of January 18th, 1946,<sup>†</sup> concerning the appointment of Sir Gordon Macdonald as Governor of Newfoundland. It has recently been announced that Sir Gordon and Lady Macdonald along with their party will leave England on the S.S. *Aquitania* on April 25th for

<sup>108</sup>Voir le document 147.

<sup>108</sup>See Document 147.

Newfoundland via Halifax. It thus appears that the new Governor will not assume his duties until some time early in May.

2. Such reports as I have had of Sir Gordon since my last despatch tend to confirm the opinion I therein expressed — that he is likely to be sympathetic to the movement for the restoration of Responsible Government. A few weeks ago he was interviewed on the weekly program "Calling Newfoundland" which for some years has been regularly broadcast from London over VONF via the B.B.C. In the course of the interview Sir Gordon made it clear that he comes to Newfoundland as a friend who desires to do everything in his power to help the people to solve their difficult problems and to improve their lot. He emphasized the "extreme reluctance" with which the British Parliament twelve years ago agreed to suspend Responsible Government and their insistence that a very definite pledge regarding its restoration, in the now familiar terms of the Letters Patent, should be made. He remarked that the financial position of Newfoundland has greatly improved and that it would afford him the utmost pleasure to co-operate with the people of Newfoundland in deciding upon their future form of Government. These remarks, of course, may have been dictated merely by courtesy, and one would not expect the Governor-elect to take any official line inconsistent with the considerations clearly raised in the United Kingdom Government's announcement last December. However, inherent in Sir Gordon's words one detected a firm belief in self-government as the right of a free people. He spoke with a certain amount of feeling and gave the impression that he regards his new appointment with something like missionary zeal.

3. The new Governor's humble background should provide a bond between him and the majority of plain citizens. Moreover, some of his remarks in the course of the interview indicate that he is a thoroughly religious person and it is well known that in Newfoundland church connections are a valuable asset to a public man. Such opinions on public questions as the new Governor may see fit to express are likely to carry real weight with the people. At the same time, any too marked tendency to interfere in public affairs is likely to be resented by Newfoundlanders, particularly the more prominent, and he will be well advised to proceed in such matters with caution.

4. As pointed out in my earlier despatch, his experience will probably be valuable in connection with his functions as Chairman of the Commission of Government. The previous Governor, Sir Humphrey Walwyn, who recently retired after ten years' service, regarded his functions as Chairman of the Commission as, in a sense, compromising to his position as Governor and confined his activities as member of the Commission to a minimum. The new Governor, who is better qualified as an administrator than as a representative of the Crown, may exhibit a tendency to reverse Sir Humphrey's emphasis. Should this be the case, it will be interesting to note the effect on the Commission of Government of its having, for the first time, a chairman who makes the most of his position. It has been a criticism of the Commission that it lacks a co-ordinating head; but the present political atmosphere is not one in which increased direction by a United Kingdom member of the Government would be likely to meet with favour.

5. It is of interest to note that the Commission of Government recently passed an Act increasing the salary of the Governor from \$15,000 to \$20,000 per an-

num. This increase has been recommended because of the high cost of living and to enable the new Governor to pay his share of the expense of running Government House.

I have etc.

J. S. MACDONALD

151.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*<sup>109</sup>

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*<sup>109</sup>

DESPATCH 94

St. John's, March 30, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to my confidential despatch No. 67 of February 28th respecting the development of public opinion on the political future of Newfoundland and to report on further developments during the month of March.

2. The trend of opinion in favour of investigating the advantages of union with Canada which I discussed in previous despatches has, I should say, continued to develop favourably if not spectacularly. The Canadian loan to Britain has served to emphasize Canada's financial strength and the helping hand extended to Britain in her difficult period has evoked a good deal of admiration. Influential, also, in helping along this trend has been a remarkable series of letters in the press from the pen of Mr. J. R. Smallwood, the popular historian and journalist, in which he attempts, with such information as he can gather from blue-books and periodicals, to discuss the advantages and disadvantages of Confederation with Canada.

3. He begins by touching on the reasons for Newfoundland's rejection of Confederation in 1869 and for the lack of interest in the question in later years and — a point badly needing to be made — draws attention to the marked change in the relative status and development of Newfoundland and the Dominion in more recent times. He proceeds to sketch briefly what Confederation with Canada would involve in the political and administrative fields, though on one point, namely, the size of Newfoundland's representation in the House of Commons and the Senate — ten members in the one and eight in the other — his figures are clearly too large as the respective figures, on a population basis, would rather be six members in the Commons and four in the Senate.

4. Mr. Smallwood emphasizes the great benefits that would automatically accrue to Newfoundlanders generally through Confederation — the abolition of Customs duties on Canadian goods, the lower tariff against foreign goods; unem-

<sup>109</sup>Cette dépêche fut signalée au Premier ministre.

<sup>109</sup>This despatch was referred to the Prime Minister.

ployment relief at Canadian rates; Family Allowances; Old Age Pensions; the right to migrate to any part of Canada, and numerous other benefits. It is of interest in this connection that he estimates the fall in the cost of living would be about 33%. It is of interest, also, that he estimates the amount of Family Allowances that would be payable at \$8,814,000 per annum, based on an estimate of 113,000 children under the age of sixteen, and the amount of Old Age Pensions payable by the Federal Government at \$1,125,000 per annum.

5. Mr. Smallwood attempts to show how Newfoundland would finance itself as the Tenth Province. In this he is on rather more difficult ground. Taking present non-capital expenditure at \$22,778,200 he estimates that services (including the service of the public debt) to the amount of slightly more than \$12,000,000 would be taken over by the Dominion leaving an amount of approximately \$10,700,000 to be raised by Newfoundland as a Province. He points out that the Provincial Government would retain \$1,835,300 out of existing revenues — mainly death duties, profits from the sale of wines and spirituous liquors and various Departmental fees and royalties — that \$500,000 could be raised by a tax on gasoline and \$2,500,000 by a sales tax, making a total provincial revenue in round figures of \$5,000,000.

6. The additional \$5,700,000 required would, Mr. Smallwood argues, have to come from the Dominion Treasury. He estimates the Provincial subsidy would amount to \$2,500,000 though the basis of his estimate is not clear and, seemingly rather at the end of his inventiveness, leaves the balance to be met by the sale of Labrador to the Dominion for \$200,000,000 to be paid, by annual instalments of \$4,000,000, into the Provincial Treasury over a period of half a century.

7. On the basis of these figures Mr. Smallwood reaches the, for Newfoundlanders very pleasant, conclusion that the Dominion Government under Confederation would pay to Newfoundlanders at least \$10,762,439 per annum more than it would take from them in taxes. Almost equally agreeable from the point of view of his readers is that Newfoundlanders would be taxed less than they are at present — \$8,000,000 per annum less.

8. Mr. Smallwood envisages that direct negotiations would be necessary on the disposition of the public debt and on the Railway and touches on the proposed Agreement between the Federal Government and the Provinces respecting fields of taxation and its probable effect on Newfoundland as a Tenth Province, reaching the very acceptable conclusion that if the Dominion Proposals are accepted the resultant grants to Newfoundlanders would amount to \$9,565,000.

9. Having presented a general picture of the benefits Newfoundland would receive under Confederation with Canada Mr. Smallwood goes on to point out how the desired result could be achieved. In his view the forthcoming National Convention could appoint a delegation from among its members to interview the Canadian Cabinet with a view to ascertaining whether Canada, on its part, would desire Confederation and if so, the general nature of the terms the Canadian Government would be prepared to offer. If the terms of the Canadian offer were found to be acceptable, the Convention could recommend that Confederation with Canada be one of the questions submitted to the people by a referendum. If the referendum were carried a Government would be elected in Newfoundland

pledged to enter into detailed negotiations with the Canadian Government on the terms of union.

10. This series of letters has commanded a good deal of attention in Newfoundland. The author has received many letters from all parts of the Island indicating, as may well be imagined from his optimistic estimates, that the large majority were favourably impressed. He has taken advantage of these letters and of further inquiries they raise to publish two further letters in which, by the process of question and answer, he demolishes, very effectively, arguments often put forward in anti-Confederate circles and sweeps away many of the misconceptions to which local prejudice was strongly attached. Taken all in all Mr. Smallwood's letters have proved to be the most powerful propaganda in favour of Confederation that has so far been brought to bear on the subject.

11. Admittedly, in the absence of any definite terms he has had to make pretty large assumptions and, though purporting to be making an objective survey, wishful thinking undoubtedly creeps into his examination of the problem and influences his conclusions. Mr. Smallwood has, however, been most industrious in digging into all the sources of information at his disposal and a knowledge of his figures and of his methods may be of interest in spite of a large amount of conjecture and an occasional inconsistency. I am, therefore, enclosing a copy of the series of letters and of the two supplementary letters to which I have referred.<sup>†</sup>

12. I enclose, also, copy of an address<sup>†</sup> made before the "Rotary Club" of St. John's by Mr. J. B. McEvoy, a leading lawyer of the City, which has created a good deal of interest and discussion. Mr. McEvoy took as his subject "Some Economic Aspects of Government in Newfoundland" and emphasized the economic instability of the country arising from its lack of diversified development and dependence on the price of fish. He passed rapidly, however, to political and constitutional aspects of Newfoundland's present position. Arguing that the Commission Form of Government was justified only because deficits under it would be met by grants from the United Kingdom he held that, as grants could no longer continue to be made, the Commission had now outlived its usefulness. Under the Commission the country had enjoyed economic security without political freedom. They must now work for political freedom with economic security. He inclined to the view that the Convention was constitutional and that it would be well to accept the proposal and try to make it work.

13. Mr. McEvoy went on to speak, though timidly and vaguely, of the question of Confederation with Canada. He suggested that the terms that might be offered by Canada would not be greatly different whether Newfoundland waited to have an elected Government to negotiate with the Canadian Government or not. In any case the recent financial proposals made by the Dominion to the Provinces, which would probably be adopted subject to minor amendments, envisaged re-consideration of financial relations after three years.

14. Mr. McEvoy's address was broadcast and seemed to have been well received. Major Peter Cashin, whose work I have dealt with in earlier despatches, has also continued to broadcast his views. They have not been well received. His drive against the holding of the Convention does not seem to be attracting any

substantial support. His prestige among responsible men, always low, has been completely destroyed by an unfounded attack on the management of the Newfoundland Savings Bank whom he accused of transferring the Bank's reserves to the Crown Agents in London. Fearing a run on the Bank as a result of such irresponsible charges the Advisory Board, composed of well known businessmen, has issued a public statement repudiating the charges which they characterize as false and unwarranted.

...  
 16. Major Cashin does not give much attention in his broadcasts to the question of Confederation. When he mentions the subject at all, he takes the line that it might perhaps be considered along with other possible forms of Government but only after Responsible Government has first been restored. Advocates of Confederation, or any other form of Government except Responsible Government, are in his view little more than agents of the Dominions Office.

17. An opportunity to gauge the development of opinion on the question of Confederation among leaders in business and professional life was afforded by a meeting which I attended recently of the Newfoundland Branch of the Royal Institute of International Affairs. A paper was read by one of the members, Professor Allan Fraser, dealing at some length with historical, constitutional, political and economic aspects of the question. The members of the Institute are, for the most part, Water Street businessmen and lawyers, with a sprinkling of medical men and senior civil servants. As might, perhaps, have been expected the idea of Confederation meets with considerably less favour from this group than it does from the general public. Several members touched on the destruction of several of Newfoundland's industries and the dislocation of others that would be inevitable under union. Another difficulty, it was considered, is the enormous per capita public debt of Canada which Newfoundlanders would have to share if they entered Confederation. Much emphasis was placed on the vastly increased importance of Labrador through the Privy Council decision confirming Newfoundland's ownership of the hinterland and not the coastal lands only and the discovery of vast deposits of iron ore. Sentimental considerations, particularly the fear of the suppression of Newfoundland's individuality in the larger unit, seemed to weigh heavily with all members. The general, if tentative, conclusions that appeared to express the sense of the meeting were that it was too early, in view of the unsettled financial relationships between the Federal Government and the existing Provinces, for Newfoundland to study the question seriously, and that, in any case, the question of Confederation with Canada could not be effectively considered until Responsible Government was restored in Newfoundland.

18. In our own approach to the question of gauging the development of public opinion respecting Confederation, I think we should keep carefully in mind that there is little genuine sentiment in Newfoundland for union with Canada in the positive sense of desiring to be part of the Dominion and to work together for the building up of a great nation stretching from St. John's to Victoria. The sentiment that does exist is rather a negative one, based on the feeling that Newfoundland's economic position is rather precarious and that Newfoundlanders would enjoy greater prosperity and a more assured future in a turbulent world if they

were part of the Dominion. This sentiment, such as it is, has grown considerably during the past year. It is undoubtedly greater than it has ever been before. There is no good reason, at the present time, however, to think that it represents the views of a majority of Newfoundlanders.

19. Much greater support for Confederation would be forthcoming if there developed any substantial recession in the current wave of prosperity. For, mindful of their bitter experiences after the last war and in the period of the depression, Newfoundlanders generally are unusually sensitive to changes in the economic barometer. At the present time, however, economic conditions in the Island are excellent and the war-time tide of prosperity shows but little sign of receding during the coming year.

27. For purposes of reference I am sending, by surface mail, a packet of clippings<sup>s</sup> from the St. John's and Outport papers containing the principal letters and editorials that have appeared on the question of Confederation during the month.

I have etc.

J. S. MACDONALD

152.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 103

St. John's, April 5, 1946

Sir,

A further step in the preparations for the holding of the National Convention was taken today with the publication of a Bill entitled "An Act relating to a National Convention." The Bill provides for the constitution of a National Convention, establishes its functions and powers and outlines the procedure to be followed for nomination of candidates and election of representatives. It also sets out the Electoral Districts. In accordance with the established custom of giving persons wishing to comment on Bills an opportunity to do so before they are enacted, comments will be received up to May 1st. It is expected that the Bill, with possible minor amendments, will be enacted shortly after that date.

2. The Bill as published does not deviate in any material respect from the terms as outlined in my despatch of February 23rd. The Convention is to consist of forty-five representatives from thirty-eight electoral Districts, including Labrador. The two Districts of St. John's City will each elect three representatives, the Districts of Humber, Grand Falls and Harbour Main will each elect two, and all other Districts will each elect one.

3. A candidate for election must have lived for at least two years prior to the date of nomination in the District which he seeks to represent, service in the Armed Forces counting as residence. He must be a British subject of at least

twenty-one years of age. There is no property qualification for candidates and deposit of a nomination fee is not required.

4. Any British subject, male or female, who has attained the age of twenty-one years and who has for the period of two years immediately preceding the date of election been a resident of Newfoundland, is entitled to vote. Service in the Armed Forces also in this case counts as residence.

5. The Convention is to be presided over by a Judge of the Supreme Court of Newfoundland, appointed by the Governor in Commission. This Judge will be Chairman of the Convention but will not be entitled to vote. Mr. Justice Fox of the Supreme Court of Newfoundland is currently mentioned as the most likely appointee. The Convention is empowered to establish "rules for their government and the attendance of members and the conduct of business."

6. Section 3 of the Bill states, in the terms of the United Kingdom Government's announcement of December 12th, 1945, that "It shall be the duty and function of the Convention to consider and discuss among themselves as elected Representatives of the people of Newfoundland the changes that have taken place in the financial and economic situation of the Island since 1934, and bearing in mind the extent to which the high revenues of recent years have been due to wartime conditions, to examine the position of the country and to make recommendations to His Majesty's Government in the United Kingdom as to possible forms of future government to be put before the people at a national referendum."

7. Section 5 of the Bill provides that "The Governor in Commission may provide for the Convention the services of such advisers, officers and servants as may be deemed necessary to aid and assist them in the conduct of their business and the discharge of their functions and may provide for the remuneration of any such advisers, officers and servants."

8. The statement made public by the Commissioner for Home Affairs and Education on February 22nd indicated that representatives of the two St. John's City Districts would be paid \$10.00 a day during the period of Convention sessions and that the representatives of other districts would have return travelling fares from their homes provided and would be paid \$15.00 a day while necessarily absent from their homes to attend the Convention. The Bill as published today stipulates no such specific amounts but merely states that "The members of the Convention shall be paid such amounts in respect of allowances and expenses as the Governor in Commission may determine."

9. Provision is made for payment in respect of "fees, costs, allowances and expenses" to returning officers and other persons employed in connection with the elections.

10. The first step in preparing for the elections will be the appointment of a Chief Electoral Officer who will be responsible, in accordance with detailed instructions provided in the Act, for supervising the machinery and conduct of the election. Magistrate Short of Corner Brook is considered the likely choice for the post. Provision is made for the appointment of a returning officer and election clerk for each district and a deputy returning officer and poll clerk for each polling division. The setting up of polling divisions within electoral districts is the responsibility of the returning officers.



11. The day of nomination and the day of polling will be fixed for each district by proclamation. Not more than twenty-one days is to elapse between the day of nomination and the day of polling in any district. It is apparently expected that both nomination and polling days may take place on different dates in different districts. Wherever the number of candidates nominated is no greater than the number of representatives to which the district is entitled, the candidates nominated are to be declared elected. Otherwise, an election is to be held. The Chief Electoral Officer is responsible for preparing voters' lists, using as a basis the 1945-46 census. After the election the Convention will be summoned to meet by Proclamation.

12. Two schedules are annexed to the Bill. The first describes the electoral districts. The second, which is not included in the clippings here enclosed,<sup>†</sup> contains the various forms to be used in connection with the election.

13. During the past six weeks, according to press reports, candidates have been chosen in a half dozen Outport Districts. No man of substance or established reputation has yet come forward though the men selected appear to be generally of a good type.

14. Mr. John Chadwick of the Dominions Office and Mr. Edgar Jones of the Treasury have commenced the work of compiling a report on the economic and financial condition of the Island.<sup>110</sup> They are at present making an inspection trip as far west as Corner Brook and it is expected that they will return to the United Kingdom in a few weeks' time. Mr. Chadwick will return later in the summer to complete the work.

15. In paragraph 9 of my despatch No. 13 of January 10th, 1946, I referred to "Wayfarer's" comments on the voters' lists. This columnist now estimates that the total number of eligible voters will be about 160,000 and that very nearly half of them will be women.

16. In order that you may have an opportunity to peruse the terms of the Bill more closely, I am forwarding herewith two copies of a clipping<sup>†</sup> which contains the complete text with the exception of Schedule II. This clipping is from the St. John's *Daily News* of to-day's date. I will forward copies of the Act as soon as it is printed.

I have etc.

J. S. MACDONALD

<sup>110</sup>Voir Grande-Bretagne, *Report on the Economic and Financial Position of Newfoundland*. Cmd. 6849, Londres, H.M. Stationery Office, juin 1946.

<sup>110</sup>See Great Britain, *Report on the Economic and Financial Position of Newfoundland*. Cmd. 6849, London, H.M. Stationery Office, June 1946.

153.

2828-40

*Extraits d'une lettre du commissaire à la Justice et à la Défense  
de Terre-Neuve au rédacteur du St. John's Evening Telegram*  
*Extracts from Letter from Commissioner for Justice and Defence  
of Newfoundland to Editor of St. John's Evening Telegram*

St. John's, April [n.d.], 1946

Dear Sir,

## THIS "UNCONSTITUTIONAL" AND ILLEGAL CONVENTION

In his last broadcast of April 6, Major Cashin called upon me to deny or affirm the truth of his statement (made several times and in different forms) that the proposed National Convention is, or will be "unconstitutional and illegal."

...  
In Newfoundland the position is, for all practical purposes, the same as in England. It is true that we have, in a sense, a written constitution. It is contained in the Letters Patent. But these Letters are in no way comparable to the United States Constitution or the British North America Act. They do not say what must be or must not be contained in a Newfoundland statute. As Mr. Justice Fox and Mr. McEvoy have shown, the only ground upon which a Newfoundland statute can be questioned is that of its repugnance to some Imperial statute applicable to Newfoundland. This repugnance is always possible, but only, I think, in some very minor connection and on a point which all those in charge of the bill happen to overlook. And, of course, once the conflict is discovered it can be removed by a simple amendment.

Now, since nothing in the present Bill can, from its very nature, be repugnant to any Imperial law, it must follow that its validity, once it is formally enacted, is forever established. But to ask whether it is "constitutional" is again quite meaningless. It would be as sensible to ask whether a broomstick or a watermelon is constitutional. The only sensible question is whether it is effective or not. And to that there is only one answer.

Major Cashin next says that the Convention is "illegal." Here his position is even worse. Since the Act establishing the Convention will be valid it will itself be the law. Hence to say that it is illegal is tantamount to saying that the law is illegal. This may make sense to Mr. Cashin, but not, I am sure, to anyone else.

For the above reasons, I am now in a position to accede to Mr. Cashin's request and to say, as emphatically and categorically as he has said to the contrary, that the Bill establishing the National Convention is both constitutional and legal; or, if he prefers, that the National Convention itself will be both. I will go further and say that I cannot see how it could be otherwise.<sup>111</sup>

...

Yours truly,

H. A. WINTER

<sup>111</sup>Voir l'appendice C.<sup>111</sup>See Appendix C.

154.

2868-40

*Le haut commissaire à Terre-Neuve au conseiller spécial  
du sous-secrétaire d'État aux Affaires extérieures*  
*High Commissioner in Newfoundland to Special Assistant  
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

St. John's, May 6, 1946

Dear Mr. MacKay,

On returning from Gander,<sup>112</sup> where we were pretty well cut off from outside news, I was greatly disappointed to learn that the Dominion-Provincial Conference had broken up in disagreement.

I had pretty well reached the conclusion that, if the Federal Government's proposals were approved by the Provinces, the movement for Confederation with Canada would have overcome the still formidable opposition to it and brought Newfoundland at long last into the Canadian family. The disagreement, too wide to be bridged or concealed, is, however, a sore blow to these hopes. The blow is a heavy one but what concerns me most is whether or not it will be fatal. Now more than ever I need, for my own information and to enable me to answer the type of question that is bound to come up, the study mentioned in Mr. Robertson's letter of February 27. If it is still some distance from completion, could you let me have, from your own comprehensive knowledge of this subject, a brief general idea as to how you think the new development will affect Newfoundland's position vis-à-vis Canada.

Technically, I suppose all that will happen is that the position will revert to that before the Taxation Agreement of 1942 with the Provinces coming back into the collection of direct taxes on income, corporations, estates, etc. This position, however, would not be nearly so attractive to the poorer Provinces, among which Newfoundland would rank high. Moreover, it would seem to me to have serious effects that were not fully evident in pre-war days when not so much in the way of planning the national economy was expected from the Federal Government, when the need for rehabilitation did not exist and our advanced social programme, so attractive to Newfoundland, had not yet got under way. I am much afraid that, even for those who do not understand the details of the situation, the psychological effect of the inability of the Federal Government and the Provinces to agree on so vital a matter as the source of their respective revenues will have unfavourable repercussions down here and be a most serious setback to the advocates of Confederation. Any information you could let me have clarifying the present position and its implications would, therefore, be most welcome.

Yours sincerely,

J. S. MACDONALD

<sup>112</sup>Macdonald avait participé à une conférence sur les services de navigation aérienne. Voir le volume 1, document 1148.

<sup>112</sup>Macdonald had attended a Conference on air navigation facilities. See Volume 1, Document 1148.

155.

2868-A-40

*Mémoire du conseiller spécial du sous-secrétaire d'État  
aux Affaires extérieures<sup>113</sup> au sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum from Special Assistant to Under-Secretary of State  
for External Affairs<sup>113</sup> to Under-Secretary of State  
for External Affairs*

Ottawa, May [n.d.], 1946

RESEARCH COMMITTEE ON CANADA-NEWFOUNDLAND RELATIONS

We should probably be preparing material should the question of admission of Newfoundland be brought up officially. This material could probably all be prepared in this Department with the assistance of someone from Finance or the Bank of Canada (Mr. Skelton would make a man available). On the other hand, it would perhaps be unwise to do this since other Departments which might be particularly concerned might resent being left out. But since the whole question is still largely academic, it would perhaps be unwise to bring in too many departments or to give too much publicity to our activities at this stage. It is, therefore, suggested that we might approach only those departments which would be mainly concerned with policy (Chiefs of Staff Committee, Trade and Commerce, Finance or the Bank of Canada, Fisheries) and ask them if they could appoint someone to prepare a memorandum on the question from the departmental point of view. This group might be constituted as an interdepartmental research committee on relations with Newfoundland.<sup>114</sup>

156.

2868-A-40

*Le sous-secrétaire d'État associé aux Affaires extérieures  
au sous-ministre du Commerce*

*Associate Under-Secretary of State for External Affairs  
to Deputy Minister of Trade and Commerce*

CONFIDENTIAL

Ottawa, May 7, 1946

Dear Mr. Mackenzie,

As you probably know, a constitutional convention is being called in Newfoundland this spring or early summer with a view to making recommendations about the future form of government. It is understood that these recommendations will be placed before the people of Newfoundland by way of plebiscite. In view of the interest in union with Canada that appears to be developing in New-

<sup>113</sup>R. A. MacKay.

<sup>114</sup>La note suivante était écrite sur ce mémorandum:

<sup>114</sup>The following note was written on the memorandum:

Mr. MacKay: I agree. N. A. R.[OBERTSON]

foundland, it is possible that some months hence the Canadian Government may be faced with the question whether it is prepared to admit Newfoundland, and if so, on what terms. It would, therefore, appear to be desirable that the more important phases of the question should be examined in advance with a view to compiling information should questions of policy later arise.

It is thought that the most convenient method of meeting the situation would be for each of the departments most likely to be concerned with policy to appoint an official who could prepare material on the phases of the question which would concern his department, and for these officials to constitute a temporary interdepartmental committee so as to co-ordinate research.

It is felt that for the present this committee should be kept small, though it may be advisable to bring in other departments later.

It is thought that your Department will wish to be represented from the outset. The following departments or agencies are being invited: Fisheries, Transport, Reconstruction, Chiefs of Staff Committee, Bank of Canada or Finance.<sup>115</sup>

The first meeting of the committee will be held in Room 123, East Block, Monday, May 13, at 11:00 A.M.

Yours sincerely,

H. H. WRONG

157.

2828-40

*Le haut commissaire à Terre-Neuve au conseiller spécial  
du sous-secrétaire d'État aux Affaires extérieures*

*High Commissioner in Newfoundland to Special Assistant  
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

St. John's, May 7, 1946

Dear Mr. MacKay,

At the end of the recent Conference<sup>116</sup> at Gander I had a good opportunity for a long private chat with Mr. J. R. Smallwood who is a candidate for the district of Bonavista in which the Gander Airport lies. We covered, quite frankly, the forthcoming Convention and the various alternatives open to Newfoundland. I was struck both with the energy he is putting into the campaign and the wide knowledge he has accumulated though I think I was able, on a number of points, to give him a rather clearer understanding of some of the factors involved. There are two points in our conversation, begun at dinner and continued for an hour or more in the living room of the house the Newfoundland authorities placed at my disposal during the Conference, that I would like to call to your notice.

<sup>115</sup>Le 30 mai, on invita aussi les ministères de la Santé et du Bien-être social, de la Justice, et des Mines et des Ressources.

<sup>116</sup>Voir la référence 112.

<sup>115</sup>On May 30, invitations were also extended to the Departments of National Health and Welfare, Justice and Mines and Resources.

<sup>116</sup>See footnote 112.

The first point is that it was quite obvious that Smallwood has been in correspondence with a number of the Canadian Departments of Government and the Bank of Canada for several months. I noticed one letter dealing with financial matters was on Bank of Canada notepaper under date of March 18th. I have a good deal of misgiving as to the appropriateness of correspondence of this kind but, in any case, I think it is most desirable that I should get copies of such correspondence to let me know to whom our officials are writing and the views that they are expressing.

The other point relates to Mr. Smallwood's views as to the use of Labrador in securing better terms for the Island of Newfoundland. I told him it seems to me rather odd that, if Newfoundland should wish to enter the Dominion, the Dominion should be expected to buy Labrador from Newfoundland as well and to pay a fancy figure for it. He, however, held that his proposal was an entirely reasonable one and about the only way Canada could provide Newfoundland with sufficient revenue to carry on its provincial services. Moreover, he held that a similar transaction had taken place at the time that Saskatchewan came into Confederation when the Province sold a considerable area to the Dominion, receiving payment by instalments spread over a long period of years. I must admit that I was not familiar with this particular transaction. If you have any information on it, it might be helpful to have it for subsequent conversations.

Yours sincerely,

J. S. MACDONALD

158.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 154

St. John's, May 8, 1946

SECRET

Sir,

I have just returned from Government House where I had upwards to an hour's talk with the new Governor, Sir Gordon Macdonald, who was sworn in a few days ago. I found Sir Gordon to be a rugged and rather outspoken but genial and friendly man and I must say I was favourably impressed with him. In the long road from the coal face, where he began work at fourteen, to the Governorship, he has undoubtedly developed qualities of shrewdness and character that, I think, will stand him in good stead in the position he now occupies. I was struck by the keenness of his observation and knowledge of conditions and personalities in the Island, indicating that he has read a good deal and already established some contacts. A man of strong religious belief, it is evident that he regards his present post as an opportunity for social service and that he is genuinely desirous of doing all he can to assist the people of Newfoundland to improve their economic conditions and to attain a better standard of life.

2. In the course of our conversation we touched on the present situation. He told me that his instructions were to confine himself, for the present, to encouraging the people of Newfoundland to take an increased interest in the elections to the Convention and to make it a success. A number of leading citizens, some of whose names he mentioned, had already complained to him about the general public apathy they felt existed with respect to the Convention and the difficulty of getting good men to come forward as candidates. He told me he had taken the opportunity to speak to them rather pointedly of their own responsibilities in the matter. If there were, he said, a lack of suitable candidates, it was largely due to the fact that men of experience like themselves were not coming forward to give the people leadership. Further enquiries, however, had convinced him that there was a growing interest in the Convention and its work and he felt confident there would be no lack of suitable candidates when the time came.

3. We proceeded to talk about the outlook for the future and Sir Gordon himself introduced the question of Confederation. He told me that both the Prime Minister, Mr. Attlee, and the Secretary of State for Dominion Affairs, Lord Addison, had told him, confidentially, before he left that they regarded union with Canada as the best thing that could happen to Newfoundland and would be happy if it could be brought about with the approval of a large majority of the people. I had rather expected, from his record in the Labour Movement and at Westminster, that he would be in favour of the restoration of Responsible Government in Newfoundland as quickly as might be practical and that he might even use his influence to turn public opinion in that direction. He told me, however, that his own personal view, from what he had been able to learn about Newfoundland and its problems to date, was that union with Canada would be the best solution for Newfoundland, for Canada and for the Commonwealth. Such a solution would give Newfoundland the benefit of fully responsible government in its own domestic affairs and a voice, on a democratic basis, in the larger union. It would round out the Canadian Dominion and prevent Canada being circumscribed in its frontage on the Atlantic as it already was, unfortunately, on the Pacific. It was clear, also, that, in spite of his long association with the Labour Movement, Sir Gordon is obviously deeply stirred by the greatness of the British Commonwealth and appears to feel that union of the whole of British North America into a single Dominion would add to the strength and prestige of the Commonwealth.

4. Sir Gordon was rather better informed, I thought, on the opposition to Confederation than he was on the strength of the movement in its favour. This is easily understood as most of his callers have been Water Street merchants or men associated with them. He did tell me, however, that Coadjutor-Archbishop T. J. Flynn, who had called a short time before with some members of his clergy to pay their respects, had spoken favourably of Confederation with Canada. Due to the illness of Archbishop E. P. Roche, Archbishop Flynn is regarded as the active head of the Roman Catholic Church in Newfoundland and this information, confirming reports I had had from other sources, is important as Roman Catholics constitute about one-third of the population here. It represents, however, a very different attitude from that of a year or two ago.

5. I outlined to him the position our Government has taken on the subject and told him that our decision, taken in the midst of the war, still stands, namely, that if the people of Newfoundland should spontaneously desire to enter the Canadian Federation our Government would be prepared to give sympathetic consideration to their request. I pointed out, also, that it would require a very considerable measure of statesmanship to induce the Canadian people to accept Newfoundland as it would cost somewhere between five and eight million dollars per annum — we had not yet gone into the matter in any detail — to give Newfoundland the same general benefits and services that are enjoyed by the existing Canadian Provinces.

6. I felt justified, in view of his having spoken so frankly and taken me into his confidence so fully, in sounding him out on a point which has appealed strongly to me over the past few months. It is that we should keep in mind the desirability of ensuring that a situation similar to that of 1895 does not again arise. It will be recalled that on that occasion Newfoundland was encouraged to send a delegation to Ottawa to discuss union with Canada only to find, after it got there, that no terms that could be regarded as acceptable could, in fact, be secured and that the recriminations that resulted tended to prejudice the development of cordial relations between Newfoundland and Canada for nearly half a century. While we would do nothing to bring pressure to bear on Newfoundland or even to endeavour to encourage a movement in our direction, if a vigorous movement should spontaneously arise, as now seems probable, it might be desirable that we look into the question of possible terms in advance and, if necessary, secure confidentially from the Newfoundland authorities facts and figures as to their situation and their needs that would enable us to decide whether we would be able to offer Newfoundland terms that would likely be acceptable. Sir Gordon saw the importance of this point and readily promised his co-operation if we should need it at some future date. Indeed, he expressed the view that two Macdonalds should be able to co-operate pretty effectively. While it is, of course, quite impossible to foresee the effect closer acquaintance with the Newfoundland scene will have upon him and while it is, in any case, much too early to come to any definitive conclusions, I may say that I left him with the impression that he is the type of Governor Newfoundland needs at this juncture in its history and that his influence is likely to be exercised along lines that will be mutually advantageous.

I have etc.

J. S. MACDONALD



159.

2868-A-40

*Le gouverneur, la Banque du Canada, au sous-secrétaire d'État associé  
aux Affaires extérieures*

*Governor, Bank of Canada, to Associate Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

Ottawa, May 9, 1946

Dear Mr. Wrong,

Thank you for your letter of May 7th regarding the proposed interdepartmental committee on Newfoundland. I have arranged that either Mr. Skelton or Mr. Beattie will attend the first meeting on Monday next.

In the eventuality you mention, I should not expect any serious problems to arise from the banking or currency point of view, since branches of Canadian chartered banks constitute Newfoundland's banking system, and the country operates on the basis of Canadian dollar currency. Newfoundland's foreign exchange control is also very closely integrated with the Canadian control.

I should expect that the main financial problems would relate to the disposition of the Newfoundland debt, the cost to the Dominion government of extending the federal expenditure structure to Newfoundland, and the additions to Dominion revenue which could be expected in the event of union. These are all of concern to Finance Department, and I assume it will be represented on the Committee.

Yours sincerely,

G. F. TOWERS

160.

2868-A-40

*Procès-verbal d'une réunion du Comité interministériel  
sur les relations entre le Canada et Terre-Neuve*

*Minutes of a Meeting of Interdepartmental Committee  
on Canadian-Newfoundland Relations*

SECRET

Ottawa, May 13, 1946

Present:

R.A. MacKay, (External Affairs — Chairman); D.B. Finn, (Fisheries); H.R. Kemp, (Trade & Commerce); N. Wilson, (Transport); M.W. Sharp, (Finance); J.R. Beattie, (Bank of Canada); W/C W.W. Bean, (National Defence); S.D. Pierce, (External Affairs); M.H. Wershof, (External Affairs); A.M. Ireland, (External Affairs — Secretary).

(Reconstruction & Supply agreed to participate on the committee but no representative could be present at this meeting).

1. *Purpose of the Meeting:*

The Chairman noted that probably within the next six weeks elections will take place for the Newfoundland constitutional convention and that it was probable

that members of this convention would raise the question of federation with Canada. Canadian Government policy, as stated by the Prime Minister on July 12, 1943, was that "if the people of Newfoundland should ever decide that they wish to enter Canadian federation and should make that decision clear beyond all possibility of misunderstanding, Canada would give most sympathetic consideration to the proposal."

It was suggested that this Interdepartmental Committee might prepare a number of reports to be incorporated in a memorandum for Cabinet setting out the probable effects on the Canadian financial, economic and administrative systems of Newfoundland's entering federation. It was realized that a number of intangible factors would also enter into the decision, but it was thought that a factual survey should be available to support whatever Canadian decision might be taken.

### 2. *Financial Considerations:*

Due to the failure of the Dominion-Provincial Conference, the financial picture was very unclear. The question of subsidies was raised and doubts were expressed whether Newfoundland could be fitted into the present formulae applying to Dominion-Provincial financial relations. There was general discussion on the Newfoundland debt, on Newfoundland's natural resources, on the effect of federation on the Newfoundland standards of living and on the costs involved in raising the level of Newfoundland social services to that of present provinces. It was observed that the main problems to be investigated would be the Newfoundland debt, the cost of extension of federal services, the probable revenues which would result from union and the Newfoundland budgetary position under union.

### 3. *Fisheries:*

Dr. Finn pointed out that certain Newfoundland fish resources, particularly herring, were not being fully exploited because entrepreneurs were satisfied with their present returns. More emphasis could be placed on higher priced forms of processing, e.g. freezing and canning instead of salting, and trade with Europe could be worked up. The opinion was expressed that if Newfoundland were to come into federation, their competition in the fishing industry would be a more serious factor than at the present. The following problems and advantages among others, might be investigated and included in the report on the fishing industry: — the number of people dependent on the Newfoundland fishing industry; the position of the industry under federation; possible strains on the industry, which might result in depressed areas or demands for further subsidies; if and how the Newfoundland Fisheries Board could be integrated with the Canadian system; effect of federation on the Maritime fishing industry. It was pointed out that sufficient data and time are not available to report adequately on Newfoundland's unexploited fish resources, shore and power facilities.

### 4. *Trade and Commerce:*

At the present time Newfoundland discriminates against Canada in the matter of tariff and in favour of the United Kingdom. Under federation all tariffs against the rest of Canada would presumably disappear, and there would be a substantial gain in Canadian trade with Newfoundland. However, since federation would cause Newfoundland's tariff revenue to disappear, the advantage to Canada of

increased trade would have to be offset by various forms of Canadian expenditures.

Concerning shipping services, it was suggested that it would be desirable to review Newfoundland's present arrangements for coastal shipping, which is reserved to Newfoundlanders, and present shipping facilities between Canada and Newfoundland. A demand for additional shipping services might be anticipated.

A question was raised concerning invisible exports from the United States into Newfoundland, and in this connection it was noted that supplies for the United States bases in Newfoundland are admitted free of customs.

The matter of rationing was also discussed, and it was thought this would be a minor problem in view of the time element, the small Newfoundland population and their low consumer demand. However, if prices decrease, the consumer demand would go up, but it was thought even in that event, that rationing would not be a serious problem.

It was agreed that the main topics which the Department of Trade and Commerce would investigate would be the effect of federation on Canadian import and export trade, shipping facilities, and the possibilities of a Newfoundland tourist trade.

#### 5. *Defence:*

It was noted that Canada has already assumed certain responsibilities for the defences of Newfoundland, but the responsibility would become greater and more explicit should federation take place. It was not known what the Canadian government's attitude would be to the continuance of United States bases. It was thought it would be most difficult to break the United States 99-year leases and doubts were expressed whether Canada would be prepared to operate the bases on the scale planned by the United States. It was also noted that for political reasons, an army establishment, and possibly other service establishments, might have to be maintained in Newfoundland. It was noted that in view of the many political problems involved, a report could be little more than a general appreciation of the problems likely to arise in the event of union.

#### 6. *Labrador:*

There was some discussion on the future of Labrador should Newfoundland enter federation. Various suggestions have been put forward, — that Newfoundland should sell Labrador to Canada, the price to be met in increased subsidies; that Labrador might be transferred to Quebec. It was noted that Newfoundland was financially unable to develop Labrador. It was suggested Mines and Resources should be asked to report on Labrador.

#### 7. *Transport and Communications:*

It was felt that a report on transport and communications should cover such matters as meteorological services, the railway, radio, aids to navigation, telegraphs and cables, harbours and wharves. It was thought the most expensive service would be civil aviation, and it was reported that the Newfoundland Commission of Government is budgeting for a deficit of over one million dollars in this sphere. There was some discussion of the Newfoundland railway which is owned by the government, and the opinion was expressed that this service, as well as

most of the others noted above, would be operated at a considerable deficit to Canada.

8. *Constitutional and Legal Problems:*

It was noted that several legal and constitutional problems would require examination, among them, the procedure for the admission of Newfoundland, the application of existing federal law to Newfoundland, representation in the federal parliament, etc. An important procedural question requiring early consideration is whether the Canadian Government should be prepared to deal with a committee of the constitutional convention, or should deal only with the United Kingdom or Newfoundland Governments. The Department of External Affairs agreed to take up this specific point with the Department of Justice, as well as other legal and procedural problems.

9. *Confidential nature of Discussions:*

It was stressed that these discussions and the preparation of reports should be regarded as highly confidential. It was suggested that if any special information should be needed from Newfoundland, the Department of External Affairs would be the appropriate channel for securing the information.

10. *It was agreed:*

(1) That reports on the following topics should be prepared by the departments noted.

Finance — (Department of Finance with the assistance of the Bank of Canada).

Fisheries — (Department of Fisheries).

Trade & Commerce — (Department of Trade and Commerce).

Defence — (Chiefs of Staff Committee, or the Departments of National Defence as decided by the Chiefs of Staff).

Transportation and Communications — (Department of Transport).

Constitutional and Legal Problems — (Department of External Affairs in consultation with Justice).

(2) That other Departments should be invited to participate, particularly Health and Welfare and Mines and Resources.

(3) That a meeting of the Committee should be called in about a month's time by the Department of External Affairs, when it is hoped at least preliminary memoranda will be ready.

161.

2868-A-40

*Mémoire de la direction juridique au sous-secrétaire d'État  
par intérim aux Affaires extérieures*<sup>117</sup>

*Memorandum from Legal Division to Acting Under-Secretary of State  
for External Affairs*<sup>117</sup>

SECRET

Ottawa, May 23, 1946

RE: DISCUSSION OF POSSIBLE UNION OF  
NEWFOUNDLAND WITH CANADA

Annexed for your signature is a letter to the Deputy Minister of Justice, which has been approved in draft by Dr. MacKay.

My understanding is that the setting up of the Interdepartmental Committee referred to in the letter was approved by Mr. Robertson, but has not had Ministerial approval in any form. You may therefore wish to mention the matter to Mr. St. Laurent.<sup>118</sup>

E. R. HOPKINS

162.

10300-E-40

*Extraits d'une lettre du sous-secrétaire d'État par intérim  
aux Affaires extérieures au sous-ministre de la Justice*

*Extracts from Letter from Acting Under-Secretary of State  
for External Affairs to Deputy Minister of Justice*

SECRET

Ottawa, May 23, 1946

RE: DISCUSSION OF POSSIBLE UNION OF  
NEWFOUNDLAND WITH CANADA

On December 11, 1945, the Prime Minister of the United Kingdom announced that a National Convention would be elected in Newfoundland[ . . . ].

...

It is expected that the Convention will be elected this summer. In view of the likelihood that, during the sitting of the Convention, the Canadian Government will be asked to discuss the admission of Newfoundland into Canada, an informal interdepartmental research committee has been formed to draft material for the use of Cabinet if and when the time comes to hold such discussions.

One of the questions raised at the first meeting of the Committee was what the Canadian Government should do if the National Convention were to appoint a delegation to discuss terms with the Canadian Government i.e., if the Convention should try to have conversations with the Canadian Government otherwise than

<sup>117</sup>H. H. Wrong.

<sup>118</sup>Il semble que M. Wrong en n'a pas parlé à M. St. Laurent.

<sup>118</sup>Mr. Wrong apparently did not mention it to Mr. St. Laurent.

through the United Kingdom or Newfoundland Governments. This possibility was first raised in a letter of March 15th from the Canadian High Commissioner in Newfoundland, a copy of which I enclose. A copy of the letter was sent at the time to the Minister of Justice, who wrote us on March 26th:

"I thank you for the copy of Mr. J. S. Macdonald's report, concerning the question of possible union of Newfoundland with Canada.

It seems to me that the procedure suggested by him, as a possible solution, is much to be preferred to either of the alternatives (a) or (b), set out in his report."

The procedure suggested by Mr. Macdonald was, as you will see, for the Convention to ask the United Kingdom Government to empower a delegation of the Convention to talk with the Canadian Government. This procedure would, I think, offer no difficulties, assuming of course that the Canadian Government were willing to hold such talks.

However, it seems to me that we should be prepared for the possibility that the Convention may, notwithstanding its limited terms of reference, try to talk with the Canadian Government without having been empowered to do so either by the United Kingdom Government or by the Newfoundland Government. I should be grateful for your views on the advice which might be tendered to Cabinet in this event. My feeling at present is that, if the Convention wishes to talk with the Canadian Government, the Convention should be encouraged to proceed either through the United Kingdom Government or through the Newfoundland Government.

...

Yours sincerely,

H. H. WRONG

163.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État par intérim  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Acting Secretary of State  
for External Affairs*

DESPATCH 206

St. John's, June 1, 1946

Sir,

Nomination of candidates for the National Convention took place yesterday, May 31, in thirty-five out of the thirty-eight districts into which Newfoundland has been divided for the purpose of the election. A list setting forth the names of the candidates with the districts for which they have been nominated is attached. As I pointed out in an earlier despatch nominations in the districts of St. Barbe, White Bay and Labrador have been postponed because of difficulties of transportation and lack of completion of the voters' lists. Nominations, however, will doubtless take place shortly in these districts as well.

2. In seven districts, namely, Fogo, Bonavista South, Bonavista North, Bay de Verde, St. Mary's, Fortune Bay and Hermitage, only a single candidate has come

forward so that election in each will be by acclamation. In most of the other districts, however, there is a plurality of candidates so that, in the absence of any provision for proportional representation, there is a strong likelihood that the candidate elected will represent not a majority but rather a minority of the electors.

3. While many of the candidates nominated are obscure men not known outside their own localities I think it can be said, on the basis of the information already available, that the fear that has been expressed that men of character and capacity would not be forthcoming as candidates has been definitely dispelled. In St. John's East the candidates include the Honourable R. B. Job, a member of the Legislative Council and Head of Job Brothers, the oldest and one of the largest businesses on Water Street; Mr. Gordon Higgins, K.C., a son of a former Justice of the Supreme Court of Newfoundland and widely known in legal and social welfare circles; Dr. Will Roberts, who has practised medicine in the City for many years and is Head of one of the leading Hospitals; Mr. Edgar Hickman, son of a former Prime Minister and himself a leading businessman. In St. John's West Mr. Eric Bowring, Head of the Firm of Bowring Brothers of Water Street and Mr. Ches. A. Crosbie, son of the late Sir John Crosbie and one of the most aggressive of the younger generation of Newfoundland businessmen, have come forward, in addition to a number of other well known citizens. Mr. Calvin C. Pratt, one of the shrewdest and most aggressive businessmen in the Island, contemplated offering himself in this riding but withdrew at the last moment because of his technical inability to meet the residence requirement. He lives a few hundred yards outside the boundary of the district. Major Peter Cashin has also been nominated in this constituency though there seems to be a good deal of doubt whether his candidacy is entirely in order because of the residence requirement.

4. Outside St. John's the best known candidates are Mr. J. R. Smallwood who has been nominated for the district of Bonavista Centre; Mr. Ken Brown, President of the Newfoundland Fishermen's Union, who is standing for Bonavista South, and Mr. Frederick G. Bradley, the Leader of the Opposition in the House of Assembly at the time of the preparation of the Amulree Report, in Bonavista East.

5. Organized labour is being represented in every constituency in which there is any sizeable labour vote. Mr. William Frampton, President of the Newfoundland Federation of Labour and Mr. William Gillies, organizer of Co-operatives are standing in St. John's and in Corner Brook the Labour ticket is being represented by Mr. Pierce Fudge, President of the Newfoundland Labourers' Union and Mr. William C. Janes of the Paper-makers' Union. Two women have also been nominated.

6. The conditions of the contest more or less restrict the kind of canvassing that may be undertaken. There are no issues unless some candidates decide to make them by declaring themselves for a specific course in advance of the election. This they cannot logically do as the Convention is being chosen primarily to examine the financial and economic situation of the Island and to make recommendations only after a careful study of all the facts that will be submitted to

them. The contests will be conducted on a personal rather than a party basis and many of them promise to be interesting tests of personal popularity — and little more.

...

I have etc.

J. S. MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

*Liste des candidats à la Convention nationale de Terre-Neuve*<sup>119</sup>  
*List of Candidates for National Convention of Newfoundland*<sup>119</sup>

**ST. JOHN'S CITY EAST**

Robert Brown Job, Merchant.  
 George Whiteley, Master Fisherman.  
 Gordon Francis Higgins, King's Counsel.  
 W. Gordon Warren, Barrister-at-Law.  
 Edgar Laurie Hickman, Managing Director.  
 Wickford Leo Collins, Captain R.A.  
 William Roberts, Physician and Surgeon.  
 William Walter Gillies, Grocer.  
 William James Frampton, Carpenter.

**ST. JOHN'S CITY WEST**

Chesley A. Crosbie, Merchant.  
 Michael F. Harrington, Radio Commentator.  
 Peter J. Cashin, Gentleman.  
 R. A. Parsons, K.C., B.C.L., Barrister.  
 George Wilkinson, M.A., Teacher.  
 James A. Gibbs, K.C., Barrister.  
 Frank Bennett, Manufacturer.  
 Richard Cramm, K.C., Barrister.  
 Mrs. Frances Blaikie Holmes, M.B.E., Housewife.  
 Philip Forsey, Teacher.  
 Eric A. Bowring, Merchant.  
 Joseph D. Ashley, Electrician.

**ST. JOHN'S WEST**

Frank Viguers.  
 Charles Penney.  
 A. B. Butt.

**ST. JOHN'S EAST**

Frank Fogwell, Electrician.  
 John Byrne, Farmer.  
 Eric W. Clark, Businessman.  
 Patrick Shea, Truckman.

**TRINITY NORTH**

Fredrick A. Day, R.N.  
 Joseph A. Penny, Fisherman.  
 Whitefield H. Laite, Publicist.  
 Reuben T. Vardy, Merchant.  
 Andrew Greene, Blacksmith.  
 Albert T. Pittman, Blacksmith.

**TRINITY CENTRE**

Solomon Drodge, J.P., Fish Dealer.  
 Edmund C. Crawford, General Dealer.  
 Eldred Mercer, General Dealer.

**BONAVISTA EAST**

Fred G. Bradley, Barrister.  
 Edward G. Cook, Flying Officer, R.A.F.

**BONAVISTA SOUTH**

K. M. Brown, President Nfld. Fishermen's Union.

**BURGEO**

Charles L. Clarke, Teacher.  
 Percy Figary, Nfld. Railway.  
 Frank Pike, Merchant.

**BAY DE VERDE**

Wellington Crummev.

<sup>119</sup>Les membres des forces armées devaient quitter celles-ci avant de se porter candidats.

<sup>119</sup>Members of the armed forces had to leave the services before becoming candidates.



**BURIN WEST**

John R. Dickson, Merchant.  
Daniel Hillier, Retired Civil Servant.

**ST. MARY'S**

John Jas. MacCormack, Farmer.

**HUMBER**

Chas. H. Bellam, Insurance Agent.  
Pierce Fudge, President Nfld. Labourers' Union.  
Martha Hann, Housewife.  
Wm. C. Janes, Papermaker.  
Robert J. K. Prowse, Farmer.

**BURIN EAST**

George R. Bartlett, Shop Clerk.  
Thomas LeFeuvre, Gentleman.  
Frank Pearce, Teacher.  
Eddie P. Reddy, Merchant.

**GREEN BAY**

Cyril C. Pelley, Ex-serviceman.  
Sydney T. Jones, Master Mariner.  
Truman S. Short, Labourer.  
Roland G. Starkes, Merchant.

**GRAND FALLS**

Patrick F. Brown, Town Council.  
Cyril L. Courage, Merchant.  
Malcolm L. Hollett, Retired Magistrate.  
James L. Hanniford, Mechanical Foreman.  
Norman Munn, A.N.D.  
Malcolm McDonald, Consulting Engineer.  
Ignatius Robinson, Assayer.  
Philip J. Ryan, Journalist.  
John A. Spencer, Real Estate Agent.

**HARBOUR GRACE**

Alfred E. Simmons, Manufacturer.  
Capt. Michael Jones, Can. Army.  
Corporal Thomas E. Collett, R.A.F.  
Colin Gilbert Jones, Retired Teacher.

**PLACENTIA WEST**

James V. McCarthy, Fisherman.  
Dennis L. Ryan, Clerk.

**FORTUNE BAY**

Wm. John Baneld, ex-constable.

**HARBOUR MAIN**

Michael F. Devereaux, Farmer.  
Gregory C. Devereaux, School Teacher.  
Thomas H. Kennedy, Air Force.  
Jas. J. Crawley, Farmer.  
John A. Hannon, Retired Radio Telegrapher.  
John J. Terry, Merchant.  
John St. John, Merchant.

**HERMITAGE**

John T. Spencer, Former School Teacher.

**ST. GEORGE'S**

Temle Butler, Farmer.  
Wm. J. Keough, Accountant.

**FERRYLAND**

Albert J. Goodrich, Merchant.  
Gregory L. Greene, Merchant.

**BONAVISTA CENTRE**

J. R. Smallwood, Journalist.  
Kitchener Pritchett, Merchant.

**PORT AU GRAVE**

Fred K. Hussey, Gentleman.  
Ralph R. Wood, Retired Teacher.  
Joseph Fowler, Teacher.

**CARBONEAR**

Albert E. Penny, J.P.  
Graham Wilson Howell, Salesman.

**BELL ISLAND**

John F. Fleming, Druggist.  
Maxwell D. Hutchings, Employee, DOSCO.  
David G. Jackman, Pres. Wabana Mines  
Workers' Union.

**LEWISPORTE**

A. Northcott.  
D. Rideout.  
S. Wells.  
J. J. Thompson.

**BAY ROBERTS**

Adrian Dawe.  
Wilfrid Dawe.  
Allan A. Keefe.  
Wm. E. Mercer.

Allan Morgan.  
Leonard Stick.

FOGO  
Alfred Watton, Jr.

PORT AU PORT  
Michael J. Abbot.  
Michael J. McCarthy.  
William B. Hogan.

TWILLINGATE  
Stanley J. Andrews.  
Thos. G. W. Ashbourne.  
John M. Manuel.

BONAVISTA NORTH  
Samuel F. Vincent.

TRINITY SOUTH  
Carman G. Button.  
Charles Bailey.  
Herbert J. Bryant.  
William Stantaford.

PLACENTIA EAST  
Leonard J. Miller.  
Jas. P. Verron.  
Gregory J. Power.  
Michael Sinnott.

164.

PRO/DO 35 1346/ERD/1896

*Le secrétaire aux Dominions au gouverneur de Terre-Neuve*  
*Dominions Secretary to Governor of Newfoundland*

DESPATCH 144  
SECRET  
Sir,

London, June 17, 1946

I have the honour to refer to correspondence ending with my telegram No. 197 of the 6th June<sup>†</sup> regarding the proposed Newfoundland National Convention, and to enclose, for the consideration of the Commission of Government, a note of guidance for the Chairman of the Convention, in which are set out suggestions as to the aims of the Convention generally, and as to the forms of procedure which might most usefully be adopted.

2. I should be grateful if, subject to the views of the Commission of Government, you would arrange for a copy of this note to be handed to the Chairman, for his secret and personal information, as soon as the results of the election have been declared.

I have etc.

ADDISON

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum**Memorandum*

SECRET

[n.d.]

1. The terms of reference of the Convention are "to consider and discuss amongst themselves, as elected representatives of the Newfoundland people, the changes that have taken place in the financial and economic situation of the Island since 1934, and bearing in mind the extent to which the high revenues of

recent years have been due to war-time conditions, to examine the position of the country and to make recommendations to His Majesty's Government as to possible forms of future Government to be put before the people at a national referendum."

2. As explained in the statement on the subject made in the House of Lords on the 11th December it will be the duty of the Convention to review all the alternative courses open to the Island; and it is hoped that the discussions of the Convention will result in a sufficiently marked consensus of opinion to enable recommendations as to the future course of action to be submitted to the United Kingdom Government for consideration, with a view to the holding of a referendum at which the issues could be put to the Newfoundland people for their decision.

3. The task of the Convention will therefore primarily be to indicate what possible courses should be submitted for decision at a subsequent referendum. It will not rest with the Convention to decide what the future form of the Government will be and it is presumed that no course for which there is a substantial backing would be excluded from the proposals recommended for submission to a referendum merely because it was not favoured by an actual majority of the members of the Convention.

4. It is assumed that some of the possibilities which would be discussed by the Convention would be (a) the return to responsible government (b) the retention of the system of Commission government for a definite period, with or without some indication of the steps to be taken at the end of that period, (c) confederation with Canada.

5. It is not intended that the Convention would be a body which would summon Government officials or others to appear before it to give evidence, though it would be open to the Convention to ask the Commission of Government for such factual material as it might desire.

6. When the question of confederation with Canada comes to be considered by the Convention the question may arise of obtaining for the Convention information from His Majesty's Government in Canada as to their attitude. A possible course of action in that event would, if the Canadian Government agreed, be for the Convention to arrange to send a special delegation chosen from among its members to discuss the matter with the Canadian Government. The Commission of Government would be the channel through whom any such arrangements would be made with the Canadian Government.<sup>120</sup>

7. There may no doubt be other suggestions in addition to those referred to above brought forward for discussion at the Convention. It is proposed that an expert adviser should be made available by the United Kingdom Government to assist the Convention as required on questions of constitutional form and proce-

<sup>120</sup>Au début de juin, Sir Eric Machtig avait rencontré N. A. Robertson qui avait accompagné Mackenzie King à Londres et lui avait présenté un projet de ce paragraphe. Dans un mémorandum le 7 juin, Machtig écrivit:

Mr. Robertson tells me that he has shown this to his P[rime] M[inister] who thinks it should do quite well.

<sup>120</sup>Early in June, Sir Eric Machtig had met N. A. Robertson who had accompanied Mackenzie King to London and had given him a draft of this paragraph. In a memorandum on June 7, Machtig wrote:

dures; but he would not of course take part in the voting on any resolution which may come before the Convention.

8. As regards the procedure of the Convention, it will be desirable that rules for the regulation of its working should be adopted at the commencement of the proceedings. Matters which will require to be settled are the establishment of a quorum, the procedure for voting, including the question whether the chairman should have a casting vote, and the arrangements for recording the proceedings and decisions of the Convention. The question whether all proceedings are to be open to the public will require consideration. Another point to be considered is whether arrangements might be made for the appointment of committees of the Convention to examine special matters and report on them to the main body.

165.

*Extrait des Débats de la Chambre des Communes*<sup>121</sup>

*Extract from Debates of House of Commons*<sup>121</sup>

M. ADAMSON<sup>122</sup>: Vu la découverte d'importants gisements de fer le long de la frontière de cette longue langue du Labrador qui avance dans la province de Québec, a-t-on songé à réviser le traité avec le Labrador de façon à reprendre cette région dont les ressources seront canalisées par le Québec lorsque l'exploitation qu'on prévoit y sera intense? Cette région constitue une partie physique du Canada, qu'elle soit située d'un côté ou de l'autre de la ligne de partage des eaux. Je me rends compte que le bill ne traite pas de ce sujet, mais puisqu'il en est question, je voudrais savoir si on en a discuté.

Le très hon. M. ST. LAURENT: Ma réponse doit être très prudente. La question relève du département des Affaires extérieures. Les honorables députés savent qu'il s'est tenu des élections récemment à Terre-Neuve en vue de constituer une assemblée. Le Canada conserve l'attitude qu'on a définie à plusieurs reprises en cette enceinte. Si les habitants de Terre-Neuve préfèrent s'unir au Canada, on accordera à leur demande une attention très sympathique et très sérieuse. Mais, comme on l'a répété souvent à la Chambre, cette question intéresse surtout les gens de l'ancienne colonie de Terre-Neuve. Le Gouvernement ne veut pas s'immiscer dans leurs affai-

MR. ADAMSON<sup>122</sup>: In view of the valuable iron deposits recently discovered on the boundary of that long bit of Labrador which goes into the province of Quebec, has any consideration been given to rewriting the treaty with Labrador to include that area? A tremendous development is likely to go on there, which will be channelled down through the province of Quebec. That is really physically part of Canada, whether it is on one side or other of the height of land. I realize this bill does not deal with that, but while we are on this subject I should like to ask whether any discussions have taken place in that regard.

MR. ST. LAURENT: That is a matter about which I must be rather careful in what I say. It is being dealt with by the Department of External Affairs. As the hon. member knows, just within the last few days an election has been held in Newfoundland for the purpose of constituting an assembly. The position of Canada is still as it has been stated on more than one occasion in this house. If the people of Newfoundland come to the conclusion that they would be happy to throw in their lot with Canada, their representations will be given most earnest and sympathetic consideration. But it has been said on more than one occasion in this house that this is

<sup>121</sup>Canada, Chambre des Communes, *Débats*, 1946, volume 3, pp. 2772-3. Ce débat a eu lieu le 24 juin pendant la deuxième lecture d'un projet de loi modifiant une loi ayant trait aux frontières de la province de Québec.

<sup>122</sup>Député Progressiste conservateur de York West.

<sup>121</sup>Canada, House of Commons, *Debates*, 1946, Volume 3, pp. 2753-4. This debate took place on June 24 during second reading of a bill modifying a law concerning the boundaries of the province of Quebec.

<sup>122</sup>Progressive Conservative M.P. for York West.

res. Nous accueillerons cordialement leurs délégués ou leurs représentants. Nombre de Canadiens estiment qu'il serait avantageux au Canada et à Terre-Neuve de s'unir plus étroitement. Néanmoins, le Canada nuirait à cette fin en tentant d'influer sur le jugement que les habitants de Terre-Neuve porteront à cet égard.

**M. MACNICOL**<sup>123</sup>: Puisque le ministre a soulevé la question, je veux ajouter un mot qui ne blessera personne. Quand Terre-Neuve enverra au Canada des délégués chargés d'exprimer sa demande d'union avec le Canada, que j'approuve, je soutiendrai énergiquement qu'il ne faudrait pas exiger que le Labrador soit séparé de Terre-Neuve. Pendant une couple de semaines, j'ai enquêté à fond à Terre-Neuve sur cette question d'annexion, et au cours de cette période, j'ai dit que je favorisais moi-même une telle mesure; partout, cependant, on m'a posé la question suivante: Tenteriez-vous de soustraire le Labrador à notre juridiction? Les gens de Terre-Neuve refusent même de discuter cette question; si elle vient sur le tapis, je vous conseille donc respectueusement de ne pas proposer qu'on sépare le Labrador de Terre-Neuve.

Le très hon. **M. ST. LAURENT**: Je suis sûr que quiconque représentera le Canada à une telle conférence sera heureux d'obtenir l'opinion réfléchie de l'honorable député sur la ligne de conduite qu'il estimera la plus avantageuse aux intérêts réciproques des gens des deux régions.

something concerning more particularly the inhabitants of the old colony of Newfoundland, and this government would not wish to appear to be interfering in the affairs of that colony. Their delegates or representatives will be welcomed here as cordially as we can welcome them. I believe there are many Canadians who feel that it would be to the mutual advantage of Canada and Newfoundland to come closer together. Nevertheless it might not be helpful to that end to have Canada appear to be interfering with the judgment the people of Newfoundland are to express on that subject.

**MR. MACNICOL**<sup>123</sup>: Now [that] the minister has mentioned that subject I should like to add a word in that regard, and I do this in the kindest way possible to all concerned. If Newfoundland should send delegates to Canada to discuss the question of the admission of Newfoundland into Canada, which I for one favour, I would strongly urge that no effort be made or no suggestion advanced to detach Labrador from Newfoundland. I made an exhaustive survey into the confederation question in Newfoundland, extending over a week or two during which time I indicated that I for one would favour such a step, and everywhere I was met with the question, "Would you make an effort to detach Labrador from our jurisdiction?" I found the people of Newfoundland almost immovable in their determination not even to discuss the question of detaching Labrador from the jurisdiction of the island. I respectfully suggest that if this matter does come up, no suggestion be put forward by us to detach Labrador from the island of Newfoundland.

**MR. ST. LAURENT**: I am sure whoever represents Canada at a conference of this kind will be glad to have the considered opinion of the hon. member as to the best method of serving the mutual interests of the people of the two areas.

<sup>123</sup>Député Progressiste conservateur de Davenport.

<sup>123</sup>Progressive Conservative M.P. for Davenport.

166.

2868-A-40

*Procès-verbal d'une réunion du Comité interministériel  
sur les relations entre le Canada et Terre-Neuve*

*Minutes of a Meeting of Interdepartmental Committee  
on Canadian-Newfoundland Relations*

SECRET

Ottawa, June 24, 1946

Present:

R.A. MacKay (External Affairs — Chairman); D.H. Sutherland, W.C. MacKenzie (Fisheries); A.L. Neal (Trade & Commerce); N. Wilson (Transport); G.T. McColm (Finance); G. Watts (Bank of Canada); G/C W.W. Bean, Cdr. A.H.G. Storrs, Lt.-Col. F. Clifford (National Defence); S. Bates (Reconstruction & Supply); Dr. G.D.W. Cameron (Health & Welfare); R.A. Gibson (Mines & Resources); D.W. Mundell (Justice); M.H. Wershof (External Affairs); A.M. Ireland (External Affairs — Secretary).

1. *Membership and Purpose of the Committee:*

(a) In addition to the departments represented at the first meeting, there were present members of the departments of Justice, Mines and Resources, Health and Welfare and Reconstruction and Supply.

(b) Political developments in Newfoundland were reviewed by the Chairman who also outlined the purpose of the Committee, which is to prepare material to be incorporated in a memorandum for Cabinet on the probable effects on the Canadian financial, economic and administrative systems of Newfoundland's entering federation. While the main emphasis in departmental reports will be placed on the Canadian aspect of the situation, it was noted that the final document should include an appreciation of Newfoundland's financial obligations and qualifications as a province.

2. *Preliminary Memoranda submitted by various Departments:*

(1) *Transport*

A preliminary report analysing the problem from the financial angle, and covering the various divisions of the Department of Transport's work was submitted. It was pointed out that Transport, though revenue-producing to a degree, is primarily a service department. The high, well-established standards of the Department of Transport in its several fields are unlikely to suffer under union. Presumably the three branches of the department would assume by absorption their similar Newfoundland-owned and operated service facilities and establishments. In some cases overall reductions in establishments may be possible after amalgamation but resulting economies are not deemed likely to compensate for the cost of improving Newfoundland standards in the enlarged field.

Details of Newfoundland's commitments with other countries in respect of certain services of international scope are not known to the Department and only detailed factual surveys, as yet unmade, would indicate the actual benefit or detriment that might result through federation. Information available would, however, seem to show that the benefit, in any sphere of the department's activ-

ities, would not be large and that financial costs would be substantial from the department's standpoint.

The section on Air Services will be expanded by Transport in consultation with the Air Transport Board.

### (2) *Trade & Commerce*

The preliminary report submitted by the Department of Trade and Commerce covered trade and tariff aspects, diversion of trade, balance of payments, and trade treaty relationships.

In the last pre-war year, 1938-39, Newfoundland's import duties totalled \$7.155 million, and the estimated duty that would have been collected had Newfoundland been in federation of the order of \$2.720 million. Annual Newfoundland imports which might be diverted to Canada under federation were estimated at \$4 million, plus an increase of about \$2 million in the existing volume of Canadian exports to Newfoundland due to lower prices to the consumer resulting from the substitution of the Canadian, for the existing Newfoundland, tariff.

Concerning trade treaty relationship, no serious questions would arise in the case of those countries with which Canada and Newfoundland both exchange most-favoured-nation treatment. Some difficulties might be encountered where Commonwealth countries enjoy a specific preference on enumerated exports to Newfoundland.

Concerning the Newfoundland tourist trade, a great expansion of existing facilities would be necessary before any large return would be realized.

### (3) *Defence*

A report by the Joint Planning Committee, approved by the Chiefs of Staff individually, on the strategic implications to Canadian defence of the federation of Newfoundland with Canada was tabled which noted the following implications for Canada:

- (a) Canada would assume explicit responsibility for the defence of Newfoundland; a responsibility that would have to be assumed in co-operation with the United States regardless of the form of Newfoundland Government.
- (b) Canada's efficiency in planning and executing its defence policy both for Newfoundland and Canada as a whole would be increased.
- (c) Canada might have to increase to some extent its existing service establishments.
- (d) The question of United States-Canadian relations in Newfoundland would be subject to review.

From a purely defence point of view, it was noted that federation would be desirable and would not likely result in increased defence expenditures, with the possible exception of establishments required for the maintenance of St. John's Naval Base.

The National Defence representatives thought their report could not be expanded further at the present time.

### 3. *Progress on Other Departmental Reports:*

- (1) It was reported that preliminary reports from the Departments of Finance and Fisheries were being prepared.
- (2) The legal and procedural questions pertaining to the possible federation of Newfoundland are being considered by the Departments of External Affairs and Justice.
- (3) It was suggested that preliminary reports from Mines and Resources, Reconstruction and Supply and Health and Welfare be undertaken. In preparing these reports, Labrador should be included with Newfoundland. The reports should include if possible, estimates of additional costs to the department of extending the present Canadian services to Newfoundland, as well as the advantages to Canada and administrative problems from the Department's standpoint should Newfoundland enter federation. In the case of Mines and Resources, it was suggested that it would be very useful if some estimate of the undeveloped resources of the territory could be included in the report.

### 4. *Co-ordination of Reports:*

- (1) There was considerable discussion on the present procedure of having each department submit a report since this resulted in a certain amount of overlapping. It was suggested that the preliminary reports should show the general picture from each department's point of view, and then at a later stage, co-ordination, possibly under main subject headings will have to be undertaken so that a comprehensive memorandum can be presented.
- (2) It was agreed it would be helpful if more explicit direction could be given to a department on the questions to be covered in its report, and it was agreed that a steering committee, representing Finance, Reconstruction and External Affairs should take this in hand.
- (3) It was suggested that departments which have not already submitted preliminary reports might undertake them immediately without waiting for the steering committee's directive, which would be ready shortly.
- (4) It was agreed that it would not be necessary for members to see all the individual reports, but the final comprehensive memorandum should be circulated to all members of the committee.
- (5) It would be desirable to have more information on Newfoundland's national income, and it was proposed that the Bureau of Statistics be asked to prepare a report.

### 5. *Confidential Nature of Discussions:*

It was stressed that these discussions and the preparation of reports should be regarded as highly confidential.

### 6. *Further Meetings of the Committee:*

A meeting of the Committee will be called in about a month's time by the Department of External Affairs, when it is hoped that all reports will be available.



167.

2868-A-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre de la Justice*

*Under-Secretary of State for External Affairs  
to Deputy Minister of Justice*

SECRET

Ottawa, June 27, 1946

RE: DISCUSSION OF POSSIBLE UNION  
OF NEWFOUNDLAND WITH CANADA

I should like to refer to my letter of May 23rd regarding this subject.

We have received, and I enclose herewith, a copy of the Newfoundland Act<sup>t</sup> relating to a National Convention, which was recently enacted. Section 3 of the Act describes the functions of the constitutional convention. It is in the same terms as Section 3 of the draft statute which I quoted in my letter of May 23rd.

The Canadian High Commissioner in Newfoundland has raised another question on which I should appreciate your comments. He asks whether, assuming that the Canadian Government and the people of Newfoundland desire to bring about union, there will be any constitutional necessity for Newfoundland to re-establish responsible government before entering into union with Canada. It seems to me that there is no such necessity. It is true that the non-existence of a "Newfoundland legislature" under the present system rules out the use of Section 146 of the British North America Act. However, there should be no difficulty in accomplishing union by obtaining statutes from the Imperial Parliament and also the Parliament of Canada. Some Imperial legislation will be necessary in any event, having regard to the presence on the United Kingdom statute books of the Newfoundland Act of 1933, which established the form of government now prevailing in Newfoundland.

I hope to receive shortly your reply to my letter of May 23rd.

H. H. WRONG  
for the Under-Secretary of State  
for External Affairs

168.

PRO/DO 35 1346/N402/48/X/L01211

*Extrait du procès-verbal d'une réunion de  
la Commission pour Terre-Neuve*

*Extract from Minutes of a Meeting of Commission  
of Government of Newfoundland*

St. John's, June 28, 1946

...  
Secret Despatch No. 144 of June 17th from the Secretary of State was considered and it was agreed that, with the elision of the words "including the question

whether the Chairman should have a casting vote" in paragraph 8, the Note which accompanied the Despatch should be handed to the Chairman of the National Convention for his secret and personal information. The Commissioner for Home Affairs and Education pointed out that Section 2 of the "Act Relating to a National Convention" stipulates that the Chairman shall not be entitled to vote. It was agreed that matters regarding procedure, publicity etc., should be left entirely to the decision of the Convention.

...

169.

2868-40

*Le haut commissaire à Terre-Neuve au conseiller spécial  
du sous-secrétaire d'État aux Affaires extérieures*  
*High Commissioner in Newfoundland to Special Assistant  
to Under-Secretary of State for External Affairs*

PERSONAL AND CONFIDENTIAL

St. John's, June 29, 1946

Dear Mr. MacKay,

Last evening Mr. J. R. Smallwood came to town fresh from his triumph in Bonavista Centre and I had quite a long talk with him. He estimates that eight or nine of the members who have been elected are well disposed toward Confederation with Canada and are anxious to get all possible information about how it would affect Newfoundland.

He put forth the view that it would be highly desirable for him to make a trip to Ottawa and learn at first hand just how Departments, particularly the Departments of Fisheries and Public Health who have concurrent jurisdiction with the Provinces, carry on their work and exactly how their activities would affect Newfoundland if it became the Tenth Province. He also thought that it would be desirable for him to get to know better the Canadian machine of government generally and that he could do so by interviewing, as a private citizen and journalist, Deputy and Branch Heads of various Departments.

I told him that, in my view, a trip of that kind would not be desirable both on account of the fact that it would be extremely difficult to get, by personal contacts in the Departments, any clearer or more comprehensive idea of their work than is readily obtainable in the published reports and that his mere presence in Ottawa at a time like this would undoubtedly lead to a good deal of publicity that would be embarrassing both for him and for us as the Canadian Government has never gone beyond saying that, if Newfoundland clearly desired to unite with Canada, they would be glad to give sympathetic consideration to such a proposal.

I found, however, that Mr. Smallwood was rather unconvinced and that he persisted in the idea and wanted me to give him some introductions. Not wishing to give him a direct refusal I told him to call me when he came to town about the middle of July. In the meantime I would get in touch with officials who knew rather better than I the organization and conditions in Ottawa and would then be in a better position to advise him.

I still think that it would be undesirable for Mr. Smallwood to make a trip of this kind and I think you will agree with me and can perhaps buttress my position with more cogent argument. In any case, I would greatly appreciate having your views in the course of the next couple of weeks.

Yours sincerely,

J. S. MACDONALD

170.

2828-40

*Mémoire du conseiller spécial du sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum by Special Assistant to Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

Ottawa, July 4, 1946

DESPATCH NO. 251 OF JUNE 25, 1946<sup>†</sup>

ELECTION FOR A CONSTITUTIONAL CONVENTION

1. Polling was everywhere quiet and orderly and a reasonably large vote was polled, indicating widespread interest.
2. Personnel elected to the Convention are fairly representative from a vocational standpoint. The requirement for residence of nominees in the constituencies for which they chose to stand has probably resulted in better representation of local opinion than was normally the case in the former Legislative Assembly, in which there was often an unduly large number of residents of St. John's.
3. Most of the candidates appear to have refrained from committing themselves to particular constitutional remedies. Exceptions were: Mr. J. R. Smallwood of Bonavista Centre, who is an outspoken exponent of Confederation, and who polled 88% of the vote in his constituency; Mr. Chesley Crosbie, a prominent St. John's businessman, who contended that Newfoundland could be made self-supporting and who favours responsible government "provided that he and his friends can control it, but, failing that, would, I think, work for a more efficient Commission."; Mr. R. B. Job, a prominent St. John's merchant, who is strongly opposed to Confederation and would probably favour continuation of Commission of Government; Mr. Hickman, St. John's businessman, who generally appears to follow Mr. Crosbie, but has no objection to exploring possibilities of union with Canada or with the United States. On the whole, the St. John's representatives seem to be against union with Canada.
4. One interesting development is the number of avowedly Labour candidates elected, most of them Trade Unionists, but one, Mr. Gordon Higgins, K.C., is a prominent lawyer in St. John's.
5. The Convention will probably not meet before September.
6. The High Commissioner thinks it is idle to speculate in advance about the outcome in view of the "unknowns" in the equation.

R. A. M[ACKAY]

171.

2828-40

*Le sous-secrétaire d'État associé aux Affaires extérieures  
au haut commissaire à Terre-Neuve*

*Associate Under-Secretary of State for External Affairs  
to High Commissioner in Newfoundland*

PERSONAL AND CONFIDENTIAL

Ottawa, July 4, 1946

Dear Mr. Macdonald,

I refer to your letter of June 29th to Mr. MacKay regarding the projected visit of Mr. J. R. Smallwood to Canada.

I quite agree with you that he should be discouraged from visiting Ottawa at this time in view of his well-known attitude on Confederation. On the other hand, if he insists, we cannot prevent him from doing so, and he may be too valuable a friend to risk antagonizing.

I should think therefore that if he insists on coming he should be encouraged to go to New York, and slip up quietly from there. I understand he lives at Gander; hence passage by air to New York should be easily obtainable. I think you should avoid giving him introductions to Government officials, with the possible exception of Mr. MacKay in his personal capacity, and at his home address, 99 Powell Avenue — the excuse might be that they have both written on Newfoundland.

Yours sincerely,

H. H. WRONG

172.

2868-A-40

*Extraits d'une lettre du sous-secrétaire d'État aux  
Affaires extérieures au haut commissaire à Terre-Neuve*

*Extracts from Letter from Under-Secretary of State for  
External Affairs to High Commissioner in Newfoundland*

SECRET

Ottawa, July 13, 1946

Dear Mr. Macdonald,

With my letter to you of June 11,<sup>†</sup> I enclosed a copy of our letter of May 23 to the Deputy Minister of Justice, raising certain questions relating to the possible union of Newfoundland with Canada.

Subsequently, after receipt of your letter of June 20,<sup>†</sup> we referred an additional question to the Deputy Minister of Justice[ . . . ].

...

We have now received a letter dated July 4 from the Deputy Minister of Justice which reads as follows:

"1. The function of the Convention being only to discuss 'among themselves' possible forms of future Government, it would seem desirable that discussions of possible union would proceed through or with the approval of the United King-

dom Government. The status of the Commission Government, being that of a colonial government only, would seem to support this view. In addition, it might be argued by persons opposed to union that federation with Canada does not fall within 'possible forms of future government' in the draft statute.

2. The setting up of a commission comprising members of the Convention and Canadian representatives would, for the reasons mentioned in paragraph 1, require the sanction of the United Kingdom.

3. Section 146 of the British North America Act will not be available to effect the union unless the House of the Legislature of the Colony is re-established and by an address to His Majesty, requests the union. Any other imperial legislation to be enacted in the future for the purpose of effecting union would, as a result of Section 4 of the Statute of Westminster, extend to Canada as part of the law of Canada only if Canada requested and consented thereto."

In view of the opinion of the Department of Justice, I think it likely that the interdepartmental committee will recommend to the Canadian Government that any discussions between the Canadian Government and the Convention should proceed through or with the approval of the United Kingdom Government.

...

The letter from the Deputy Minister of Justice does not answer the precise question we asked him regarding the necessity for Newfoundland to re-establish responsible government. However, in view of the fact that the Deputy Minister of Justice has not said that there is any such necessity, we shall proceed on the basis that there is none. As stated in my letter to you of June 11, my opinion is that union could be accomplished by an act of the Imperial Parliament and that the non-existence of responsible government does not create any legal difficulty.

Yours sincerely,

N. A. ROBERTSON

173.

2828-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au haut commissaire à Terre-Neuve*

*Acting Under-Secretary of State for External Affairs  
to High Commissioner in Newfoundland*

PERSONAL AND CONFIDENTIAL

Ottawa, July 18, 1946

Dear Mr. Macdonald,

I refer to your letter of July 15<sup>th</sup> regarding the projected visit of Mr. Smallwood.

As I said in my previous letter, we cannot very well prevent him from coming and should he come we shall try to see that he gets some first-hand impressions of [how] the federal system of government works. Few Newfoundlanders are very familiar with the subject, and Mr. Smallwood's desire to visit Ottawa is quite

understandable. I may say that Mr. MacKay expects to leave Ottawa about September 1, so it would be well for Mr. Smallwood to come before that time.<sup>124</sup>

Yours sincerely,

H. H. WRONG

174.

2828-40

*Extrait de la Gazette de Terre-Neuve*  
*Extract from Newfoundland Gazette*

St. John's, July 30, 1946

...

The following persons whose names, addresses and occupations are hereunder set forth have been declared elected representatives to the National Convention.

For the district of Bay de Verde,  
Pleman Wellington Crummev, Western Bay, Merchant.

For the district of Bay Roberts,  
Wilfred Dawe, Bay Roberts, Manager.

For the district of Bell Island,  
David I. Jackman, Bell Island, Trade Union Official.

For the district of Bonavista Centre,  
Joseph R. Smallwood, Gander, Journalist.

For the district of Bonavista East,  
Frederick Gordon Bradley, Bonavista,  
Barrister & Solicitor.

For the district of Bonavista North,  
Samuel Fletcher Vincent, Pound Cove, Merchant.

For the district of Bonavista South,  
Kenneth McKenzie Brown, King's Cove, Pres. F.P.U.

For the district of Burgeo,  
Percy Figary, Channel, Railway Checker.

For the district of Burin East,  
Eddy P. Reddy, Marystown, Merchant.

For the district of Burin West,  
Daniel Hillier, Lamaline, Retired Civil Servant.

<sup>124</sup>Voir le document 192.

<sup>124</sup>See Document 192.

For the district of Carbonear,  
Albert Edward Penney, Carbonear, Gentleman.

For the district of Ferryland,  
Alfred James Goodridge, Renew's, Business Man.

For the district of Fogo,  
Alfred Watton, Jr., Change Island, Ex-R.N.

For the district of Fortune Bay,  
William John Banfield, Bay l'Argent, Ex-Police Constable.

For the district of Grand Falls,  
Malcolm Mercer Hollett, Grand Falls, Retired Magistrate.  
Kenneth Malcolm MacDonald, Botwood, Consulting  
Engineer.

For the district of Green Bay,  
Ronald George Starkes, Nipper's Harbour, Merchant.

For the district of Harbour Grace,  
Colin Gilbert Jones, Harbour Grace, Retired Teacher.

For the district of Harbour Main,  
Thomas H. Kennedy, Hr. Main, Ex-R.A.F.  
John A. Hannon, Holyrood, Retired Telegrapher.

For the district of Hermitage,  
John T. Spencer, Head of Bay d'Espoir, Ex-Teacher.

For the district of Humber,  
Pierce Fudge, Corner Brook, Trade Union Official.  
Charles H. Ballam, Curling, Insurance Agent.

For the district of Lewisporte,  
Archelaus Northcott, Lewisporte, Merchant.

For the district of Placentia East,  
Leonard J. Miller, Placentia, Manager.

For the district of Placentia West,  
Dennis L. Ryan, Little Paradise, Clerk.

For the district of Port au Port,  
Michael Joseph McCarthy, Lourdes, Business Manager.

For the district of Port de Grave,  
Joseph Fowler, Cupids, Teacher.

For the district of St. Barbe,  
Edgar Leslie Roberts, Woody Point, General Dealer.

For the district of St. George's,  
William J. Keough, St. George's, Accountant.

For the district of St. John's City (East),  
Gordon Francis Higgins, St. John's, Kings's Counsel.  
Edgar Laurie Hickman, St. John's, Managing Director.  
Robert Brown Job, St. John's, Merchant.

For the district of St. John's City (West),  
Chesley Arthur Crosbie, St. John's, Merchant.  
Peter J. Cashin, St. John's, Broker.  
Michael Francis Harrington, St. John's, Journalist.

For the district of St. John's East,  
Frank DeBarres Fogwill, Portugal Cove Road, Electrician.

For the district of St. John's West,  
A. B. Butt, St. John's, Agent.

For the district of St. Mary's,  
John Joseph McCormack, St. Joseph's, Farmer.

For the district of Trinity Centre,  
Edmund Charles Cranford, J.P., New Harbour,  
General Dealer.

For the district of Trinity North,  
Reuben Thistle Vardy, Hickman's Harbour, General  
Merchant.

For the district of Trinity South,  
Charles Louis Bailey, New Chelsea, Seaman.

For the district of Twillingate,  
Thomas G. W. Ashbourne, Twillingate, Merchant.

For the district of White Bay,  
Isaac Newell, St. Anthony, Co-operative Field Worker.

N. SHORT  
Chief Electoral Officer



175.

2828-40

*Mémoire du conseiller spécial du sous-secrétaire d'État  
aux Affaires extérieures*<sup>125</sup>

*Memorandum by Special Assistant to Under-Secretary of State  
for External Affairs*<sup>125</sup>

Ottawa, August 8, 1946

DESPATCH NO. 318 OF 31ST JULY<sup>1</sup> FROM THE  
HIGH COMMISSIONER FOR CANADA IN NEWFOUNDLAND

1. Mr. Macdonald summarizes recent conversations with the following prominent Newfoundlanders.

*Hon. Harold W. Mitchell*, Minister in last cabinet and prominent businessman — Newfoundland could carry on by itself; it would gain little economically by union, since its main markets are outside Canada. Not strongly opposed to union if economic advantage of union could be shown.

*Mr. H.M.S. Lewin*, General Manager Bowaters Pulp and Paper Mills — Newfoundland would gain little from union; apparently apprehensive of Canadian income tax; will probably throw his weight for return of responsible government.

*Mr. C. C. Pratt*, President Steers Limited, and on Directorate various manufacturing industries around St. John's — Loss of protection against Canadian industry would mean loss of employment for 3,000 workmen; would be prepared to support union if advantageous economically to Newfoundland as a whole; thinks responsible government should be restored first to bargain with Canada; thinks Labrador should be disposed of to Canada or Quebec.

*Mr. J. R. Smallwood* — An ardent supporter of union, — has canvassed those elected to Convention and says he can count on 18 or 20 to support motion for delegation to Canada.

2. Hon. H. A. Winter, Commissioner of Justice and Defence, advises that instructions from the Dominions Office to the Convention provide that if the question of sending a delegation to Canada is raised, it should be regarded as coming within the terms of reference.

...

4. Some dissatisfaction is expressed locally over the Dominions Office report on "the Financial and Economic Position of Newfoundland" prepared for the use of the Convention.

<sup>125</sup>R. A. MacKay.

176.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État par intérim  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Acting Secretary of State  
for External Affairs*

DESPATCH 338

St. John's, August 16, 1946

Sir,

It will be recalled that when Lord Addison, Secretary of State for Dominion Affairs, announced in the House of Lords on December 11th last the plan of His Majesty's Government in Great Britain for the election of a National Convention in Newfoundland he stated that:

"In order that members may be given adequate guidance on constitutional form and procedure, it is contemplated that an expert adviser from the United Kingdom would be made available to assist the Convention as required."

It has now been announced that, in accordance with this undertaking, Professor K. C. Wheare of All Souls College, Oxford, who holds the Chair of Government and Public Administration at the University has been appointed as expert adviser to the Convention.

I have etc.

J. S. MACDONALD

177.

2868-A-40

*Extraits d'un mémorandum du conseiller spécial du  
sous-secrétaire d'État aux Affaires extérieures<sup>126</sup> à  
l'adjoint du sous-ministre des Finances<sup>127</sup>*

*Extracts from Memorandum from Special Assistant to  
Under-Secretary of State for External Affairs<sup>126</sup> to  
Assistant to Deputy Minister of Finance<sup>127</sup>*

SECRET

Ottawa, August 16, 1946

INTERIM SUGGESTIONS FOR FINANCIAL  
TERMS TO NEWFOUNDLAND<sup>128</sup>

(a) *Considerations which should be borne in mind*

1. The terms should be sufficiently generous to induce the Newfoundland people to accept without haggling and to avoid agitation for better terms later.

...

<sup>126</sup>R. A. MacKay.

<sup>127</sup>M. W. Sharp.

<sup>128</sup>M. MacKay a rédigé ce mémorandum en se servant en partie de renseignements obtenus officieusement du commissaire aux Finances de Terre-Neuve. Voir les appendices D et B.

<sup>128</sup>In preparing this memorandum, Mr. MacKay had the benefit of some information obtained informally from the Commissioner for Finance of Newfoundland. See Appendices D and B.

5. On the other hand, it would be undesirable to give Newfoundland terms so favourable that other provinces would have an excuse for asking for a "New Deal."

...  
(c) *Debt*

2. It would appear to be essential that Newfoundland be relieved of most of its debt burden if it is to have a fair chance of carrying on as a province. Officials of the Dominions Office have privately hinted that the United Kingdom might take over a portion, but it is felt that this course would be politically unwise, as well as financially undesirable in view of the United Kingdom's serious financial position. It is felt, therefore, that Canada should assume the debt, or at least the external debt.

4. Labrador might however be a useful counter in the necessary political arithmetic. In view of the obvious inability of Newfoundland to develop Labrador unless Newfoundland as a province were put in funds far out of proportion to those available to other provinces, it is suggested that Labrador might be taken over by the Dominion at an arbitrary valuation which could be used as a credit item to justify taking over all the debt or at least all the external debt and to allow Newfoundland additional subsidies on the balance. The traditional interest rate on provincial debt taken over by the Dominion, whether in favour or against a province, has been five per cent. Although this is unreasonable in comparison with present interest rates, it can be justified on the basis of precedent.

178. R.A.M./Vol. 2

*Extrait d'un mémorandum du conseiller spécial du sous-secrétaire  
d'État aux Affaires extérieures<sup>129</sup> au sous-secrétaire d'État  
aux Affaires extérieures*

*Extract from Memorandum from Special Assistant to Under-Secretary  
of State for External Affairs<sup>129</sup> to Under-Secretary of State  
for External Affairs*

SECRET

Ottawa, September 1, 1946

PRELIMINARY ESTIMATE OF THE COST OF  
INCORPORATING NEWFOUNDLAND<sup>130</sup>

1. In view of the approaching visit of Lord Addison<sup>131</sup> it was thought you might wish to have in convenient form some estimate of the cost of incorporating

<sup>129</sup>R. A. MacKay.

<sup>130</sup>Voir la référence 128.

<sup>131</sup>Les dossiers ne révèlent aucune discussion de la question de Terre-Neuve pendant cette visite. Voir le document 192.

<sup>130</sup>See footnote 128.

<sup>131</sup>The files do not reveal any discussion of the Newfoundland question during the visit. See Document 192.

Newfoundland, The estimate given here should be regarded as *very tentative*. Some of the Departments have not as yet sent in estimates of their probable costs; some others have submitted estimates which are largely a guess, hence the margin of error in the following estimate may be considerable, though it is possible that errors on one side may tend to cancel out those on the other.

...

179.

2828-40

*Extraits d'un mémorandum de la deuxième direction politique*<sup>132</sup>  
*Extracts from Memorandum by Second Political Division*<sup>132</sup>

SECRET

Ottawa, September 7, 1946

MEMORANDUM OF CONVERSATION WITH THE GOVERNOR  
 OF NEWFOUNDLAND, AUGUST 21ST, 1946

When Mr. Bridle, formerly Third Secretary at St. John's, called on the Governor of Newfoundland before returning to Ottawa, the Governor talked to him informally and unofficially about the state of public opinion as he has observed it and also about his own and the United Kingdom Government's views on the political future of Newfoundland. The following paragraphs summarize the Governor's remarks.

...

5. The Governor has formed an opinion concerning the trend of popular thinking on the constitutional issue. He believes that at the present time a majority of the people of the Island favour retention of the Commission of Government. Those who are inclined this way wish to go on receiving benefits which they have enjoyed during the Commission's tenure of office. At the same time, however, many of these people have misgivings about their preference because they feel some moral obligation to assume responsibility for their own affairs. The next largest group in the country at the present time, he feels, desires Responsible Government and another large group favours Confederation. He says that the latter, however, are inclined to bemuse themselves with the idea that Newfoundland will get special terms, and that some of them want to see Responsible Government restored before Confederation is adopted. He has noticed that a great many of those who have given serious thought and study to the political question favour Confederation. He is also aware that the parts of the country which he has not yet visited include the main areas in which the Confederation movement is said to be strong.

6. The Governor dislikes the support which some people are giving to what he calls "fancy brands," such as "Commission of Government in a modified form." He wants to see a straight ballot on the three main issues — Commission of

<sup>132</sup>P. A. Bridle. M. Bridle était revenu à Ottawa et il faisait maintenant partie de la deuxième direction politique.

<sup>132</sup>P. A. Bridle. Mr. Bridle had returned to Ottawa and was now a member of the Second Political Division.

Government, Confederation and Responsible Government. At the same time, he feels that there should be no "cooking" of the ballot beforehand by the Dominions Office and he says that he would oppose any move in this direction.

7. Broadly speaking he considers the country could be divided geographically into two areas of political opinion — the Avalon Peninsula and a few neighbouring areas, which are at the present time predominantly in favour of Responsible Government; and the balance of the country, which seems on the whole to favour retention of the Commission of Government.

8. On the basis of his present observations he would predict that the plebiscite will return Responsible Government. It is a great rallying cry which those who favour it will no doubt exploit to the full. In this connection he points out that there are about 130,000 people in the Avalon Peninsula — that is, more than one-third of the total population. At the same time he realizes that public opinion is not based on very settled convictions and that developments during the next few months may considerably alter the picture.

9. The Governor said that the United Kingdom Government definitely does not want the Commission of Government to continue in Newfoundland. He also said that "most of us" want Newfoundland to join up with Canada. In this group he apparently meant to include Mr. Attlee, Lord Addison, Mr. Morrison and himself among others. He did not give any indication as to whether or not the United Kingdom Government would afford Newfoundland financial or economic assistance during the years ahead. Mr. Bridle formed the impression that he rather carefully avoided any statement on this point and that the question has probably not yet been decided on any definite basis.

10. Concerning his own views on the political question, he was rather more specific. He did not actually say that he himself considers Confederation the best choice for Newfoundland, but this was implicit in his remarks. He said that it is an unfortunate fact that some of those who are opposed to Confederation have adopted this view on purely selfish grounds. He also encounters people who say that Confederation cannot properly be considered by the Convention because it is not "a form of government." He always tells these people that it certainly is a form of government — that is, provincial government under a federal system. To the people who want to restore Responsible Government before embarking upon Confederation and to those who simply want "to give Responsible Government another try," he points out that they are running the danger of leading the country into a situation approaching that of 1933 and that, should they then desire to enter Confederation, they would find that their chances of securing favourable terms would be considerably worse than they are at present. He expressed the opinion to Mr. Bridle that the return of Responsible Government might place the country in this position within two or three years and that Newfoundland would then be "at the mercy" of Canada. He said that he does not like to use such a phrase but that hard bargaining appears to be the present habit among nations and that in any negotiations of this kind the party that comes asking must pay for what it wants.

11. The Governor feels that the people as a whole do not yet grasp the basic facts of their economic situation. There have not yet appeared enough informed

and active leaders among the people themselves to bring these facts home and any efforts on the part of the Commission of Government or the Dominions Office in this direction are likely to be suspect. He hopes, however, that the Convention will succeed in clarifying the issue. He would like to see someone ask a direct question concerning future financial relations between Newfoundland and the United Kingdom and "get a direct answer." He hopes that an official mission of some kind will then be sent to Canada to determine what Confederation would offer; and he would like to see it made quite clear that, if Newfoundland chooses Responsible Government, she will be strictly on her own. If these considerations are brought well forward at the Convention, the people, he says, will at least be in a position to choose with their eyes open.

12. He does not feel himself that Confederation must necessarily follow as a direct result of the coming plebiscite. In fact, he considers that it would be a mistake for Canada to accept Newfoundland unless Confederation obtains a two-thirds majority in the voting.

13. Toward the end of his remarks the Governor said that he had "just this week" been made aware in a rather forcible manner of an aspect of the political question which had not fully occurred to him before. It appears that his presence in the country as Chairman of the Commission of Government is placing him in the anomalous position of fostering the very type of political conviction which his own Government wishes to dissipate. People are beginning to know and trust him and are, therefore, inclined to favour retention of the present system of government under which his influence could be considerable.

14. The Governor said quite frankly that, as he had been in politics for fourteen years prior to his present appointment, it is not unnatural for him to like to be "in the thick of things." Referring briefly to the administrative side of his present position, he said that he is "ham-strung" by the Treasury Office attitude toward public finance. He feels that, except in the field of public health, there has not been nearly enough improvement in public services in Newfoundland. It irks him not to be in a position to approve plans for spending the present surplus on enterprises which in his view would in the long run be productive. He feels that projects which improve the physical strength and mental alertness of the population and so enable them to face national problems squarely are in themselves an investment.

15. The Governor showed real enthusiasm when discussing this matter; but whether or not he was actually expressing concrete intentions, it is difficult to say. In any case, at this time he was moving into an exposition of his general views and asserted "Imagination in government is what I believe in — perhaps in a few generations we will get over our present short-sighted attitude toward money." After stating his own social philosophy, which is that of the Labour movement in England, he remarked with a wry smile that Newfoundland will probably be the last corner on the face of the earth to embrace socialism. At the same time, there can be no doubt that he is deeply and even earnestly interested in social and economic conditions in Newfoundland and that he intends during his term of office to do what he can to see that they are improved. He does not expect his present appointment to last more than a few years.

180.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 383

St. John's, September 10, 1946

Sir,

I have the honour to report that the Reverend Lester Burry, United Church Minister, North West River, has been elected to represent Labrador in the National Convention. Nine hundred and eighty-four electors went to the polls in the area from Nain to Forteau, and Mr. Burry obtained 623 having a majority of 361 over the combined votes of the other four candidates and a majority of 509 over the next highest. The election in Labrador was unique in that polling there, held for the first time, was conducted from the Customs cutter *Marvita* and required several weeks to carry out. The election of Mr. Burry completes the election of candidates for the Convention which opens on Wednesday, September 11.

I have etc.

J. S. MACDONALD

DESPA

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## CHAPITRE II/CHAPTER II

### LA CONVENTION NATIONALE PREMIÈRE PHASE

(SEPTEMBRE 1946 ~~à~~ NOVEMBRE 1947)

### THE NATIONAL CONVENTION FIRST PHASE

(SEPTEMBER, 1946 — NOVEMBER, 1947)

181.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures<sup>1</sup>*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs<sup>1</sup>*

DESPATCH 391

St. John's, September 13, 1946

Sir,

The first regular session of the National Convention convened at three o'clock yesterday afternoon under the chairmanship of the Honourable Mr. Justice Fox, and, after appointing a Committee to draft an Address of Loyalty to His Majesty the King, and of thanks to the Governor, took up the question of rules of procedure.

2. It was agreed to proceed temporarily under the rules of the House of Assembly as they applied in the days prior to the establishment of the Commission of Government. There was considerable discussion as to the power of the Convention to summon members of the Commission of Government and others to answer questions and to provide information, the Chairman giving it as his opinion that the Convention had no power to summon witnesses and to compel them to give information. It seemed to be generally accepted, however, that no Government Department would, in practice, refuse to give any information available that might be desired by the Convention to assist in its deliberations.

3. Mr. J. R. Smallwood, the very active member for Bonavista Center, was first to come forward with specific questions. He gave notice that he would ask the Commissioner for Public Utilities to lay on the table of the Convention a

<sup>1</sup>Pendant les deux prochaines années, on signala plusieurs dépêches du haut commissaire à Terre-Neuve, comme celle-ci, au haut commissaire de Grande-Bretagne. Il est à noter aussi que L. S. St. Laurent fut nommé secrétaire d'État aux Affaires extérieures au début de septembre.

<sup>1</sup>During the next two years, many despatches from the High Commissioner in Newfoundland, like this one, were referred to the High Commissioner of Great Britain. It should also be noted that L. S. St. Laurent was appointed Secretary of State for External Affairs in early September.

report concerning the cost of construction, cost of maintenance, and all agreements entered into respecting the Gander airport. The airport lies in Mr. Smallwood's District. He has been engaged in recent months in organizing a union among the lower-paid employees and it is thought that his interest in the subject lies rather in the financial side of the airport's operations than in any international aspects.

4. It was agreed that a Committee named by the Chairman would undertake to draft Rules of Procedure for submission to the Convention. The Convention adjourned until Monday, September 16th, to give the Committee time to devote to this task.

I have etc.

J. S. MACDONALD

182.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 394

St. John's, September 16, 1946

Sir,

The National Convention met this afternoon at 3 p.m. and adopted the report of its Committee on Rules and Procedure which recommended the adoption of the rules applicable to the former House of Assembly with such changes only as are necessitated by the peculiar needs of the Convention. The principal modifications may be set forth as follows:

(1) That the Convention would meet between the hours of 3 p.m. and 8 p.m. each week-day except Saturday. Provision was made for evening sessions if such became necessary.

(2) The appointment of a steering committee of seven persons who with the Chairman, as chairman *ex officio*, would have charge of arranging the business of the Convention.

(3) Fifteen members will comprise a quorum; if no quorum is in attendance by 3:15 p.m. the session [will] be adjourned by the Chairman until the following day.

(4) In discharging its duty to make recommendations to His Majesty's Government as to the possible forms of future government, to be put before the people at a National Referendum, the Convention shall include in its report to the Secretary of State for Dominion Affairs, the opinion of each member of the Convention, as to the form or forms of government which should be put before the people.

Section 4 created some debate. Mr. Miller, Placentia East, suggested that in voting on forms of government to be included in referendum, preferential voting,

or second or third choice, should be provided for. This section was referred to the Rules Committee for further consideration.

(5) Excepting those necessitating private hearings, all sessions to be open to the public.

(6) The Chairman to preside at all sittings, but when unable to attend the chair to be taken by the Secretary, assistant Secretary or some other person.

(7) Speeches are to be limited to sixty minutes with an extension of fifteen minutes, on approval of the Convention. This, of course, will not apply when the Convention is in committee of the whole.

(8) Convention committees to have the power to invite persons to offer statements but not to subpoena governmental officials or other persons.

2. A number of delegates submitted requests for information from the various Government Departments. [ . . . ]

3. The session adjourned at 5:30 p.m.

4. I have taken up with the Secretary of the Convention, Captain Warren, the question of securing copies of the Minutes and other public documents of the Convention. A good deal of difficulty has been encountered in recruiting a competent secretarial and reporting staff, but copies have been promised as soon as they become available.

5. It may be of interest that copies of the book on Newfoundland recently brought out by the Institute of International Affairs under the editorship of Prof. R. A. MacKay have been distributed to each member of the Convention and will probably have an important influence on their thinking.<sup>2</sup>

I have etc.

J. S. MACDONALD

183.

2757-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 404

St. John's, September 21, 1946

Sir,

I have the honour to refer to my despatch No. 402 of September 20<sup>1</sup> and in particular to the private session of the Convention where the Honourable Ira Wild, Commissioner for Finance, gave a report on the financial situation of Newfoundland to the members of the Convention. Mr. Wild's report was released to the public on Friday, September 20.

2. The Commissioner stated that his report would only give a broad outline of the financial situation and the information it contained could be found in much

<sup>1</sup>Voir l'appendice B.

<sup>2</sup>See Appendix B.

greater detail in the report on the Financial and Economic Position of Newfoundland as prepared by the Dominions Office,<sup>3</sup> and the book edited by Dr. R. A. MacKay entitled *Newfoundland. Economic, Diplomatic and Strategic Studies*.

3. Mr. Wild reported that the rise in expenditure between June 1934 and March 1946 was from 11.6 millions to 29.1 millions, this latter figure including over six millions of reconstruction expenditure, so that a figure of 23 millions should be taken for comparative purposes. The Estimates for the present year again provide for a total of 23 millions if Reconstruction and Special Expenditure amounting to 11 millions are excluded. In other words, the cost of maintaining government services at the present level, including the servicing of the public debt, was doubled. As for example, the maintenance vote of over three million dollars for education compares with a total of half a million dollars to which the service had been cut in the days preceding the period under review. Substantial grants have been made to the Newfoundland Fisheries Board and the Newfoundland Railway.

4. Mr. Wild explains that apart from the widening of the scope of government services, one has to bear in mind the increased cost for salaries, supplies, and materials which is the inevitable result of reduction in the value of money through war. Furthermore, it is to be remembered that in 1934 government services had been pared to the bone. Mr. Wild does not expect any reduction in the figure of 23 millions at present provided for maintenance purposes. Savings may be effected in certain directions but they will be more than counterbalanced by normal expansion of activities, which is the inevitable trend in any progressive community. The amount of 11 million dollars has also been provided in the 1946-47 Budget to cover important extensions of existing services and to [cover] new projects, mostly of a capital nature, such as new hospitals, public buildings, roads, harbour improvements, etc. which are essential for progressive development of economic and social conditions.

5. Referring the delegates to the White Paper, Mr. Wild goes on to show that the growth of revenue has been from 9.6 millions in 1934-35 to an estimated 30 millions in the current year and an actual revenue of over 33 millions in 1945-46. "We are," says the Commissioner, "still experiencing a 'boom' economy which has not yet begun to recede. How long we can expect this happy state of affairs to continue is a matter of conjecture. In any event, we can, I think, expect a considerable increase over the level of revenue attained in the years before the war . . . . To maintain ordinary expenditure at its present level we shall, as I have already pointed out, require at least 23 millions a year and the more we can raise in excess of this figure the better shall we be placed to undertake development projects."

6. Mr. Wild says that it is extremely difficult to estimate the total national income of Newfoundland, as the country is not well equipped to measure this factor. He refers to Dr. MacKay's survey, where it is estimated that the approximate national income amounts to 45 million dollars. One of the greatest diffi-

<sup>3</sup>Voir Grande-Bretagne, *Report on the Economic and Financial Position of Newfoundland*. Cmd. 6849, Londres, H.M. Stationery Office, juin 1946.

<sup>3</sup>See Great Britain, *Report on the Economic and Financial Position of Newfoundland*. Cmd. 6849, London, H.M. Stationery Office, June 1946.

culties, says the Commissioner, in obtaining basic statistics in Newfoundland, has been the reluctance and suspicion of the persons called upon to give the necessary information and it will need something in the nature of an educational campaign before the data which are required for that purpose can be obtained.

7. The Commissioner went on to say that the taxable capacity of the country has increased considerably since before the war. Newfoundland is stronger in a number of ways and a great deal of money has been spent in the reorganization and improvement of the fishery. Direct taxation has increased considerably during the war and now amounts to more than half the yield from customs duties on which Newfoundland was mainly dependent. During the last twelve years the average rate of duty over all imports has been reduced from 36.5 to 25.05 percent. The total amount of public debt amounts to approximately 70.5 million dollars. At the end of March, 1946, there was an accumulated revenue surplus of \$28,669,000. Of this, 10.5 millions were loaned to the United Kingdom.

8. The text of Mr. Wild's report, as it appeared in the *St. John's Daily News* of September 21, is enclosed.<sup>†</sup>

I have etc.

J. S. MACDONALD

184.

2868-A-40

*Mémorandum du conseiller spécial du sous-secrétaire d'État  
aux Affaires extérieures au sous-secrétaire d'État associé  
aux Affaires extérieures*

*Memorandum from Special Assistant to Under-Secretary of State  
for External Affairs to Associate Under-Secretary of State  
for External Affairs*

SECRET

Ottawa, September 21, 1946

REPORT ON NEWFOUNDLAND

1. In preparing material on Newfoundland I have assumed that we would need to lay before the Cabinet considerable background material as well as a memorandum on recommendations. I have thought it also probable that, in the event of the question of union coming to a head, we would need to prepare a white paper for Parliament. The white paper might be prepared on the basis of material already assembled and prepared. I attach a list of material being prepared with an indication of progress on each item.

2. We have requested Mr. Macdonald to come up for the third week in October and I have indicated to the University that I should like leave for that week.<sup>4</sup> I propose to come up about the 11th and remain for the following week.

<sup>4</sup>R. A. MacKay retournait à l'Université Dalhousie pour retrouver le professorat. Il a toutefois continué à participer aux discussions sur la question de Terre-Neuve.

<sup>4</sup>R. A. MacKay was returning to Dalhousie University to resume his professorship. He continued to participate, however, in the discussions concerning the Newfoundland issue.

3. In discussions with Mr. Sharp of Finance it was agreed that the best method of procedure would be to call a small committee or sub-committee of the larger Interdepartmental Committee to make recommendations on policy. October 16th would suit Mr. Sharp for a meeting. Mr. Sharp agrees to the following personnel for such a committee: Mr. Bates of Reconstruction and Supply, Mr. Beattie of Bank of Canada, Mr. J. S. Macdonald and myself from External Affairs, and a representative from Privy Council. Other possibilities would be Mr. McArthur, the economist for Fisheries, and Mr. Kemp or someone from Trade and Commerce. It might be desirable to have you, if you are still here, or the Under-Secretary act as chairman. If you agree to this procedure, perhaps Mr. Bridle might draft appropriate letters to the Departments concerned.

R. A. MACKAY

[PIÈCE JOINTE/ENCLOSURE]

MATERIAL PREPARED OR PROJECTED ON NEWFOUNDLAND

A. BACKGROUND MATERIAL (In most cases eight copies will be available):

|   |                          |
|---|--------------------------|
| 1. Brief Historical Survey<br>(External Affairs)                        | Completed                |
| 2. Area and Population<br>(External Affairs)                            | Completed                |
| 3. Natural Resources and<br>Basic Industries                            |                          |
| (a) Fisheries<br>(Fisheries)  | Completed                |
| (b) Mining and Mineral Resources<br>(Mines & Resources and External)    | Completed                |
| (c) Forest Industries and Resources<br>(Mines & Resources and External) | Completed                |
| (d) Agriculture<br>(Mines & Resources and External)                     | Completed                |
| (e) Fur and Game<br>(Mines & Resources and External)                    | Completed                |
| (f) Water Power<br>(Mines & Resources and External)                     | Completed                |
| 4. Business and Industrial Capital<br>(External Affairs)                | Not quite complete       |
| 5. Canadian Branch Plants and Industries<br>(External Affairs)          | Not quite complete       |
| 6. National Income<br>(Bureau of Statistics)                            | Interim report completed |
| 7. Transportation   | Not quite complete       |
| (a) Railway & Steamship Services<br>(Transport and External)            |                          |
| (b) Roads<br>(External Affairs)   | Not quite complete       |
| (c) Civil Aviation<br>(External Affairs)                                | Completed                |
| 8. External Trade<br>(Trade & Commerce and External)                    | Not quite complete       |
| 9. Public Finance<br>(Finance and External)                             | Virtually complete       |

**B. CONFIDENTIAL MATERIAL FOR DETERMINATION  
OF POLICY AND ESTIMATE OF COSTS:**

1. Replies have been received from the following Departments which were asked to provide an estimate of costs to their Department should Newfoundland be incorporated as a province:

|                           |                         |
|---------------------------|-------------------------|
| Agriculture               | National Revenue        |
| Fisheries                 | Post Office             |
| Insurance                 | Reconstruction & Supply |
| Justice                   | R.C.M.P.                |
| Labour                    | Trade & Commerce        |
| Mines & Resources         | Unemployment Insurance  |
| National Health & Welfare | Veterans Affairs        |

2. Report submitted by the Department of National Defence "Appreciation by the Joint Planning Committee on the Strategic Implications to Canadian Defence of the Federation of Newfoundland with Canada." — Completed.

3. Memorandum by the Department of Fisheries on "Legal Jurisdiction over Fisheries in Canada and Newfoundland." — Completed.

4. Memorandum from the Deputy Minister of Justice with reference to procedure should the question of union be raised by the Constitutional Convention. — Completed.

5. The following memoranda are being prepared by the Department of Finance: (Promised not later than October 15th)

(a) Estimate of "Provincial" budget for Newfoundland, including expenditures and revenues.

(b) Estimate of cost of extension of Dominion services.

(c) Estimate of Dominion revenues resulting from union.

(d) Financial proposals for purposes of discussion.

6. Memorandum on procedure for the admission of Newfoundland. — To be prepared by the Department of Justice and External Affairs.

185.

R.A.M./Vol. 4

*R. A. MacKay à J. R. Smallwood*

*R. A. MacKay to J. R. Smallwood*

PERSONAL AND CONFIDENTIAL

[Ottawa,] September 23, 1946

Dear Mr. Smallwood,

I owe you an apology for the long delay in answering questions with regard to taxation and expenditures which you raised during your visit to Ottawa. I was, however, very busy cleaning up my office in Ottawa and getting ready to resume my work at Dalhousie. Another reason for the delay has been that I had inquiries out with other governmental departments for the information you wanted but they finally said they were unable to supply it.

You asked if there were any statistics on the amounts of revenues collected by the Dominion from particular provinces and the amount of Dominion expenditures by particular provinces. Figures along these lines were given out inadvertently by the Department of Health and Welfare some months ago but I understand that these figures were so seriously challenged that they have been withdrawn.

With regard to revenues it is extremely difficult to allocate such revenues as customs taxes, sales taxes and excise taxes to particular provinces. Goods on which customs taxes have been paid filter out to the various provinces from the port of entry and it is very difficult to trace such goods to the point of ultimate sale. Excise taxes and Federal sales taxes are ordinarily levied at the point of origin of the goods (e.g., the point where liquor leaves the distillery) and again it is difficult to trace the goods to the point of ultimate sale. Obviously in these cases the ultimate consumer really pays the tax. It is, of course, more possible to allocate direct taxes on a provincial basis. This has been done in a green book on taxation which you saw in my office, a copy of which is being sent you under separate cover.

It is also extremely difficult to allocate Dominion expenditures on a provincial basis. Payments made to individuals (e.g., Children's Allowances, Old Age Pensions, Soldiers' Pensions) can be so allocated but it is extremely difficult to do so with some of the more important fields of expenditure as, for example, defence.

All the officials with whom I discussed the matter were accordingly in agreement that it would be misleading to give any figures for total collections and expenditures on a provincial basis.

With regard to the question of a Gallup Poll on federation in the maritime provinces, I understand that a hint has been passed on to the organization concerned.

I trust that the work of the Convention is going forward. We did not receive very much news of it in Ottawa but, no doubt, as discussion gets under way, reports will be forthcoming.

It was a great pleasure to meet you in Ottawa and I hope that your visit was interesting and worthwhile.<sup>5</sup>

Sincerely yours,

R. A. MACKAY

<sup>5</sup>Voir R. A. MacKay, "Smallwood in Ottawa, 1946." *The Dalhousie Review*, (1970), pp. 230-2. Reproduit dans P. Neary, ed., *The Political Economy of Newfoundland, 1929-1972*. Toronto: Copp Clark, 1973, pp. 153-5.

<sup>5</sup>See R. A. MacKay, "Smallwood in Ottawa, 1946." *The Dalhousie Review*, (1970), pp. 230-2. Reprinted in P. Neary, ed., *The Political Economy of Newfoundland, 1929-1972*. Toronto: Copp Clark, 1973, pp. 153-5.



186.

2828-40

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État associé  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Associate Under-Secretary  
of State for External Affairs*

PERSONAL AND CONFIDENTIAL

St. John's, September 23, 1946

Dear Mr. Wrong,

It has come to my attention that stories are being circulated locally that Mr. J. R. Smallwood, prominent advocate of Confederation with Canada, during a recent trip to Ottawa, was in close touch, not only with high Government officials, but also with members of the Cabinet and even with leaders of the various opposition parties, all of which are represented as ardently desirous of welcoming Newfoundland into the Dominion.

In view of the care that has been taken to direct his activities to purely factual matters having to do with the details of federal administration, I can scarcely believe there is any truth in such rumours, but I think it would be desirable if I could have an outline of his activities while in Ottawa.

There is also some speculation locally as to the real purpose of Lord Addison's visit, which curiously enough coincides with the opening of the National Convention here. People who raise the matter seem to assume that I am fully conversant with it and it would be of some value if I were in a position to say that it is a purely personal visit without any connection with the activities of the Convention.

Yours sincerely,

J. S. MACDONALD

187.

PCO-CRF

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au greffier du Conseil privé*

*Acting Under-Secretary of State for External Affairs  
to Clerk of the Privy Council*

SECRET

Ottawa, September 26, 1946

Dear Mr. Heeney,

It is proposed to set up a Sub-Committee of the Interdepartmental Committee on Canada-Newfoundland Relations for the purpose of formulating recommendations on policy for submission to the Cabinet. We would like to call a meeting of this Sub-Committee for 10:30 a.m. on October 16th in Room 123 of the East Block.

Invitations are being extended, in addition to yourself, to Mr. M. W. Sharp of the Department of Finance, Mr. S. Bates of the Department of Reconstruction and Supply, Mr. J. R. Beattie of the Bank of Canada, Mr. D. H. Sutherland and

Mr. I. S. McArthur of the Department of Fisheries, and Mr. A. L. Neal of the Department of Trade and Commerce. Mr. J. S. Macdonald, Canadian High Commissioner in Newfoundland, and Mr. R. A. MacKay of this Department will also be present.

Would you be good enough to let me know if you will be able to attend this meeting.

Yours sincerely,

ESCOTT REID  
for the Acting Under-Secretary  
of State for External Affairs

188.

2828-40

*Extraits d'un mémorandum de la deuxième direction politique<sup>6</sup>  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Memorandum from Second Political Division<sup>6</sup>  
to Secretary of State for External Affairs*

Ottawa, September 30, 1946

With reference to despatch No. 394 of September 16th from the High Commissioner in St. John's, a copy of which has been referred to you, attached are despatches<sup>†</sup> Nos. 399, 400, 402 and 408 of September 19th, 20th and 21st which report further meetings of the National Convention. The following paragraphs summarize the substance of these despatches.

QUERY RE POSSIBLE RESTRICTIONS ON  
CONVENTION'S CHOICE

During the session of Tuesday, September 17th, Mr. Jackman, representing Bell Island, asked whether any form of Government apart from that of Commission Government and Responsible Government would be submitted to the people. The Chairman pointed out that such a restriction would limit the choice of the people and also that it would be contrary to the terms of the Convention Act by which the delegates have to be governed. The motion which had been put forward in this connection was thereupon withdrawn.

QUESTIONS RE UNITED KINGDOM FINANCIAL  
ASSISTANCE TO NEWFOUNDLAND

During the session of Monday, September 16th, (reported in despatch No. 394 of September 16th) Mr. Butt, representing St. John's West (External), asked the Government for information as to whether there is any substance to the report that, at a conference held in London between representatives of the Newfoundland Government and the Dominions Secretary's Office, it was agreed to cancel the Newfoundland sterling debt or alternatively to make annual grants for a number of years as an equivalent to the debt.

<sup>6</sup>P. A. Bridle.

On Friday, September 20th, Mr. Higgins, representing St. John's City East, requested the Government "to ascertain from the United Kingdom Government and report to the Convention if any funds similar to the Colonial fund would be available to Newfoundland in the event of it being decided we return to Responsible Government."

DEBATE ON DOMINIONS OFFICE REPORT

On Wednesday, September 18th, Major Cashin opened a debate on the Dominions Office Report on the financial and economic position of Newfoundland. He stated that he does not approve of the Convention, as it is contrary to the pledge made to Newfoundland in December 1933. Responsible Government, in his view, should have been restored. Discussing the Dominions Office Report and other recent reports on Newfoundland, he took exception to them for failing to criticize the Commission of Government or the Dominions Office and for always seeming to lay the blame for the condition of the country on the Newfoundland people, the economic system or their previous governments.

Mr. Newell, representing White Bay (a northern District), Mr. Keough, representing St. George's (a south-western District), and Mr. Hillier, representing Burin West (a south-eastern District) made speeches in which they emphasized that Newfoundland's whole political structure automatically collapsed when the country lost its economic independence and that it is still true that political independence can only originate from economic independence.

Mr. Smallwood made quite a strong speech in favour of the Convention scheme and said that there is no reason to suspect that sinister motives lie behind it. He took exception to Major Cashin's opinions concerning the Convention and its function.

Mr. Burry, representing Labrador, said that his constituents feel that they have been neglected and that they want the kind of government which will give them a decent living.

Mr. Brown, representing Bonavista South (a north-eastern District), concurred in the views of the previous speakers regarding the Island's basic economic position and stated that 85% of the fishermen of the country would favour retention of the Commission of Government. He opposed Major Cashin's attitude toward the Convention. Mr. Brown is President of the Fishermen's Protective Union.

On Thursday, September 19th, the debate was continued and Mr. Ashbourne, representing Twillingate (a northern District), stated that the points brought out by Messrs. Newell and Keough deserve much attention and that there is a strong sentiment in the northern part of the country in favour of the Commission of Government. He expressed concern about the future of the fishing industry because of imminent competition from European countries and said that not only is the cost of living too high, but that there is curtailment of earning power due to partial employment. He warned against the dangers of borrowing and, asserting that he has faith in Britain, reminded the Convention that that country has assisted Newfoundland to the extent of eleven million dollars.

On Friday, September 20th, the Hon. Mr. Job, representing St. John's City East, deplored Major Cashin's remarks concerning the National Convention and associated himself with Mr. Brown and Mr. Smallwood in this connection, supporting their criticisms of Major Cashin's attitude. Mr. Job urged upon the delegates the importance of carefully studying the Dominions Office Report and what he described as "that excellent review entitled *Newfoundland. Economic, Diplomatic and Strategic Studies*. edited by R. A. MacKay." Mr. Job emphasized the basic importance of the fishing industry to the Newfoundland economy and stated that Newfoundland should endeavour to obtain assured markets and tariff concessions from the United States, Canada and the United Kingdom both on the basis of reciprocity and also in return for the use of Newfoundland's strategic defence position.

Mr. Vincent, representing Bonavista North, said that Newfoundland's standard of living is lower than that of any other North American country and that the choice of a form of government must be based squarely on the plain economic facts of the case. These, he feels, are not basically different from those of 1934.

Mr. Higgins, representing St. John's East, supported the Convention plan and strongly rebuked Major Cashin for his suggestion that members of the Convention are "subservient delegates to a Commission-inspired Assembly."

Mr. Bailey, representing Trinity South, said that he agreed with most of Major Cashin's remarks and that he considers the Convention superfluous since Newfoundland is making satisfactory economic progress. Mr. Bailey is reported to have described himself as having been "a left-wing socialist since 1910."

Mr. Jones, representing Harbour Grace (a District in the Avalon Peninsula), and Mr. Watton, representing Fogo (a north-eastern District), urged the Convention to concentrate now on the business of fact-finding and to postpone consideration of forms of government until a more appropriate time.

Mr. Penney, representing Carbonear (a District in the Avalon Peninsula) spoke with approval of what he regards as the constructive attitude shown by Messrs. Newell, Keough and Brown. Mr. McCormack, representing St. Mary's (a south-eastern District), also seemed to associate himself with this group who, he feels, have demonstrated that they are among those who have "open minds."

...

189.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 422

St. John's, September 30, 1946

CONFIDENTIAL

Sir,

With reference to my despatch No. 408 of September 21st<sup>†</sup> and earlier despatches on the proceedings of the National Convention I have the honour to

report that the following Committees have been set up and are devoting themselves to an intensive study of their particular fields:

(1) FISHERIES: Mr. Brown, (Convenor), Hon. Mr. Job, Mr. Goodridge, Mr. Crosbie, Mr. Bradley, K.C., Mr. Ashbourne, Mr. Hillier, Mr. Reddy, Mr. Fudge, Mr. Figary.

(2) PUBLIC FINANCE: Mr. Cashin (Convenor), Hon. Mr. Job, Mr. Crosbie, Mr. Hickman, Mr. Crummey, Mr. Keough, Mr. Penny, Mr. Goodridge, Mr. Ballam, Mr. Cranford.

(3) FORESTRY: Mr. Fudge (Convenor), Mr. Cashin, Mr. Dawe, Mr. MacDonald, Mr. Roberts, Mr. Starkes, Mr. Brown, Mr. Vincent, Mr. Northcott, Mr. Bailey.

(4) MINING: Mr. Higgins, K.C. (Convenor), Mr. Hollett, Mr. Banfield, Mr. Miller, Mr. Jackman, Mr. Vardy, Mr. Fowler, Mr. McCarthy, Mr. Walton, Mr. Burry.

(5) AGRICULTURE: Mr. Butt (Convenor), Mr. McCormack, Mr. Fogwill, Mr. Keough, Mr. Hannon, Mr. Ballam, Mr. Spencer, Mr. McCarthy, Mr. Jones, Mr. Kennedy.

(6) LOCAL INDUSTRIES: Mr. Hickman (Convenor), Mr. Reddy, Mr. Dawe, Mr. Hillier, Mr. Penney, Mr. Vincent, Mr. McCormack, Mr. Starkes, Mr. Cranford, Mr. Jackman.

(7) EDUCATION: Mr. Hollett (Convenor), Mr. Fowler, Mr. Jones, Mr. Fogwill, Mr. Spencer, Mr. Miller, Mr. Harrington, Mr. Smallwood, Mr. Ryan, Mr. Newell.

(8) PUBLIC HEALTH AND WELFARE: Mr. Ashbourne (Convenor), Mr. Newell, Mr. Roberts, Mr. Higgins, K.C., Mr. Harrington, Mr. Kennedy, Mr. Banfield, Mr. Burry, Mr. Crummey, Mr. Vardy.

(9) TRANSPORTATION: Mr. Bradley, K.C., (Convenor), Mr. Smallwood, Mr. Hannon, Mr. Figary, Mr. Northcott, Mr. Ryan, Mr. Bailey, Mr. Walton, Mr. Butt, Mr. MacDonald.

2. Each of the Committees has completed arrangements with the Department or Departments whose administration it desires to study to enable it to secure access to all available information and have it presented in convenient form. In some cases rooms have been set aside in the Departments concerned and Departmental officials assigned to work with the members of the Committees. Much depends on the temperament of the Convenor or Chairman in each case. Some of the Committees hold morning, afternoon and evening sessions whereas others, as, for example, the Committee on Education, has hardly yet done more than complete its organization. [*sic*]

3. The Committees are working in secret but I have been able, from time to time, to secure information on what is transpiring in some of them at least, and some of it is, I think, of sufficient interest to make it worth-while bringing to your attention.

4. In the Committee on Public Finance under the energetic chairmanship of Major Cashin (St. John's City West) a determined effort is being made to ascertain why the Commission of Government agreed to cede the bases to the United

States in 1941 without receiving any compensation in return. I am informed that Mr. Wild created a good deal of surprise among the members when he revealed not only that Newfoundland had received nothing from the United States but had actually bought from private individuals the lands where Fort Pepperrell, the Argentia Naval Base and Harmon Field were established, paying out more than \$2,000,000 for the purpose. The expenses incurred in these transactions were later reimbursed by the Government of the United Kingdom. At this point one of the Committee members asked if Canada had likewise been presented with the lands on which the Torbay air base was constructed. He was informed that "Canada paid for what it got all the way through." This statement, incidentally, is not strictly accurate in view of the fact that Crown lands at Torbay were ceded to the Canadian Government by the Commission of Government though lands owned by private individuals were acquired by purchase.

5. The Honourable R. B. Job, a member of the former Legislative Council, brought forward a point of view he has frequently mentioned to me privately and on which I have already reported. He asked if no effort was made, when the bases deal was being negotiated, to secure freer entry into the United States market for Newfoundland fish. Mr. Wild endeavoured to parry the question by stating that he could see no relationship whatever between the two things but stated, on the matter being pressed, that no steps along those lines had ever been taken. The two other prominent Water Street merchants on the Committee, Mr. Chesley Crossbie and Mr. Edgar Hickman, strongly supported Mr. Job's contention that the grant of permission to use Newfoundland territory for naval, air and infantry bases should be counterbalanced, if not by annual payments, at least by tariff concessions that would permit Newfoundland to send its fish more freely into the United States market. They argued it might still not be too late to undertake such negotiations and even suggested that a mission be sent to Washington to lay the matter before the United States Government and endeavour to get some redress. It is doubtful that the United Kingdom authorities, whose consent would be necessary to the despatch of such a mission, would agree. I should not imagine there is the slightest likelihood, in any case, that, if the mission did go, it would secure tariff concessions. It would constitute a precedent on which other countries that have bases on their territories would not be slow to act. In any case the established procedures for tariff reductions and the fact that the United States is taking the lead in multilateral reduction of tariff rates would seem to preclude any success in that direction. The proposal may, on further consideration, come to naught. It might, however, prove to have valuable repercussions, from our point of view, if it is initiated but meets with opposition from the United Kingdom or, being carried out, ends unsuccessfully.

...

7. Pressed to show what benefits, if any, Newfoundland had received from the construction of the bases Mr. Wild indicated that employment had been given to several thousand Newfoundlanders over several years. In reply several members pointed out that this was in no sense a matter for which the Commission could take any credit. The United States was badly in need of labour and would have employed Newfoundland labour in any case no matter whether the Commission had made representations to that effect or not.

8. Finally, members pressed the Commissioner to indicate how he would find the sum of \$23,000,000 per annum, the amount which he had indicated as the irreducible minimum required to maintain the public services at their present standard of efficiency, in the event that a depression should set in. Mr. Wild refused, however, to indicate how such a volume of revenue could be raised in such circumstances though he left with the Committee the impression that the task would doubtless be a very difficult one.

...

13. My general impression is that the Committees are becoming more than ever determined to find out, as one member phrased it, "just where the country stands" and that the information they have thus far secured is pointing rather to the conclusion that Newfoundland, once the present boom conditions have subsided, will find itself sorely pressed to maintain its present standards. Growing out of these considerations, I am informed, on good authority, there is an increasing inclination on the part of members of the Convention to explore the possibilities of union with Canada.

14. In this connection I have been much impressed with the member for Bonavista East, Mr. Gordon Bradley, K.C., with whom I have had a number of private conversations, as I have, of course, had with many other members I happen to know. Mr. Bradley is a graduate of Dalhousie University, a member of the Newfoundland bar, and a most forceful speaker. He was Solicitor General in the Cabinet of Sir Richard Squires, Leader of the Liberal Opposition in the House of Assembly in 1932-33 and strenuously fought for the retention of Responsible Government. While he has not declared himself publicly on the question of Confederation with Canada, he has told me privately that, if it can be arranged on reasonable terms, he will be prepared to support it with all the energy at his command. He is much abler, better educated, and more experienced than Mr. Smallwood, who up to the present has been the champion of Confederation in the Island, but who would be quite prepared to serve under him. If a delegation from the Convention should go to Ottawa, Bradley is almost certain to be on it, and if acceptable terms can be arranged, he looks to me to be the most promising man available to lead the forces in favour of Confederation when a Referendum is held.

I have etc.

J. S. MACDONALD

190.

10300-E-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 424

St. John's, October 2, 1946

CONFIDENTIAL

Sir,

I have secured a copy of the memorandum<sup>†</sup> prepared by the Commission of Government for the information of the National Convention, outlining the projects already in hand and the further schemes, which, in the view of the Commission, it would be desirable to undertake over the next ten years if adequate funds are available. These projects cover practically all fields of governmental expenditure on development and reconstruction, and envisage, over a ten-year period, an expenditure of \$59,756,800. The memorandum has given rise to a good deal of pessimism among members of the Convention, in that the scope of the projects which appear to be most necessary is so large and that there is no provision or suggestion of the methods by which funds are to be made available to finance such development.

I am forwarding a single copy by air mail for you will doubtless wish to have it mimeographed for distribution, in whole or in part, to the various Departments of Government in Ottawa who have been engaged in endeavouring to estimate the cost of extending the various federal services to Newfoundland, if it should become a province of Canada.

I have etc.

J. S. MACDONALD

191.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 434

St. John's, October 3, 1946

CONFIDENTIAL

Sir,

I have learned on good authority that the question of sending a delegation to Ottawa to discuss Federation with Canada was raised at a secret meeting of the Steering Committee of the National Convention yesterday, on the initiative of the Chairman, Mr. Justice Fox. No formal motion was put forward, but an



informal, preliminary discussion took place. Major Cashin, the member for St. John's City West, strongly held that it was quite outside the jurisdiction of the Convention to send such a delegation. He argued that the Convention must decide essentially between the maintenance of the Commission of Government and the restoration of Responsible Government in the form in which it existed prior to the establishment of the Commission of Government. His point of view, however, did not seem to be shared by the other members. Mr. Bradley (Bonavista East) counselled delay, arguing that the first duty of the Convention was to examine into the economic and financial position of Newfoundland, holding that it was not only their prime duty to do this, but that it would be essential in any case, if they were to endeavour to discuss terms of union intelligently.

No decision in the matter was taken, and it is not expected that there will be any further meeting of the Committee for several days. It was, however, the first occasion in which mention was made in official circles of an approach to the Canadian Government on this question, and for that reason may be a matter of some interest.

I have etc.

J. S. MACDONALD

192.

2828-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire à Terre-Neuve*

*Under-Secretary of State for External Affairs  
to High Commissioner in Newfoundland*

PERSONAL AND SECRET

Ottawa, October 4, 1946

Dear Mr. Macdonald,

I wish to refer to your letter of September 23rd concerning Mr. Smallwood's recent visit to Ottawa and Lord Addison's tour of Canada.

We had rather hoped that such stories as you describe would not be circulated locally about Mr. Smallwood's visit and we had intended to discuss the whole matter with you upon your arrival here this month. I regret that you have been placed in the position of encountering such stories without knowing whether or not they have a basis in fact.

For your information, I may say that, although it was hoped to direct Mr. Smallwood's inquiries into the details of federal administration, he proved to be much more interested in political matters. As you will recall, when Mr. Smallwood expressed a desire to visit Ottawa, I advised you, after careful consideration, to give him a personal letter of introduction to Mr. MacKay. When he came to Ottawa he called on Mr. MacKay, who introduced him to Mr. Bridges, the Minister of Fisheries. Through Mr. Bridges he met several members of Parliament, including the leaders of the Opposition parties. Apparently he did receive a sympathetic hearing from all members of Parliament whom he met; and he evidently did gather the impression that all parties would welcome Newfoundland into Confederation.

I might add, also for your information, that officials of this Department saw very little of Mr. Smallwood during his visit. He called on Mr. MacKay the day after his arrival and the day before he left and, although Mr. MacKay made arrangements for him to see certain officials, he did not keep these appointments, apparently preferring to make his contacts with officials through the Minister of Fisheries or other members of Parliament.<sup>7</sup>

With regard to Lord Addison's visit you may say, should there be occasion to do so, that it had no connection with Newfoundland or the activities of the National Convention. The Prime Minister originally extended an invitation to Lord Addison to visit Canada when he was in London many months ago. Lord Addison was unable to accept at the time and the invitation was renewed during the Prime Minister's recent visit to the United Kingdom. Lord Addison was able this time to accept and made arrangements to visit Canada as soon as the United Kingdom Parliament had prorogued.

I feel that the sort of talk which has been going on in Newfoundland regarding Mr. Smallwood's and Lord Addison's visits is regrettable but that it will probably not be of serious consequence in the long run. Rumours must inevitably fly when political gatherings are held and it seems likely that the whole situation will adjust itself in due course.

Yours sincerely,

L. B. PEARSON

193.

10300-E-40

*Le sous-ministre de la Justice au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Justice to Under-Secretary of State  
for External Affairs*

Ottawa, October 14, 1946

Dear Sir,

RE: DISCUSSION OF UNION OF NEWFOUNDLAND  
WITH CANADA — YOUR FILE 2868-A-40C

As regards the proposal in the memorandum enclosed with your letter of October 8,<sup>7</sup> I recommend that the procedure be by way of addresses from the Houses of Parliament requesting legislation.

There would appear to be no legal requirement for a formal written agreement between Newfoundland and Canada, and I think that it would be sufficient if the negotiations resulted in formal proposals, which could later become the subject of a referendum in Newfoundland and also of the addresses of the Houses of Parliament in Canada. In any event, although without giving extensive consideration to this particular matter, I should think it would not be necessary to anticipate a formal agreement, as such, to result from the negotiations.

F. P. VARCOE

<sup>7</sup>Voir la référence 5, document 185.

<sup>7</sup>See footnote 5, Document 185.

194.

2828-40

*Mémoire du haut commissaire à Terre-Neuve<sup>8</sup> au  
sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from High Commissioner in Newfoundland<sup>8</sup> to  
Under-Secretary of State for External Affairs*

SECRET

Ottawa, October 17, 1946

The development of the political situation in Newfoundland has now reached the point where it becomes desirable, in my view, for the Canadian Government to come to a decision on the question of whether or not Newfoundland should be encouraged to enter the Canadian Federation. For convenience of consideration a memorandum summarizing the situation and outlining some of the factors that would have to be kept in mind in reaching a decision is attached. I would urge that the matter be brought to the attention of the Minister with a view to early consideration.<sup>9</sup>

J. S. M[ACDONALD]

[PIÈCE JOINTE/ENCLOSURE]

*Extraits d'un mémoire du haut commissaire à Terre-Neuve  
Extracts from Memorandum by High Commissioner in Newfoundland*

Ottawa, October 17, 1946

THE PRESENT POSITION IN NEWFOUNDLAND WITH PARTICULAR  
REFERENCE TO THE QUESTION OF CONFEDERATION

THE QUESTION OF CONFEDERATION

Interest in the question of Confederation has been growing since the approaching termination of the war brought nearer the time that Newfoundlanders would be given an opportunity of expressing their views. It was born, I think, out of admiration for the Canadian war record and a growing realization of the increasing importance of Canada as a nation and was greatly stimulated by the progressive social legislation adopted by Canada in recent years and particularly by the passage of the Family Allowance Act. In considering the development of public opinion in Newfoundland in favour of Confederation we should, however, keep carefully in mind that there is little genuine sentiment in Newfoundland for union with Canada in the positive sense of desiring to be part of the Dominion and to work together for the building up of a great nation stretching from St. John's to Victoria. The sentiment that does exist is rather a negative one, based

<sup>8</sup>M. Macdonald était alors à Ottawa pour quelques jours.

<sup>9</sup>Ce mémoire fut signalé au Premier ministre et aux membres du Cabinet qui s'intéressaient à la question.

<sup>8</sup>Mr. Macdonald was then in Ottawa for a few days.

<sup>9</sup>The memorandum was referred to the Prime Minister and to members of the Cabinet who were interested in the matter.

on the feeling that Newfoundland's economic position is rather precarious and that Newfoundlanders would enjoy greater prosperity and a more assured future in a turbulent world if they were part of the Dominion.

The present is not a particularly propitious time to discuss terms of union with Newfoundland for the tide of prosperity which came with the war shows as yet little sign of receding.

...

But while economic conditions are not conducive to the growth of sentiment in favour of Confederation general political conditions are not unfavourable. A large section of the electorate is dubious about the wisdom of handing the country back to the control of the local politicians, whose regimes are still associated with the graft, favouritism and wide-spread misery that prevailed under them. The Commission of Government, it is true, has a wide measure of support among the people who recognize they are better off under it than they were under its predecessor Governments. The new Governor, Sir Gordon Macdonald, is undoubtedly increasing the popularity of the Commission both by the strong lead he is giving in the direction of more progressive administration and by the close contacts he is forming with the people in all parts of the Island. There is undoubtedly, however, a substantial body of opinion that feels so arbitrary a form of Government cannot be justified after a war fought for political freedom and democracy. Confederation with Canada on favourable terms would rally both those who are apprehensive of Newfoundland's ability to stand alone and those who genuinely desire an elected Government, but fear that, as of old, it would abuse its power if it possessed plenary authority. And it would run a better chance of being accepted in a referendum where voters were required to vote either for or against Confederation than if it were put forward, as a party question, in some future Assembly.

There is sufficient interest in the question of Confederation among the members of the Convention to make it probable that, once the Committees have made their reports, on the economic and financial situation, serious consideration will be given to the question of an approach to Canada. Thus far only one delegate, Mr. J. R. Smallwood, member for Bonavista Centre, has come out publicly in favour of Confederation. Mr. Smallwood, while a good propagandist, is not a very substantial man and a motion sponsored by him asking the Government of the United Kingdom to request the Canadian Government to receive a delegation to discuss the question of union, would not command wide support. The best prospect of success would be to have such a motion put forward by the Honourable Gordon Bradley, K.C., member for Bonavista East, the leader of the Liberal Party in the last House of Assembly, who is generally well disposed toward Confederation but has taken no public stand on the question. In his view there are two conditions that would be essential to the success of a movement for Confederation. Firstly, the United Kingdom Government would have to indicate clearly, in reply to an enquiry from the Convention, that it is not in a position to undertake to meet deficits that may arise in Newfoundland in the future even if the Commission of Government appointed by the United Kingdom is retained, and secondly, the Government of Canada would have to be prepared to make a generous offer. With his backing a motion to send a delegation to Ottawa could, I

think, be carried in the Convention though some of those who would support sending a delegation would secretly hope to see it fail.

COULD DISCUSSIONS BE CARRIED ON EFFECTIVELY  
WITH A DELEGATION FROM THE CONVENTION?

It would undoubtedly be more satisfactory if negotiations on terms and conditions of union could be carried on with a duly constituted Government. In the absence of such a Government, however, negotiations could be carried on with representatives of the Convention with the approval of the Government of the United Kingdom. A delegation from the Convention would, of course, not be authorized to enter into a formal Agreement with the Government of Canada on terms of union. It could, however, be more than a purely exploratory mission. It could discuss terms of union and provide the Canadian authorities with full information on the economic and financial position of Newfoundland and could undertake to recommend to the Convention an offer of terms if the Government of Canada should decide, on hearing its representations, to make such an offer.

...  
It becomes desirable, therefore, that the Canadian Government consider carefully whether or not it desires to encourage Newfoundland to join the Dominion as the Tenth Province, and, if so, how far it is prepared to go in bringing it about.

ADVANTAGES AND DISADVANTAGES OF UNION

The more obvious factors which would require to be taken into consideration in coming to a decision may be set forth briefly as follows:

The accession of Newfoundland would increase the Canadian population by 312,889 people and enlarge the Dominion by 192,000 square miles, an area larger than Finland or Sweden and nearly four times the size of the Maritime Provinces, possessing very considerable mineral and forest resources as well as easy access to the finest fishing grounds in the world. It would solve, permanently, all questions of post-war military and civil aviation rights which are at present terminable after March 31st, 1949, on twelve months' notice. It would make possible a common jurisdiction over North Atlantic Fisheries. It would, in a sense, give Canada a frontage on the Atlantic and "a window towards Europe," and prevent the Dominion being shut off from the Atlantic as it is, to a considerable extent, from the Pacific. It would add materially to the extent and variety of Canada's resources and enhance her prestige and place in the world.

It should not be overlooked, in considering the advantages of Newfoundland to Canada, that those advantages are a good deal more substantial than in 1895 when the subject was last considered. Newfoundland is larger now by 110,000 square miles of territory commonly regarded at that time, in Canada at least, as forming part of the Canadian Labrador but since awarded to Newfoundland by the decision of the Judicial Committee of the Privy Council.

Moreover, the country is richer by the investment of at least \$100,000,000 by Canada and at least \$300,000,000 by the United States primarily for defence but much of which was spent on roads, wharfs, telephone lines, warehouses and similar buildings, radio ranges, airfields, the training of Newfoundlanders in various technical jobs, etc., and has redounded to the general development of the country.

On the debit side of the account consideration would have to be given to the following points:

On any terms that would be acceptable to Newfoundland the Island would undoubtedly receive from the Federal Treasury for many years a good many millions of dollars per annum more than it would produce in revenue. One important reason for this is that Newfoundland, as a Province, would not be able to raise any substantial amounts, as the existing Provinces do, by taxes on gasoline and motor vehicles. Another reason is that virtually the whole cost of administration falls on the central government of the Island, there being no general system of local taxation, and only a few municipalities all of which, except St. John's, have been established only within the last three years. Newfoundland would thus require a special grant from the Dominion to enable it to carry on as a Province. The crux of the problem of Confederation is to find a formula under which such a grant could be made without appearing to give Newfoundland more favourable terms than the existing Provinces enjoy or which they could make the basis of demands on the federal treasury.

The presence of the United States bases in the Island at St. John's, Stephenville and Argentia, on territory on which the leases have still ninety-five years to run, would constitute a limitation on Canadian sovereignty. Even if the United States would be prepared to hand over the bases to Canada, which is extremely unlikely, the investment involved amounting to more than \$300,000,000 is clearly too large a sum to pay for a free hand in Newfoundland and Canada could not, in any case, take over the physical task for which the naval base at Argentia was constructed since it would require a powerful navy disposing of capital ships.

...  
There is a further point that should be considered. If nothing is done to encourage Newfoundland to come into Confederation the country will be driven, by the force of events, to take measures to emphasize and strengthen its position as a separate economic and political unit. Such measures would doubtless include, among other things, the appointment of Trade Agents to push the sale of Newfoundland fish in the United States, Cuba, the West Indies, Brazil, Spain, Portugal, Italy, Greece and other areas in which Canadian fish are also marketed; the negotiation of Trade Agreements with the countries who are the chief purchasers of Newfoundland products, offering them, in return, a market for their products to the detriment of our exports; the withdrawal of permission to Canadian fishing vessels to store fish and salt in bond while operating on the Banks; the raising of the royalties on iron and other minerals to buttress falling revenues; and the termination of defence rights except on payment of heavy rentals. The quest for diversification would be stimulated involving further development of local manufacturing which already includes paint, nails, rope, tobacco, biscuits, beer and soft drinks, oilskins, clothing, etc., cutting down our market and progressively adding to the vested interests that would be opposed to closer relations with Canada. Newfoundland might even, in view of the fact that it sells so largely to countries allied with sterling, be led to attach itself to the sterling bloc and terminate the special position accorded to Canadian financial institutions. Eventually it might be driven, as its finances became more strained, to offer Labrador, not to Canada, but to the highest bidder — which might well be the United

States. Even though the measures taken were not directed specifically against Canada they would, in fact, react more heavily against Canada than against any other country and though we might, by exercising pressure at London and Washington, be able to counter or restrict such moves, obstructive action would inevitably arouse hostility in Newfoundland and permanently embitter relations with Canada.

We cannot, indeed, rule out altogether the possibility of a more far-reaching development — political union with the United States. Such a contingency, though unlikely at the moment, could easily take on great importance if the United States Government, influenced by strategic developments, should desire a freer hand in Newfoundland and Labrador. The immense economic advantages that would flow from the free entry of fish into the United States market; the already large and prosperous Newfoundland community in the New England States which still maintains many ties with its homeland; the large proportion of persons of Irish extraction in Newfoundland population; and the favourable impression created by lavish American spending in the Island, would give the United States powerful instruments with which to exert influence on the people of Newfoundland if it should desire to do so.

...

Most of the considerations set forth above, for and against union, are rather intangible in character and are hard to measure or appraise in concrete terms. Generally, however, the conclusion seems clear that it would be in the best interests of Canada to encourage Newfoundland to join the Dominion as the Tenth Province now, provided the annual cost to the Federal Treasury is not too great a price for the advantages the accession of Newfoundland would bring.

...

If, on the other hand, it be decided that the future development of Canada as a nation is bound up with rounding out its territory on the Atlantic seaboard and that it would be in the interest of the Dominion to encourage Newfoundland to come in, there are two or three points to which attention should now be given:

(1) There appears to be a certain hesitation among friends of Confederation in the Convention to take any definite steps to send a delegation to Ottawa in the absence of any knowledge as to the basis on which Canada might be prepared to negotiate. They are, of course, familiar with the Prime Minister's statement of July 12th, 1943, that "If the people of Newfoundland should ever decide that they wish to enter the Canadian Federation and should make that decision clear beyond all possibility of misunderstanding Canada would give most sympathetic consideration to the proposal." and with the statement of the Secretary of State for External Affairs of June 24th, 1946 that "If the people of Newfoundland come to the conclusion that they would be happy to throw in their lot with Canada, their representations will be given most earnest and sympathetic consideration." In their view these statements say nothing about the question of terms which to them is all-important and they could make no decision to join up with Canada unless they first knew the kind of terms they might expect to receive. They would not regard as satisfactory the terms accorded generally to the other

Provinces but feel that consideration would have to be given to the special position and problems of Newfoundland. The men who would organize the delegation to Ottawa would contemplate stumping the country on their return to persuade the people of Newfoundland to vote for Confederation and, before committing themselves very far, they seem to feel the need for an assurance that the special position of Newfoundland is understood here. This special position has been taken into account in the financial outline set forth above and, if I could be authorized to intimate to them, verbally and in confidence, that the Canadian Government is well aware of the special position of Newfoundland and would be prepared to discuss the question of terms on that basis, it would have an excellent effect. With such an assurance they would, I feel sure, be prepared to take an initiative in the matter and carry the movement to fruition in union.

(2) It would be desirable that an informal understanding be sought with the Government of the United Kingdom respecting the reply to be made to the Convention when it raises, as it probably will within the next six weeks, the question of the extent to which Britain, if the present Commission form of Government is continued, will be prepared to guarantee financial assistance in the event of further deficits. It would have to be made clear that the United Kingdom is in no position to contemplate further grants-in-aid to Newfoundland.

(3) It would seem desirable, also, that an interdepartmental Committee be set up to examine, in more detail than has yet been done, all the various matters, financial and constitutional, that would have to be considered in framing specific terms of union. For it would be highly desirable that negotiations, once begun, be not too long drawn out by the necessity of looking up material that can be gathered and digested in advance. It will probably be December or January before a delegation, if it comes, will arrive and it would be of the greatest importance that all discussions be completed in time to permit the terms of union to be drafted, approved by the National Convention and probably also by the Canadian Parliament, and the Referendum organized so that voting might take place by the last week in May before the fishermen, among whom our chief support would lie, have started out for the season's fishing on the Grand Banks, the inshore feeding grounds or on the Labrador.

(4) It should perhaps be noted, also, in conclusion, that Newfoundlanders interested in bringing the country into Confederation are greatly disappointed by the apparent inability of the Federal Government and the existing Provinces to reach agreement on the vital matter of the division of the field of taxation. Any progress in reaching a satisfactory settlement of this question would greatly increase our chances of bringing Newfoundland into the Dominion.



195.

2868-A-40

*Extraits du procès-verbal d'une réunion interministérielle*  
*Extracts from Minutes of an Interdepartmental Meeting*

SECRET

Ottawa, October 21, 1946

MEMORANDUM OF MEETING ON FINANCIAL ASPECTS  
OF UNION WITH NEWFOUNDLAND

Held: Room 123, East Block, Wednesday, October 16, 1946.

Present:

J. S. Macdonald, High Commissioner for Canada  
in Newfoundland  
R. A. MacKay, P. A. Bridle (Dept. of External Affairs)  
J. R. Baldwin (Privy Council Office)  
M. W. Sharp, A. B. Hockin (Dept. of Finance)  
J. E. Coyne, G. S. Watts (Bank of Canada)  
D. H. Sutherland, Deputy Minister of Fisheries  
I. S. McArthur (Dept. of Fisheries)  
A. L. Neal (Department of Trade & Commerce)  
S. Bates (Deputy Director General, Economic Research  
Branch, Dept. of Reconstruction and Supply)

1. The meeting commenced its business at 10:30 a.m. with Mr. MacKay in the chair. It was explained that, as the Secretary of State for External Affairs would be leaving very shortly to attend meetings of the United Nations Assembly in New York, it would be necessary to limit the scope of the Committee's discussions, at least for the present, to the financial aspects of union, in order that Mr. Macdonald might be in a position to submit a memorandum for the information of the Minister before his departure.

2. It was decided to proceed at once with the consideration of the memorandum prepared by the Department of Finance on the financial aspects of federation with Newfoundland. The memorandum was divided into four parts:

- (a) An estimate of the costs of extending Canadian services to Newfoundland.
- (b) An estimate of additional Canadian revenue resulting from union with Newfoundland.
- (c) An estimate of Newfoundland expenditure as a province.
- (d) An estimate of Newfoundland's revenue as a province.

The Committee considered each part of the memorandum in detail and several suggestions with respect to upward or downward scaling of certain items were made. [ . . . ]

...

7. It was agreed that suggested amendments to the report of the Department of Finance should be considered by a financial sub-committee consisting of representatives from the Department of Finance, Bank of Canada, and the Depart-

ment of External Affairs and that the conclusions of this sub-committee should be incorporated in the memorandum to be submitted to the Secretary of State for External Affairs by Mr. Macdonald. (In view of the departure of the Secretary of State for External Affairs earlier than was anticipated, it was impossible to hold this meeting.)

8. The meeting then proceeded to a more general discussion of the implications of the Department of Finance's report. While many economic and political aspects of the Newfoundland problem were touched upon, discussion revolved chiefly around three main questions:

(a) The provision of adequate provincial revenue for Newfoundland — already discussed.

(b) The Newfoundland public debt, its disposition and servicing.

(c) The provision of adequate funds for capital expenditure in Newfoundland on approved public works projects — this latter question involving the disposition of the present Newfoundland surplus on current account.

It was felt that these three questions are interrelated and that, before arriving at conclusions which could be used as a basis for negotiations with a Newfoundland delegation, it would be necessary to give further study to these problems.

9. At the end of the meeting Mr. MacKay distributed copies of a set of material on Newfoundland which had been prepared by the Department of External Affairs based on memoranda submitted by other Departments. Mr. MacKay stated that it was anticipated that considerable background material would be required by Cabinet and by members of the Canadian delegation which might meet with Newfoundland representatives.

196.

PCO-CRF

*Le conseiller spécial du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire adjoint du Cabinet*

*Special Assistant to Under-Secretary of State for External Affairs  
to Assistant Secretary to the Cabinet*

SECRET

Ottawa, October 22, 1946

Dear Mr. Baldwin,

I enclose a copy of a personal venture at a draft of terms of union with Newfoundland.<sup>10</sup> This is put forward merely for discussion purposes.

The question of union is now being raised at the political level and if it is decided that the probable financial cost is not prohibitive, it is probable that further meetings to consider suitable terms will be called in the course of the next few weeks. In the meantime your personal comments on the enclosed draft would be appreciated.

Yours sincerely,

R. A. MacKAY

<sup>10</sup>Ce document fut aussi signalé aux autres membres du comité interministériel.

<sup>10</sup>This document was also referred to other members of the Interdepartmental Committee.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du conseiller spécial du sous-secrétaire d'État  
aux Affaires extérieures**Memorandum by Special Assistant to Under-Secretary of State  
for External Affairs*

SECRET

[n.d.]

## PROPOSED TERMS OF UNION WITH NEWFOUNDLAND

1. Considerations to be borne in mind:
  - (a) Newfoundland should be offered sufficiently attractive terms to assure a favourable verdict and to avoid haggling and continued grievances.
  - (b) Newfoundland should be assured of sufficient funds not only to carry on as a province on its present standards, but also to enable it to bring its standards of service more into line with those of existing provinces.
  - (c) In order to avoid grounds for complaint by the other provinces of inequality of treatment, the special terms accorded to Newfoundland should be based on grounds which could not be plausibly adopted by other provinces, or accompanied by conditions which the existing provinces would probably be unwilling to accept, or both.
2. Special terms might be justified on the following grounds:
  - (a) The lower productivity of Newfoundland than the Canadian average;
  - (b) Less well developed "Provincial" services;
  - (c) Transition from status of separate colony to that of a province would entail disturbances in the economy of Newfoundland.
3. Restrictions on Newfoundland's freedom of action with regard to debt and expenditure for at least a limited period should not be so objectionable to the Newfoundland people, in view of their past experience and their distrust of their own politicians.
4. Financial terms should be "scrambled" so that it would be difficult to separate any item and make it a ground of complaint.
5. In view of the difficulty of predicting accurately how union would affect the economy of Newfoundland, and hence the difficulty of making financial arrangements which would prove permanently satisfactory, or even satisfactory over a long period, it is suggested that interim financial arrangements, covering, say, a ten-year period, would be desirable. This would mean bargaining between the provincial and federal governments later but the history of Dominion-Provincial financial relations indicates that periodical revision of terms is unavoidable, particularly in the case of the weaker provinces. It would seem preferable to make provision for revision than to assume a permanent settlement which is almost certain to be upset sooner or later in favour of the province.
6. The following terms are suggested:
  - (a) Canada to assume responsibility for the Newfoundland debt or the major portion thereof. In consideration for relieving Newfoundland of a much larger per capita debt than that assumed for other provinces, Newfoundland to agree

not to borrow during the ten-year period (except bank or similar short-term loans), except with the approval of the Dominion Government.

(b) In addition to providing usual federal services, Canada to take over and assume financial responsibility for

- i. The Newfoundland Railway, and railway steamship services;
- ii. Telegraph and radio communication services;
- iii. Civil aviation entire.

iv. Administration of Labrador, either as a federal territory or in trust for Newfoundland for the ten-year period, subject to reconsideration by both parties at the end of the period.

(c) Canada to offer Newfoundland tax agreement subsidy on same terms as other provinces.

(d) In view of the present lower *per capita* productivity of Newfoundland than that of existing provinces, in view of the relative under-development of governmental services as compared with the existing provinces, and in view of the economic adjustment which union would entail for Newfoundland, Canada should provide for a 10-year period an interim subsidy of \$5.0 million. At the end of this period the subsidy should be reassessed in the light of existing conditions and with a view to enabling Newfoundland, without being compelled to resort to heavier than average taxation, to provide provincial (including municipal) services of a standard comparable to the Canadian average, due regard being taken for Newfoundland's peculiar geographical situation.

(e) In view of the under-development of provincial sources of revenue as compared with existing provinces, and in view of the desirability of governmental investment to explore and develop the economy of the Island, the accumulated surplus remaining at the time of union should be held in trust during the period for the purpose of meeting necessary deficits on current account and to provide for governmental investment for developmental purposes, provided that

(a) No withdrawal to meet current account deficits should be made in any one year in excess of 10% of the total expenditure on current account for that year.

(b) Withdrawals on capital account should be only for such purposes and at such times as are approved by the Dominion Government, the Dominion Government to agree to assist projects so approved up to 20% of the cost.

(c) The Dominion Government should undertake to spend not less than a stated sum yearly for developmental purposes under Dominion jurisdiction such as geological survey, topographical survey, forest survey, survey of marine resources in the waters adjacent to Newfoundland, and the development of a national park.

(d) The Dominion should undertake to investigate the feasibility and desirability of a trans-insular highway and to match Newfoundland dollar for dollar on the development of such roads as are deemed in the national interest.

197.

2868-A-40

*Mémoire du secrétaire adjoint du Cabinet au conseiller spécial  
du sous-secrétaire d'État aux Affaires extérieures*<sup>11</sup>

*Memorandum from Assistant Secretary to the Cabinet to Special  
Assistant to Under-Secretary of State for External Affairs*<sup>11</sup>

SECRET

Ottawa, October 24, 1946

Herewith my first comments on the secret note on proposed terms with Newfoundland which you sent to me on October 22nd:

1. You suggest agreement for a ten-year period. This may be the best figure to aim at, but I wonder if you took into consideration the fact that the various fiscal agreements which we will be signing with separate provinces over the next few months will all be for a five-year period. If by any chance it would be desirable to review the position vis-à-vis Newfoundland at the time that general review is given to the position vis-à-vis other provinces, in financial matters, then a five-year period of agreement with Newfoundland might be more suitable. I am not clear in my own mind on this point; I am inclined to think that probably the deal with Newfoundland should be kept separate but at least Finance should be consulted on this point. Quite apart from this, I wonder if there might not be some merit for a review of the position in at least seven or eight years rather than ten years which is a fairly long period.

2. I assume that, under points (i), (ii) and (iii) in Clause 6(b) Canada would merely take over existing operations, but would not assume responsibility for all future developments in these fields. For example, responsibility for "civil aviation entire" should not mean that if a new municipal airport was required in Newfoundland there would be any commitment on the part of the federal authorities to provide it, any more than this is the case in other provinces; nor should it prevent a municipality from building and operating its own airport, subject to federal regulations.

3. In Clause 6(b) iv., if Canada took over administration of Labrador as a federal territory we would undoubtedly open the way for demands from Quebec to hand over property to that province. These demands might be hard to resist politically and yet if accepted might cause difficulties with Newfoundland. For that reason I am inclined to think that the taking over of Labrador as a federal territory is not particularly feasible, except on an "in trust" basis.

4. In Clause 6(d) you suggest reassessment after ten years in the light of existing conditions. Reassessment will, of course, be necessary, but to leave the basis of reassessment vague or uncertain in any fashion will create extremely serious difficulties. There should be a careful definition of exactly what is to be reassessed and even more important it would probably be in the interests of both Newfoundland and the federal authorities to have some sort of a formula to be applied in measuring the situation. This might be based upon such considerations as the population of Newfoundland, gross income and income levels, financial

<sup>11</sup>R. A. MacKay.

position of the local authorities over the fixed period and similar factors. Our federal authorities have found it necessary in dealing with the provinces on fiscal matters to establish a set formula for use in measuring the size of federal subsidies; similarly it might be useful to have a fixed formula adopted at the beginning with Newfoundland which could be used at the end of the fixed period in order to avoid confused discussion as to what the real position of Newfoundland is by that time and what Ottawa's responsibility is. I am not thinking of a formula which would specifically establish the extent to which financial assistance by Ottawa to Newfoundland should be increased or lowered, but rather a formula which could be used to decide the general lines upward or downward which Ottawa's assistance to Newfoundland might take.

5. In Clause 6(e), (b), (c) and (d), you use, as a method of offering extra assistance to Newfoundland, special federal guarantees in the field of public investment. These offers are similar to some of the proposals which were made in the federal proposals to the provinces in the summer of 1945. Those proposals, however, have not been put into effect in the absence of general agreement between the federal government and the provinces on taxation matters. If they are implemented in respect of Newfoundland, I wonder whether this would lead to demands from other provinces for implementation even without general taxation agreements. I am inclined to think that we could resist such demands, but have you considered the alternative possibility of a straight special grant to the provinces to be used generally for welfare and public development work without tying it to any specific field or type of project. This might cause less difficulties than specific undertakings.

On point (d), however, there is good reason for retaining the highway proposal, but in order to be consistent with our position in the other provinces I would prefer to call it an extension of the Trans-Canada Highway across Newfoundland.

Finally, I wonder whether there is any good reason for limiting your "bait" to public investment proposals. I had understood that our social welfare programme in Canada and particularly family allowances had appealed to Newfoundlanders. If this is the case and we have to offer special lures to Newfoundland, would it be wise to reduce some of your public investment offers and add some of the social welfare grants which the Dominion originally proposed to the provinces last summer, to be put into effect in the event of a general Dominion-Provincial agreement. Possibly some of these welfare and health grants would be even more attractive to the Newfoundland people than development expenditures.

J. R. BALDWIN

198.

2868-A-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs  
to Secretary of State for External Affairs*

SECRET

Ottawa, October 29, 1946

1. In a despatch dated October 17th<sup>t</sup> the Acting High Commissioner for Canada at St. John's, Newfoundland, informs us that developments there may be forced in such a way that advocates of Confederation will wish to send a delegation to Ottawa in the early part of November.
2. Though it seems unlikely that an approach will be made within the period mentioned, it would appear advisable that a decision on the questions raised in Mr. Macdonald's Memorandum of October 17th be obtained at the earliest convenient date and, if this decision is favourable, that steps be taken as soon as possible to place the Government in a position to give a considered answer should they receive an official approach from Newfoundland.
3. Mr. Macdonald's Memorandum attaches importance at this stage to his being authorized to intimate confidentially to those who would organize a delegation to be sent to Ottawa, information as to whether or not the Canadian Government feel that negotiations could usefully be undertaken and, if so, on what basis they might be prepared to negotiate. (P. 6, 14, 15 and 16 of the Memorandum.)
4. If a favourable initial decision on the basic question is given, it is suggested that an interdepartmental committee should be called together as early as possible. This informal committee, whose membership has been necessarily large during the initial stages of study, should perhaps be placed on a formal and more restricted basis. If this suggestion is approved it might be advisable to limit its membership to the following: representatives from the Department of External Affairs (including the High Commissioner for Canada in St. John's), the Departments of Finance, Justice, and Reconstruction and Supply, along with representatives from the Privy Council Office and the Bank of Canada. It would be understood that if any matter were to arise which particularly affected a Department not represented on the Committee, that Department would be consulted.
5. The preparatory work of the interdepartmental committee is now at an advanced stage. However, it remains, once it is established on a formal basis, to complete and finalize its report. It is felt that the work of this committee would be of considerable assistance not only to the Government, should it wish to consider an official approach from Newfoundland, but also in any subsequent negotiations which might take place.
6. It is also suggested, with a view to facilitating deliberations of the Cabinet, that consideration be given to the possibility of a Cabinet Committee being established.

L. B. PEARSON

199.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État  
par intérim aux Affaires extérieures<sup>12</sup>*

*Acting High Commissioner in Newfoundland to Acting  
Secretary of State for External Affairs<sup>12</sup>*

DESPATCH 494

St. John's, October 29, 1946

CONFIDENTIAL

Sir,

I have the honour to report that at yesterday's public session of the National Convention, Mr. J. R. Smallwood (Bonavista Centre) presented the following motion:

"WHEREAS it is desirable that the National Convention and the people of Newfoundland should be fully informed so far as possible of all facts having any bearing upon forms of government that might be submitted to the people in a National Referendum; therefore be it

RESOLVED that the appropriate authorities be advised that the Convention desires to inform the Government of Canada of the Convention's wish to learn the Government's attitude on the question of Federal Union of Newfoundland with Canada; and further wishes to ascertain the terms and conditions on the basis of which the Government of Canada consider that such Federal Union might be effected; and be it finally

RESOLVED that the Delegation shall have no authority whatsoever to negotiate or conclude any agreement or in any manner to bind the Convention or the people of Newfoundland."

2. Presenting the resolution, Mr. Smallwood said that the whole history of Newfoundland is an unbroken story of struggle. The struggle is more uneven now than ever before and the people view the future with more dread than they did a century ago. He stated that there is a great gulf separating Newfoundland from the higher standard of living prevalent on the mainland of the North American continent. The people of Newfoundland, said the speaker, are fifty years behind the times and in some cases one hundred years. The Island has one of the highest rates of tuberculosis in the world; one of the highest infant mortality rates in the world; one of the highest maternity mortality rates in the world; and one of the highest rates of beriberi and rickets in the world.

3. He continued to say that he has the height of admiration for the people of Newfoundland and their many wonderful qualities, but any attempt to persist in isolation would condemn the Newfoundlanders for always to a very low standard of living and a bitter struggle for existence. Mr. Smallwood said that there is a danger of nursing delusions of grandeur. That there is no place in the world today for aml small states and that those who advocated, in the early part of the

<sup>12</sup>Cette dépêche fut signalée au Premier ministre.

<sup>12</sup>This despatch was referred to the Prime Minister.



nineteenth century, Responsible Government in Newfoundland, would today follow their fight to its logical conclusion and would support uniting Newfoundland to the Canadian Confederation. Mr. Smallwood gave his support to Confederation for the following reasons: that it will

- (a) give democratic government;
- (b) rid Newfoundland of Commission Government;
- (c) give Responsible Government;
- (d) give Responsible Government a real chance to succeed; and
- (e) on the condition that Newfoundland as a Province would enjoy privileges and rights no lower than those of any other Province.

4. At the completion of Mr. Smallwood's speech there was but a polite ripple of applause.

5. Mr. Gordon Higgins, K.C. (St. John's City East) entirely disagreed with Mr. Smallwood's remarks but said that he would second the motion because Confederation with Canada is a fact that must be dealt with by the Convention and the terms must be acquired from Canada at one time or another and that consequently although he was an anti-Confederate he seconded the motion.

6. Mr. Harrington (St. John's City West) then rose and said that although Mr. Smallwood had expected him to support his motion he was, on the contrary, very strongly opposed to it, not only on factual, but, more important, on moral grounds. He said that the Convention was not in a position yet to even discuss the question of Confederation or to approach Canada, as all the economic facts concerning Newfoundland had not been acquired by the Convention. If the findings of the Convention, said the speaker, were such that the conclusion is that Newfoundland is self-supporting, then there is no reason to even discuss any other form of Government than that of Responsible Government. If, on the other hand, the findings are that the country is not self-supporting, then approaches for assistance might be made, not only to Canada, but also to the United Kingdom and even maybe to the United States.

7. Mr. Harrington was in agreement with Professor Fraser's remarks before the Royal Institute of International Affairs, Newfoundland Branch, when the professor stated that discussions with Canada concerning Confederation could only be carried out by an elected body representing Responsible Government in Newfoundland. (Applause) He said he did not want to be accused by future generations of helping to sell this country "up the St. Lawrence." The speaker objected to Mr. Smallwood's lobbying and methods in seeking backers for his platform. He said that he had been offered by Mr. Smallwood a nice trip to Ottawa as a member of the delegation "if he would play ball." The speaker wanted to know, in view of Mr. Smallwood's activities both inside and outside the Convention, who Mr. Smallwood is acting for. Is it for himself, or for the Canadian Government, or simply for his constituents? He said he would be hard to convince that it was simply and solely the latter. In conclusion, Mr. Harrington suggested that the motion be deferred to a date when, the delegates to the Convention, having got the facts in relation to Newfoundland, are in a better position to consider it.

8. Mr. Penney (Carbonear) agreed with Mr. Harrington and said that he too thought the motion premature and proposed an amendment that action on it be deferred for a period of two months or so.

9. Messrs. Fudge and Brown (Humber and Bonavista South) took strong objection to Mr. Smallwood's remarks concerning the backwardness of the Newfoundland people and Mr. Brown said that any sympathy he might have had at one time for Confederation had been killed by Mr. Smallwood's remarks.

10. Mr. Hollett (Grand Falls) was in agreement that the motion was inopportune and that although Mr. Smallwood had offered him a senatorship he was not in favour of the motion because he did not think that Canada would disclose terms of Confederation to the delegates of the Convention.

11. Mr. Smallwood then rose to explain that the adoption of his motion would not necessarily mean that a delegation would immediately be sent to Ottawa and that if the motion were deferred to December or later, much time would be lost.

12. Mr. Dawe (Bay Roberts) also objected to the motion on the ground that no approach should be made to Canada until all the facts concerning the Island were available to the Convention. He objected strongly to a remark that Mr. Smallwood is supposed to have said [*sic*] in the lobby of the Newfoundland Hotel to the effect that if he could find two hundred honest Newfoundlanders he would not advocate federal union with Canada. Mr. Smallwood angrily denied that he had made such a statement and proceeded to answer some of the questions raised by the other speakers, but the Chairman called him to order.

13. Mr. MacDonald (Grand Falls) spoke in favour of Mr. Smallwood's motion.

14. The debate was then adjourned until the following day's session.

15. I am enclosing the text of the debate as it appeared in the *St. John's Daily News* of October 29.<sup>†</sup>

16. As may be gathered from the above, Mr. Smallwood's motion was not well received. The majority of the Convention felt that it was premature, but the debate also gave the delegates an opportunity to show their displeasure at Mr. Smallwood's lobbying activities. I think that the delegates will eventually vote in favour of obtaining the terms of Confederation, but Mr. Smallwood's speech when he proposed the motion annoyed the delegates and gave them an opportunity to vent their personal dislike of the proposer.

I have etc.

A. E. L. CANNON

200.

243s

*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

TOP SECRET

Ottawa, October 30, 1946

NEWFOUNDLAND; CANADIAN POLICY RESPECTING FUTURE STATUS

At the meeting of the Cabinet on October 30th, the Prime Minister reported that it now seemed likely that a request would be received in the near future for

the government to receive a delegation from Newfoundland to discuss the possible entry of Newfoundland into Confederation.

The Cabinet, after discussion, agreed:

(a) that a Cabinet Committee be constituted to consider and advise the government on questions relating to Newfoundland and to have supervision of the work of the interdepartmental committee referred to below; the members of the Cabinet Committee to be designated by the Prime Minister;

(b) that an interdepartmental committee be constituted to complete the preparatory work already done by departmental officials upon Newfoundland questions and to report to the Cabinet Committee upon political, economic, financial and other phases of proposals for the entry of Newfoundland into Confederation; the interdepartmental committee to consist of representatives from the Department of External Affairs (including the High Commissioner for Canada in Newfoundland), the Department of Finance, the Department of Justice, the Department of Reconstruction and Supply, the Privy Council Office and the Bank of Canada; and,

(c) that the government agree to receive a delegation from Newfoundland should a request to that effect be received.

201.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État  
par intérim aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to Acting  
Secretary of State for External Affairs*

DESPATCH 497

St. John's, October 30, 1946

CONFIDENTIAL

Sir,

With reference to my despatch No. 494 of October 29, I have the honour to report that the debate on the motion presented by Mr. J. R. Smallwood (Bonavista Centre) concerning the seeking of Confederation terms from Canada, continued at yesterday's session of the National Convention.

2. Before the debate started, Mr. Smallwood asked the Chairman and Professor Wheare, the constitutional adviser, to express their opinions as to the authority, if any, of the National Convention to appoint a delegation of the National Convention to seek terms from the Canadian authorities. The Chairman gave his opinion to the effect that the Convention was competent to seek this information. Professor Wheare concurred.

3. Mr. Newell (White Bay) was the first speaker to resume the debate and did so with a well prepared speech to the effect that it was expected of the Convention by the people of Newfoundland to find out the terms of Confederation so that the Convention may seriously consider these terms and be in a position either to recommend Confederation or not, as a form of government. Mr. Newell stated

that this question was above that of personalities and should be discussed on its merits purely and simply. The speaker was against Mr. Penney's (Carbonear) amendments to defer any action on the motion for a period of two months or so.

4. The Honourable Mr. Job (St. John's City East) then took the floor and said that any request for terms of Confederation should come from a Responsible Government in Newfoundland. He objected to Mr. Smallwood raising this issue at the present time, and to his tactics. The speaker thought that the whole question of Confederation should be taken into consideration with the larger issue of general relations with Canada and also with the United States, concerning tariff barriers. He referred to a speech by Mr. Gushue before the Canadian Club in Ottawa on February 13, 1945, in which Mr. Gushue made the bold suggestion that tariff barriers on foodstuffs, not only between Canada and Newfoundland, but also between Canada, Newfoundland, and the United States, could be dropped. Mr. Job said that in his opinion such arrangements might prove to be very much more beneficial than any Confederation arrangements under which neither Newfoundlanders nor Canadians would be very happy. He then declared himself in favour of Mr. Penney's amendment.

5. The Reverend Mr. Burry (Labrador) was the next speaker, and said that he was in favour of seeking the terms of Confederation and it seemed to be an opportune time to set the machinery in motion to do so. Mr. Burry went on to say that these terms, if obtained in the near future, wouldn't have to be discussed immediately but would be at the disposal of the Convention when the time came to make recommendations concerning the various forms of Government.

6. Mr. Vincent (Bonavista North) also spoke in favour of the resolution.

7. Mr. Roberts (St. Barbe) said that although he had seconded Mr. Penney's motion to defer the seeking of terms, he did not do so with the intention of not getting Canada's Confederation terms for Newfoundland, but that when these terms are sought, the delegates should do so as proud and upright citizens of Newfoundland and not as "snivellers and whiners."

8. Mr. Fowler (Port de Grave) attacked Mr. Smallwood's motion as premature, poorly timed, and badly presented, and [said] that his unwarranted attack upon the Island would elicit nothing but resentment of a loyal and ancient people conscious of their heritage. He contended that the resolution should not have been brought in at this time, first because it sowed the seed of distrust and misunderstanding among the members of the Convention, and secondly because in the ears and eyes of the public it will eclipse the facts that should be given careful study at this time. He said that if Mr. Smallwood had awaited a more opportune time to present his resolution in a different spirit, there would have been very little opposition to it.

9. Mr. Vardy (Trinity North) spoke in favour of the motion and said that he would support it.

10. Mr. Miller (Placentia East) said that all facts must be acquired before discussing forms of Government and that therefore he is in favour of deferring the motion to a later date.

11. Mr. Hickman (St. John's City East) spoke to the same effect as Mr. Miller, because he did not see that there is any rush in concluding the deliberations of the Convention.

12. Mr. Keough (St. George's) in a well prepared speech supported Mr. Smallwood's resolution. He said that in interpreting the terms of reference a not inconsiderable number of people subscribed to the view that the delegates should endeavour, in the first instance, to determine the financial condition of Newfoundland. Said the speaker in this respect "Just how much of what is enough to be able to be masters of our own destiny?" Meaning by enough, enough to get along, or, at the most, meaning by enough, enough to make both ends meet and with a little to spare that could be tied into a little bow of security. He said that he was not satisfied that it is enough to know where one's next meal is coming from. Enough, as far as he was concerned, is not less than the most that may be had and he said that whilst he did not wish to imply thereby that Confederation is the best that may be had, the delegates must not fail to search for all information that will enable the people of Newfoundland to judge of wherein the best may be achieved. There are some, continued the speaker, who, it would seem, are prepared to settle for less than that. Much is heard in our days of the irreducible minimum cost of governments. To be quite candid, he said, he did not like that yardstick. A mere thirty-six inches of ability to make both ends meet at this moment would seem to him too meagre a measure of their ability to be sufficient unto themselves tomorrow. He could not see that it would be the wisest thing to decide a constitutional issue at the level of ability to meet the irreducible minimum cost of government at this moment, for given any economic reversal of any magnitude, Newfoundland might easily find herself below that level. They must not strive for less than the most and even that is likely to be little enough. Sovereignty must be based upon an economic structure that will admit of such sovereignty being sovereign unto itself. The speaker then quoted Abraham Lincoln's warning to his people, that they could not escape history, and said that Newfoundland must realize that they cannot escape the twentieth century. The lives of men in this twentieth century are dominated by two desires, of such dimensions as to make them the predominant passions of the century. There is first of all the fierce passion to be free. Second there is the passion, equally fierce, to be secure. These two things the men of this mid-twentieth century demand. One of them they are going to have. Which one? Or need it be which one? Must men choose between the mastery of their own destinies and three square meals a day? In conclusion, Mr. Keough said that he would support the resolution and vote against the amendment.

13. Major Cashin (St. John's City West) started his speech by an attack on Mr. Smallwood, asking him on whose authority he had been offering positions and senatorships to members of the Convention, and challenged him to answer. As Mr. Smallwood started to answer, the Chairman intervened, stating that he would not permit the debate to be conducted with the introduction of personalities which could only result in disorder. Major Cashin then attacked the whole question of Confederation and said that only two years ago a statement was made by the Prime Minister of Quebec to the effect that he felt that Newfoundland should hand over the Labrador territory to Canada. Big corporations in Canada

are making efforts to steal Labrador from Newfoundland. Major Cashin doubted whether the Canadian Government would receive a delegation from the Convention, and even if it did so, there was no guarantee that a plebiscite would be held. The speaker then discussed previous attempts at Confederation and the financial arrangements suggested at that time. He then brought up the question of a statement by Prime Minister Attlee in the British House of Commons in which he said that the Commission of Government had a definite programme for the next two or three years that had to go forward without interruption. Major Cashin said he wanted to know what was meant by that statement. He had already addressed the question to the Information Committee of the Convention, but it had been deferred. He proposed then that the Convention adjourn until an answer was received from the British Government, because if Commission Government were to remain in power for another two or three years, then there was no point in the deliberations of the Convention. Mr. Brown (Bonavista South) seconded the motion.

14. The Chairman ruled that he had to withhold his consent to the motion because all matters on the table must be cleared before the Convention could prorogue.

15. Major Cashin continued speaking on the original motion and said that he was in favour of Mr. Penney's amendment. As Chairman of the Financial Committee, he foresaw that their report would not be completed for another couple of months and that without all the facts in hand it would not be advisable for a delegation to be sent to Ottawa. He could not see how any delegation could be sent from the Convention without being in possession of all the financial and economic factors involved.

16. Mr. Ashbourne (Twillingate) said that it would be dangerous to defer the seeking of the terms of Confederation and that the Convention should be in a position to discuss them once all the economic and financial factors are at the disposal of the delegates. The Convention then adjourned until the following day, when the debate will be continued.

17. I am enclosing copies of the report of this meeting as carried in the St. John's *Daily News* of October 30.<sup>7</sup>

18. Mr. Smallwood's action in requesting a ruling from the Chairman and the constitutional adviser as to whether or not it was within the powers of the Convention to send a delegation to Ottawa, was a smart move and took the wind out of the sails of many of his opponents. The whole debate has somewhat gotten out of hand and the pro-Confederates and the anti-Confederates are becoming more clearly defined. No delegate has yet dared oppose the motion in principle but by supporting the amendment concerning the deferment of the motion, these delegates hope to sidetrack the issue.

19. Major Cashin's speech, which was very impassioned and reminiscent, they tell me, of the tactics employed in the former Legislative Assembly, did not impress his fellow delegates, especially the younger ones. He would always have the support of the Responsible Government advocates, but my impression is that

the greater majority of the delegates still have an open mind and will not be railroaded into any definite commitment as to forms of government until all the facts are available.

I have etc.

A. E. L. CANNON

202.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État  
par intérim aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to Acting  
Secretary of State for External Affairs*

DESPATCH 500

St. John's, October 31, 1946

CONFIDENTIAL

Sir,

I have the honour to report that the National Convention continued its debate on sending a delegation to Canada, yesterday, October 30. The session was cut short by the illness of one of its members, Mr. K. M. Brown (Bonavista South) who was stricken with a cerebral hemorrhage as he was terminating his speech against the motion and in favour of the amendment to defer sending a delegation to Ottawa. Mr. Brown was the oldest member of the previous legislature in years of service to be elected to the National Convention.

2. At the opening of the session Major Cashin (St. John's City West) referred to the Chairman's ruling of the previous day concerning the authority of the Convention to send a delegation to Canada to seek the terms of Confederation. He quoted from the address of His Excellency the Governor at the opening of the Convention where His Excellency had given the Convention to understand that it had not the authority to indulge in "roving commissions." The speaker, supported by Mr. Hollett (Grand Falls), interpreted these words "roving commission" to mean that the Convention had no authority to send a delegation. However the Chairman reiterated his previous stand as to the authority of the Convention.

3. Mr. Watton (Fogo) then spoke in favour of the motion, attacking the supporters of the amendment as wanting to sidetrack the whole question of Confederation to support their own political ends. The speaker stressed the hardships endured by the small people of the country who expected terms of Confederation to be known, discussed, and recommended, if found satisfactory as a form of government by the Convention.

4. Mr. Jones (Harbour Grace) used the arguments of the previous speakers in favour of the amendment and to the effect that the question of Confederation could only be dealt with by a duly elected Government of Newfoundland.

5. Mr. Fudge (Humber) spoke in favour of the amendment and desired to have clarification of the offers reported to have been made by Mr. Smallwood to various members of the Convention.

6. Mr. Brown (Bonavista South) supported the amendment and said that there is no doubt that Canada wanted Newfoundland and in such a case it was up to Canada to send a delegation to Newfoundland. The reason Canada wanted Newfoundland was to obtain Labrador which was to become part of the Province of Quebec. The speaker congratulated Mr. Penney on his amendment and said he would support it. At this point he was stricken ill.

7. The Convention then adjourned until three p.m. the following day.

8. I enclose the text of the debate as reported in the St. John's *Daily News* of October 31.<sup>†</sup>

9. In the last three days of the debate on Mr. Smallwood's motion there have been heard 29 speakers; seventeen speaking against the motion and in favour of Mr. Penney's amendment to defer the question, and twelve in favour of the motion as presented to the Convention. The whole debate has now centred around the larger issue of Confederation and if the amendment is carried, it will mean a definite victory for the supporters of Responsible Government.

I have etc.

A. E. L. CANNON

P.S. The National Convention has just been adjourned by the Chairman until Monday, November 4, due to the illness of Mr. K. M. Brown.

203.

W.L.M.K./Vol. 408

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
par intérim aux Affaires extérieures*

*High Commissioner in Newfoundland to Acting Secretary of State  
for External Affairs*

TELEGRAM 194

St. John's, November 4, 1946

IMMEDIATE. CONFIDENTIAL. Following my arrival last evening, I had conversation with the Constitutional Adviser to the Convention. The reason for premature introduction of motion to send a delegation to Ottawa was that Mr. Smallwood, without any good reason, became apprehensive that someone, other than himself, might get the publicity that would be attached to introducing such a motion and rushed in with one of his own.

There is no doubt that Smallwood's indiscreet action has dealt a heavy blow to the cause of Confederation here. The motion was deplorably ill-timed, being put forward before reports had been received from various Committees studying the economic and financial position of the country. It was tactlessly presented, for instead of merely setting forth desirability of securing information on what conditions Canada might be prepared to offer, he made an impassioned plea for Confederation, in the course of which he painted a very dark picture of New-



foundlanders and their position. Moreover, one of the oldest and most respected members who is also President of the Fishermen's Union, collapsed while making protest against Smallwood's tactics, adding a dramatic touch to the Opposition's stand.

In an endeavour to extricate question from confusion and bitterness caused by Smallwood's premature and tactless introduction of resolution, Mr. Bradley, member of Bonavista East, is planning to propose an amendment this afternoon accepting principle of sending a delegation but providing that it shall not leave before January 1st, when the Convention will have received and considered reports from various Committees charged with investigating the economic and financial position of Newfoundland.

If this amendment is carried and Canada consents to receive it as planned the delegation will proceed to Ottawa early in the new year, taking with it full information on the economic and financial position of Newfoundland, and damage done by Smallwood's vanity and excess of zeal would be to a considerable extent repaired. In a completely unorganized body such as this Convention, however, there are many shifting groups and factions and it is impossible to count with much assurance on action that will be taken.

204.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
par intérim aux Affaires extérieures*

*High Commissioner in Newfoundland to Acting Secretary of State  
for External Affairs*

DESPATCH 516

St. John's, November 4, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to my confidential telegram No. 194 of November 4th and to report that the Honourable Gordon Bradley, K.C., member for Bonavista East, this afternoon moved an amendment, along the lines outlined in my telegram under reference, to Mr. Smallwood's motion that a delegation be sent to Ottawa to ascertain the attitude of the Canadian Government on the question of Confederation. Mr. Bradley introduced his amendment in an able speech, conciliatory in tone but insisting firmly on the basic point that the members of the Convention and the people of Newfoundland have the right to know the attitude of the Canadian Government on the vital question of Confederation before they are asked to make recommendations as to forms of Government or to decide their destinies at the polls.

2. "The facts of one of these forms of Government," he pointed out, "can only be obtained by sending a delegation to discuss the matter with the Canadian Government. I want these facts. I demand them. I refuse to offer any opinion on any form of Government till I get them. And even more important than that I should have these facts is that the people of Newfoundland should have them.

The people must within the next few months decide their destinies at the polls. Any recommendation we may make is but advisory in character. Their decision is final and irrevocable. It would be nothing short of a criminal dereliction of duty on our part to leave any avenue of information unexplored."

3. Mr. Bradley, while standing firmly on the question of principle, was quite content to meet the widespread view that the departure of a delegation from the Convention was premature, by including a proviso that it would not leave Newfoundland before January next. He argued strongly, however, in favour of its early selection in order that it could study carefully all the economic and financial questions that would be involved in union with Canada and have full opportunity to consult with departmental experts in their particular fields. He pointed out, also, that it would require a good many weeks to arrange, through the established channels, the date that would be most convenient to the Canadian Government. For these reasons he held it essential for the Convention to act on the Resolution without further delay.

4. Mr. Bradley's address created a favourable impression in the Convention and the following members, in short speeches, expressed their support of the motion he put forward: Mr. Figary (Burgeo), Mr. Ryan (Placentia West), Mr. Spencer (Hermitage), Mr. Reddy (Burin East), Mr. Burry (Labrador), Mr. Higgins (St. John's City East), Mr. Hillier (Burin West), Mr. Jackman (Bell Island), Mr. Bailey (Trinity South), Mr. Ballam (Humber), Mr. MacDonald (Grand Falls), and Mr. Vincent (Bonavista North). A number of others, including Mr. Crosbie (St. John's City West) and Mr. Butt (St. John's West), both active and influential members, while not specifically supporting the Resolution, were in general agreement that it would eventually be desirable for members to ascertain the views of the Canadian Government on the question of Confederation. A number of others, however, namely Mr. Hickman (St. John's City East), Mr. Northcott (Lewisper), Mr. Hollett (Grand Falls), and Mr. Harrington (St. John's City West) took advantage of the occasion to emphasize that they favoured the amendment put forward by Mr. Penney (Carbonear) deferring indefinitely the whole question of sending a delegation to ascertain terms on which union could be effected.

5. Mr. Smallwood (Bonavista Centre) also took advantage of the occasion to call Mr. Harrington very severely to task for the insinuation that he had offered him a trip to Ottawa, declaring he had merely said Mr. Harrington would be a good person to serve on a delegation. He also pointed out that he had not offered Mr. Hollett a senatorship as the latter had alleged. "I did not offer him" he said "a senatorship, for two very sound reasons. First, because I have no senatorships to offer, and second, because, if I were going to offer him any job, it would be something on a very much lower level than a senatorship."

6. Mr. Smallwood was much less fatigued and tense than he was when he introduced his Resolution on October 28th, and his running remarks, and facetious sallies created a much more favourable impression than his more serious address at the beginning of the debate.

7. The debate adjourned at 11.00 o'clock and will be continued at 3.00 o'clock tomorrow afternoon.

8. I had a brief conversation afterwards with Mr. Bradley, who was fairly well pleased with the reception accorded to his amendment. He said, however, it was evident there was a strong reactionary element present in the Convention and they were doing all they could behind the scenes to prevent a delegation going to Ottawa and the people of Newfoundland learning what terms the Government of Canada might be prepared to offer. He said, however, that it had now become essential to force a showdown on this issue and intimated he would press for an early decision. He further intimated that he would introduce a further motion asking whether and to what extent the Government of the United Kingdom will be prepared to continue financial aid in the event that the Commission of Government appointed by the United Kingdom is retained.

9. A considerable number of delegates live at the Newfoundland Hotel where I have been staying since the lease on the house on King's Bridge Road expired on October 1st. While I do not encourage them to talk or discuss business before the Convention, since the Canadian Government's attitude is to do nothing to influence the people of Newfoundland in making up its mind on Confederation or any other question, I gather the rather definite impression that many of the members are opposed to sending a delegation to Ottawa because Mr. Smallwood would probably be on it and would attempt to make political capital out of it. I believe that there are not more than half a dozen men in the Convention who would be prepared to vote against the despatch of a delegation under other circumstances, (though many of them would like to see it come back empty-handed) and that regardless of the fate of Mr. Smallwood's Resolution and Mr. Bradley's amendment the matter will before long come up in some other form.

I have etc.

J. S. MACDONALD

205.

PCO-CRF

*Mémoire du secrétaire au Cabinet au sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum from Secretary to the Cabinet to Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

Ottawa, November 6, 1946

RE: CABINET COMMITTEE ON NEWFOUNDLAND

1. Last night the Prime Minister designated the following Ministers to constitute the Committee established by the Cabinet decision of October 30th:

Mr. St. Laurent,  
Chairman,  
Mr. Claxton,  
Deputy Chairman,  
Mr. Ilsley,  
Mr. Howe,

Mr. Abbott,  
 Dr. McCann,  
 Senator Robertson,  
 Mr. Bridges.

2. Mr. Baldwin of this office is to act as Secretary to the Committee.
3. Mr. King thought that Mr. St. Laurent would probably be absent or unable to preside most of the time and that Mr. Claxton would therefore be the active Chairman. He also thought that it was unlikely that Mr. Ilsley and Mr. Howe would be able to attend regularly.
4. The Ministers concerned will be informed of their designation to this Committee and Baldwin will organize their work, co-ordinating it with that of the interdepartmental committee upon which he will represent this department.

A. D. P. H[EENEY]

206.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
 par intérim aux Affaires extérieures*  
*High Commissioner in Newfoundland to Acting Secretary of State  
 for External Affairs*

DESPATCH 517

St. John's, November 6, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to my confidential despatch No. 516 of November 4th respecting the debate on the motion to send a delegation to Ottawa to ascertain the terms which the Canadian Government might be prepared to extend to Newfoundland as a basis for union and to report that the debate was resumed at three o'clock yesterday afternoon.

2. Short speeches in favour of the motion were made by Mr. Northcott (Lewisporte), Mr. Starkes (Green Bay) and a number of others who had already spoken in its favour.

3. Mr. McCormack (St. Mary's), Mr. Kennedy (Harbour Main), Mr. Fudge (Humber), Mr. Bailey (Trinity South) and Mr. Fowler (Port de Grave) spoke briefly opposing both the motion and Mr. Bradley's amendment. The last speaker, it may be noted, gave expression to a view, often heard in discussions outside the Convention, that terms of union would have to be discussed between Governments and as the Convention is not a duly-elected Government it has not the power to participate effectively in such negotiations.

4. A vote taken late in the afternoon resulted in the defeat of Mr. Bradley's amendment by twenty-five to seventeen; and Mr. Smallwood's motion by twenty-five to eighteen and in the passage of Mr. Penney's amendment deferring indefinitely consideration of the question of sending a delegation to Ottawa by twenty-

five to eighteen. There was some slight confusion in voting for the amendment and the amendment to the amendment accounting for one vote not being counted for the latter. The more accurate division of opinion would, indeed, have been twenty-five to nineteen as Mr. Banfield (Fortune Bay), absent when the vote was taken, would undoubtedly have voted for the motion.

5. It may be of interest to set forth the names of the delegates supporting the motion to send a delegation to Ottawa:

Mr. Smallwood (Bonavista Centre), Mr. Bradley (Bonavista East), Mr. Vincent (Bonavista North), Mr. Hillier (Burin West), Mr. Watton (Fogo), Mr. MacDonald (Grand Falls), Mr. Starks (Green Bay), Mr. Spencer (Hermitage), Mr. Ballam (Humber), Mr. Burry (Labrador), Mr. Miller (Placentia East), Mr. Ryan (Placentia West), Mr. McCarthy (Port au Port), Mr. Keough (St. George's), Mr. Newell (White Bay), Mr. Higgins (St. John's City East), Mr. Vardy (Trinity North) and Mr. Ashbourne (Twillingate).

6. Mr. Brown (Bonavista South) who was stricken with a cerebral hemorrhage while speaking against the motion is still in hospital and medical opinion does not consider that he will recover sufficiently to resume his duties in the Convention.

7. I think I should point out that the voting on this question of sending a delegation to Ottawa is not of great significance in indicating the degree of support Confederation enjoys in the Convention. Apart from less than half a dozen champions of Responsible Government who demand it and nothing else, all the members are pretty well in favour of ascertaining whether or not the Government of Canada would be prepared to offer terms of union sufficiently attractive to be acceptable to the people of Newfoundland though a good many would prefer to see the subject disposed of by failure of a delegation to obtain favourable terms. I would estimate that at present roughly a third, certainly not more, of the members of the Convention are well disposed towards the idea of union with Canada and would be happy if favourable terms could be secured.

8. What is happening at present is that various groups are manoeuvring for advantage and one does not wish the other to get credit for securing terms that might ultimately prove acceptable. This was made even more evident than it has been before by the action of Mr. Chesley Crosbie (St. John's City West) who, immediately the Smallwood motion was defeated, rose and gave notice that he would move this afternoon that the Commission of Government be requested to ascertain terms which the Government of Canada might be willing to extend to Newfoundland. He will undoubtedly be subjected to a good deal of pressure from various groups and individuals and it may well be that he will withdraw his motion when the House meets this afternoon but his action well illustrates the level of the Convention's activities and the currents that are circulating in it in its present stage of development.

9. I enclose clippings<sup>†</sup> from the St. John's *Daily News* of November 5th and 6th giving the only available summary of the debate. The main addresses particularly that of Mr. Bradley in moving his amendment are given pretty well verbatim and may be found of considerable interest.

10. A matter of some interest at yesterday's session was the presentation of a Report from the Newfoundland Industrial Development Board including an address by its President, Mr. C. C. Pratt, in which it was recommended that a Select Committee be appointed to assist the Convention in its work and that a long-term investigation by competent industrial specialists, preferably from the United States, be made into Newfoundland industrial resources and economic potentialities. Mr. Butt (St. John's West), seconded by Mr. Dawe (Bay Roberts) moved that the Report be given immediate consideration before further discussion on the question of sending a delegation to Ottawa. The motion was voted down. The episode, however, is of considerable interest and I am enclosing clippings<sup>f</sup> setting forth the correspondence read to the Convention.

I have etc.

J. S. MACDONALD

207.

C.D.H./Vol. 61

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État par intérim aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Acting Secretary of State for External Affairs*

DESPATCH 526

St. John's, November 7, 1946

TOP SECRET

Sir,

I have the honour to acknowledge your Top Secret telegram No. 209 of November 5th,<sup>f</sup> informing me that it has been decided to call a meeting of the Interdepartmental Committee on relations with Newfoundland for tomorrow morning. It will, or course, be quite out of the question for me to attend the opening meeting in view of the distance involved and the accumulation of work in the Office here. I am glad, however, that the Committee has been set up and is beginning to give detailed consideration to the subject.

6. The campaign, if it takes place, will undoubtedly be bitter and it would be desirable to avoid placing any unnecessary burden on the supporters of union. It might, therefore, be desirable to consider, also, whether it would be desirable not to raise any objection to the holding of a preliminary plebiscite on the three questions, namely, retention of the Commission of Government, restoration of Responsible Government in the old form and Confederation with Canada on the basis of the terms offered. I feel pretty confident, though there is no objective method of testing public opinion in advance or of ascertaining trends, that, given reasonably good handling, Confederation would at least come second on such a ballot and would therefore be in a stronger position to face the final test some six months later on a second ballot. Professor Wheare, with whom I have discussed this question, confidentially, in the event that the Convention should send a

delegation and accept the terms offered, had himself given some thought to the matter and in his opinion it would be entirely feasible.

...  
8. Now that the first attempt to secure authority to send a delegation to ascertain whether the Government of Canada would be prepared to offer favourable terms of union has ended in defeat and the Convention has turned to the consideration of education, forestry and other domestic questions, it may be of interest to assess, briefly, the present position.

9. While Mr. Smallwood's initiative was clearly both premature and tactless, his failure has had the effect of bringing the Hon. Gordon Bradley and the group of which he is the leading spirit, to take a public stand on the Confederation issue. While they were, of course, careful to make clear that they were proposing only that a delegation be sent to Ottawa to ascertain if favourable conditions of Confederation could be secured and that they would be perfectly free to turn down the terms if they thought them unfavourable to Newfoundland, they have nevertheless now identified themselves pretty clearly in the public mind with the movement for Confederation. While it would have been better to have had the initiative come from them in the first place, their intervention, I think, is an important development particularly as Mr. Bradley has hitherto been regarded, from his strong stand in 1932, as a champion of Responsible Government. The debate has also brought the question, for the first time, prominently to public notice. There will be a further advantage if the hitch that has occurred should result in making it impracticable to hold the plebiscite before next autumn. In a subject of this magnitude it is important that time be given for it, in all its implications, to sink into the public consciousness and in this respect the initial check and the delay that it has imposed may have beneficial results in the long run.

I have etc.

J. S. MACDONALD

208.

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*Extrait d'une lettre du sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Extract from Letter from Under-Secretary of State for External Affairs  
to High Commissioner in Great Britain*

TOP SECRET

Ottawa, November 12, 1946

Dear Mr. Robertson,

You will recall that Mr. Macdonald in his memorandum of October 17th on Newfoundland recommended that an informal understanding be sought with the United Kingdom Government to the effect that they do not contemplate further grants-in-aid to Newfoundland.

It is quite possible that before very long the National Convention will seek information from the United Kingdom Government concerning the extent to which the latter would afford Newfoundland financial or economic assistance should Newfoundland retain Commission of Government in some form. It is also possible that the question might be phrased so as to include a query as to whether or not Newfoundland might expect to receive any backing from the United Kingdom Government should a return to Responsible Government be decided upon. An individual member has already requested information on the latter point.

On October 30th the Cabinet considered the Newfoundland question and reached certain decisions. A copy of the Minute recording these decisions is enclosed.

Obviously the reply of the United Kingdom Government to the question referred to in paragraph 2 above would have an important bearing on Newfoundland's attitude to Confederation. It is felt that it would be advisable if the United Kingdom Government were aware of the Canadian Government's readiness to receive a delegation from Newfoundland under the terms of the Cabinet decision of October 30th, and I am accordingly authorized to request you to notify the United Kingdom Government unofficially to this effect.

...

Yours sincerely,

L. B. PEARSON

209.

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*Extraits du procès-verbal de la première réunion du Comité interministériel sur les relations entre le Canada et Terre-Neuve<sup>13</sup>*  
*Extracts from Minutes of First Meeting of Interdepartmental Committee on Canada-Newfoundland Relations<sup>13</sup>*

SECRET

Ottawa, November 12, 1946

The meeting took place at 11:00 a.m. in Room 123, East Block. The following were present:

Mr. R. A. MacKay — Department of External Affairs  
 Mr. M. H. Wershof  
 Mr. P. A. Bridle  
 Mr. J. R. Baldwin — Privy Council Office  
 Mr. M. W. Sharp — Department of Finance  
 Mr. A. B. Hockin  
 Mr. S. Bates — Department of Reconstruction and Supply  
 Mr. C. Stein — Department of Justice  
 Mr. J. E. Coyne — Bank of Canada  
 Mr. G. S. Watts

<sup>13</sup>La réunion a eu lieu le 8 novembre.

<sup>13</sup>The meeting took place November 8.



Mr. G. L. Magann of the Department of External Affairs was present during the early part of the meeting.

Mr. MacKay was in the chair. [ . . . ]

...

A question was asked as to whether or not the Canadian Government would stipulate that a request from the National Convention concerning sending a delegation to Ottawa would have to be first approved either by the Commission of Government or by the United Kingdom Government. It was recalled that the Department of Justice had some time ago stated that, in its opinion, such approval would be advisable. Mr. MacKay said that the Chairman of the National Convention had allowed Mr. Smallwood's recent motion, which made no reference either to the Commission of Government or to the United Kingdom Government, to stand and had ruled that the Convention is competent to seek the information outlined in the motion. Mr. Baldwin pointed out that the Cabinet, in its decision of October 30th, made no reference to the Commission of Government or the United Kingdom Government. It was therefore agreed that the matter could be considered settled.

It was decided to set up a sub-committee, consisting of Mr. Stein and Mr. Wershof, to prepare a report for the Interdepartmental Committee on the legal procedure for the admission of Newfoundland as a province.

It was agreed that the Committee should proceed forthwith to consider the report of the financial sub-committee set up preparatory to the establishment of the Interdepartmental Committee, and that it should then proceed to the question of terms. The hope was expressed that the sub-committee on legal procedure might complete its work by the time the general committee had finished dealing with budgetary aspects and terms and that the whole committee might then proceed to consideration of procedure in the more general sense. It was agreed that an effort should be made to complete the work of the whole committee, at least in draft form, by the end of the week of November 11th. This was considered particularly desirable because it will be necessary for Mr. MacKay to return to Halifax at the end of the week.

The legal sub-committee retired to commence its work and the general committee then considered the report of the financial sub-committee, which was presented by Mr. Sharp and Mr. Hockin. They explained certain recent revisions in their figures, and Mr. Sharp emphasized that the report represents the best estimate of the budgetary arrangements involved in federation which it is possible to make on the basis of the information now available. He pointed out that the explanatory paragraphs in the report provide for considerable leeway and that the report should be regarded as information for the guidance of the Government at this stage rather than as a final appraisal of the costs involved in federation.

Mr. Sharp agreed to add to the section of the report on the Newfoundland debt a paragraph which will incorporate figures recently quoted by the Newfoundland Commissioner for Finance. With this modification, it was agreed to accept the

report of the financial sub-committee. It was felt, however, that it should not be submitted to the Cabinet Committee at this stage.<sup>14</sup>

210.

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*Extraits du procès-verbal de la deuxième réunion du Comité interministériel sur les relations entre le Canada et Terre-Neuve*

*Extracts from Minutes of Second Meeting of Interdepartmental Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, November 13, 1946

The meeting took place 10:30 a.m., November 12, 1946, in Room 123, East Block. The following were present:<sup>15</sup>

...  
Mr. MacKay was in the chair. He opened the meeting by putting forward an opinion on a question of procedure which he felt ought to be dealt with at this point because it has a direct bearing on the question of terms. Mr. MacKay said that, since the National Convention has been set up simply to make recommendations to the United Kingdom Government on possible forms of government, it would probably be difficult to carry on negotiations in the proper sense with a delegation from the Convention. The contention that final agreed terms could only be negotiated by a body with the appropriate powers would seem to be valid. Consequently negotiations with a delegation would probably be inconclusive and would entail the danger that the issue might later become embroiled in party politics. This might be brought about either by a demand that the final terms be negotiated by a responsible government or simply by virtue of the fact that subsequent to the referendum there would be a period of negotiation in which it would be very easy for the opponents of Confederation to consolidate themselves and to make political capital out of any deficiencies in the terms under discussion. He felt therefore that in dealing with a delegation from Newfoundland the Canadian Government ought to meet their request with a definite statement of terms which would be subject to a reasonable amount of discussion but which would be taken back by the delegation and presented to the Convention as a clear-cut statement of the terms Canada could offer. He felt that these terms should be subject to as little later revision as possible.

The opinion was expressed that this procedure would be too inflexible to make a popular appeal in Newfoundland and that it would be preferable to present Confederation in broad outline in the referendum, on the understanding that the final terms would be negotiated by a body such as the National Convention to be

<sup>14</sup>Le rapport du sous-comité des finances fut quelque peu modifié et présenté au mois de mars. Voir le document 290.

<sup>15</sup>S. Bates, C. Stein et M. H. Wershof étaient absents.

<sup>14</sup>The Financial Sub-Committee's report was slightly revised and presented in March. See Document 290.

<sup>15</sup>S. Bates, C. Stein and M. H. Wershof were absent.

duly appointed for this purpose. It was felt that in this way the people of Newfoundland could be gradually educated to the idea of Confederation and its implications and they would thus be assured that the terms would be fully negotiated. It was appreciated that the nub of the negotiations would be the question of the Newfoundland provincial budget and the opinion was expressed that it would be unwise to remove the possibility of negotiation on this point at the very beginning.

...

There was then some discussion of the draft terms prepared by Mr. MacKay on October 19th.<sup>16</sup> The point to which most attention was directed was the Newfoundland debt. Discussions took place concerning whether or not Newfoundland should be relieved of her whole debt burden and also concerning possible techniques for taking over whatever portion of the debt we might decide to assume.

Some discussion took place as to a possible formula which might bridge the gap between revenue and expenditure in the Newfoundland provincial budget on a basis which would both be acceptable to the existing provinces and which would also tend to have the effect of gradually increasing Newfoundland's capacity to finance itself as a province. [ . . . ]

211.

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*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État par intérim aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Acting Secretary of State for External Affairs*

DESPATCH 536

St. John's, November 13, 1946

CONFIDENTIAL

Sir,

This morning at the Governor's invitation I went over to Government House and had a long informal chat with him on matters of current interest, particularly the cost of living and the work of the National Convention. [ . . . ]

...

9. While the Governor inclines to the view that union with Canada would be in the best interests of Newfoundland, Canada and the Commonwealth generally, I sense he is beginning to feel rather more strongly that there is great scope for the Commission of Government with himself as the Head and, over the next five or ten years, they could do a great deal to make Newfoundland a better governed and more prosperous country. I do not think, however, that he would endeavour to use any undue influence to favour the retention of the Commission over other forms of Government. [ . . . ]

...

I have etc.

J. S. MACDONALD

<sup>16</sup>Voir la pièce jointe, document 196.

<sup>16</sup>See enclosure, Document 196.

212.

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*Extraits du procès-verbal de la troisième réunion du Comité interministériel sur les relations entre le Canada et Terre-Neuve*  
*Extracts from Minutes of Third Meeting of Interdepartmental Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, November 14, 1946

The meeting took place at 11:00 a.m., November 13, 1946, in Room 123, East Block. The following were present:<sup>17</sup>

...

Mr. MacKay was in the chair. The meeting was devoted to discussion of terms. Particular attention was directed to the question of how Newfoundland might be provided with sufficient revenues to carry on as a province.

In consideration of the debt the question was raised whether Newfoundland should be relieved of the whole debt or should be expected to carry a portion. It was also suggested that there might be a three-way split between the United Kingdom, Canada, and Newfoundland.[ . . . ]

With regard to the annual subsidy, it was noted at the outset that the gap between provincial revenues and apparent necessary current expenditures (assuming a tax agreement similar to that offered to the existing provinces) would be of the order of \$5.0 million. It was felt, however, that Newfoundland should eventually be expected to develop more provincial revenues and it was thought that the development of municipal institutions would be of assistance to this end. It was felt that it would be politically undesirable to insist that Newfoundland develop new sources of revenue at the outset. It was also thought that it is impossible to predict accurately the effects of Union on the Newfoundland economy and hence on its taxable capacity. In view of this, it was felt desirable to distinguish between the transition period and the long-run situation, and that interim financial arrangements for the transition period would be advisable. But it was pointed out that a Newfoundland delegation would probably want some assurances of satisfactory financial arrangements after the transition period.

...

It was suggested that Labrador might be taken over by the Dominion as part of the general settlement, either in trust or as a federal territory, Newfoundland to be given compensation, preferably in the form of an additional annual subsidy. It was pointed out that this might raise political difficulties in view of Quebec's aspirations to acquire Labrador and in view of the aspirations of the western provinces to acquire the Northwest Territories. On the other hand it would enable the Dominion to undertake a programme of development which could otherwise not be provided except through subsidizing Newfoundland.

...

<sup>17</sup>S. Bates, C. Stein et M. H. Wershof étaient absents.

<sup>17</sup>S. Bates, C. Stein and M. H. Wershof were absent.

It was further suggested that an interim subsidy, to meet the anticipated gap, could be justified on the grounds that the Newfoundland economy would be seriously affected by union and that, in view of the difficulty of developing immediately sources of revenues similar to those of the existing provinces, Newfoundland might be guaranteed sufficient revenues to enable it to provide provincial services at the end of the interim period (say 10 years) comparable to those of the Maritime Provinces, without resort to severer taxation than those provinces.

213.

243

*Extraits du procès-verbal de la quatrième réunion du Comité interministériel sur les relations entre le Canada et Terre-Neuve*  
*Extracts from Minutes of Fourth Meeting of Interdepartmental Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, November 15, 1946

The meeting was held at 2.30 p.m., 14th November, 1946, in Room 123, East Block. The following were present:<sup>18</sup>

...

Mr. MacKay was in the chair. There was further discussion of terms with particular reference to Newfoundland's position as a province.

Mr. MacKay suggested that it might be unnecessary to make specific commitments to Newfoundland with respect to financial arrangements after the transition period. Consideration might be given to an arrangement for setting up at the end of the transition period a Royal Commission or a body representative of both the Dominion Government and the Newfoundland Provincial Government, to determine the extent to which Newfoundland was then able to carry itself on the same basis as the other provinces and, if not, to recommend appropriate financial arrangements.

Certain suggestions concerning the basic attitude we ought to take in talking to a Newfoundland delegation were then made. It was suggested that our aim should be to assist Newfoundland to raise its services and standards of living as near as possible to Canadian standards and that we should endeavour to get their co-operation and to encourage them to bring forward suggestions of their own. Mr. Bates said that he felt that the Newfoundlanders ought to appreciate that, in the long run, it would be the principle of any agreement rather than the amount of money involved which would be most important to them.

There was considerable discussion of the problem of public investment.[ . . . ]

...

It was therefore felt that what is needed is some formula which would provide either an incentive or sanctions, or both, the effect of which would be to stimulate

<sup>18</sup>C. Stein, M. H. Wershof, J. R. Baldwin et M. W. Sharp étaient absents.

<sup>18</sup>C. Stein, M. H. Wershof, J. R. Baldwin and M. W. Sharp were absent.

the development of a more productive tax structure. Two main suggestions along these lines were made:

(1) Newfoundland might be given a special subsidy of, say, \$2.0 million, the remaining gap in the budget to be met by a "provincial" import tax of, say, 10% which would be reduced gradually to zero; Newfoundland to be permitted to draw upon the accumulated surplus to meet deficits on current account and for capital expenditure; with a view to encouraging the development of new revenues, Canada should agree to match any surplus on ordinary account, the Canadian share to go into capital reserve;

(2) An alternative suggestion for stimulating the development of local revenues was that Canada might agree to match Newfoundland, dollar for dollar, for specified types of capital investment, Newfoundland to be permitted to draw from the accumulated surplus for this purpose. It was felt that, since withdrawals from surplus for ordinary account would not be matched by Canada, there would be a considerable incentive in Newfoundland to meet current expenditures by raising additional revenues.

There was some brief discussion of how such a formula would affect the question of Labrador. It would appear that, if financial assistance on a sufficient scale could otherwise be justified, there would be no need for us to take over Labrador. It was suggested that Labrador might simply be left with Newfoundland and that the Dominion Government might enter into a joint undertaking with Newfoundland to develop the area.

214.

C.D.H./Vol. 61

*Mémoire du sous-secrétaire d'État aux Affaires extérieures au  
Comité du Cabinet sur les relations entre le Canada et Terre-Neuve*  
*Memorandum from Under-Secretary of State for External Affairs to  
Cabinet Committee on Canada-Newfoundland Relations*

TOP SECRET

Ottawa, November 16, 1946

1. Present indications are that the question of Confederation with Canada is likely to arise in the Newfoundland Constitutional Convention early in the new year and it may be anticipated that Canada will be asked shortly thereafter to receive a delegation.
2. A serious difficulty in dealing with a delegation from the Constitutional Convention would be that they could have no authority to negotiate terms of Union since they would not be representing a government. It would, however, seem essential that if Confederation is to be recommended for submission to the people by plebiscite, whether separately or as one of several alternatives, the Newfoundland delegation should be informed fairly definitely regarding the conditions of Union which would be acceptable to Canada. Advantage should also be taken of the visit of the delegation to find out their views as to the conditions which might be acceptable to the people of Newfoundland.

3. An "offer" from Canada to a delegation from the Constitutional Convention might, however, be misinterpreted in Newfoundland as indicating a strong desire on Canada's part to annex Newfoundland and possibly as an attempt to take advantage of the present situation when Newfoundland has no responsible government which could negotiate terms. An offer on a "take-it-or-leave-it" basis might also have the disadvantage that it would prejudice favourable reception by the people of Newfoundland if there were no opportunity to modify the terms which seemed to them unsatisfactory and which might not be vital to the offer from the Canadian point of view. On the other hand, it would appear to be undesirable to leave too wide a field for subsequent bargaining since it might invite continuous agitation for "better terms."

4. It is suggested that the situation might be met by treating the meetings with the Newfoundland delegation as exploratory discussions to examine whether Confederation appears to be feasible from the point of view of Newfoundland as well as from the point of view of Canada, and if so, to recommend terms to the authorities concerned. The terms so recommended would not be in the nature of a binding offer until approved by the Parliament of Canada and the people of Newfoundland by plebiscite.

5. It is also thought that it would be desirable to bring the United Kingdom into these discussions, both because the United Kingdom is presently the financial guarantor of Newfoundland and because union would require enactment by the United Kingdom Parliament. The presence of a United Kingdom delegation might also serve to impress on the people of Newfoundland that the discussions were exploratory between the three Governments rather than a process of bargaining between the Canadian Government and a Newfoundland delegation which was really incompetent to bargain. Since it would be undesirable to give ground for any impression that a "deal" was being arranged between Canada and the United Kingdom at the expense of Newfoundland, it would be preferable to have the suggestion that the United Kingdom be included in the discussions come from Newfoundland. It is thought that this might be arranged by a discreet suggestion to some member of the Convention known to be favourably disposed towards union. An alternative course would be for us to make the suggestion in reply to a formal request to receive a Newfoundland delegation, which would presumably be made through the usual diplomatic channels.

6. It might be desirable to encourage a Newfoundland delegation to come up for preliminary discussions during which they might familiarize themselves with the Canadian Federal system, and Canadian delegates might sound them out regarding any special terms or conditions which they might consider essential. At such preliminary discussions, the Newfoundland delegation might also be advised as to the factual information required before more formal discussions were instituted. Approval might also be secured for active co-operation between officials of the two governments at the "statistical level." If the suggestion of including the United Kingdom in discussions had not previously been approved, it might be put forward in any preliminary talks.

L. B. PEARSON

*Extraits du procès-verbal de la cinquième réunion du Comité interministériel sur les relations entre le Canada et Terre-Neuve*  
*Extracts from Minutes of Fifth Meeting of Interdepartmental Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, November 16, 1946

The meeting took place at 2:30 p.m., November 15, 1946, in Room 123, East Block. The following were present:<sup>19</sup>

...  
 Mr. MacKay was in the chair. The matter of procedure raised at the meeting of November 12th was first discussed.[ . . . ]

...  
 There was then further discussion on the problem of making satisfactory financial arrangements for Newfoundland as a province.[ . . . ]

...  
 It was then asked if there were any possibility of providing for "accession" of Newfoundland at the end of the transition period. It was felt that this would be out of the question because it would be a harmful precedent with respect to the existing provinces and also because the Dominion Government could hardly be expected to spend money in Newfoundland during the transition period on this basis.

...  
 Mr. Coyne then read for discussion a draft of a memorandum which he had prepared describing an overall plan for dealing with the problem of financing Newfoundland as a province and elaborating suggestions which had been put forward for consideration at the previous day's meeting.

...  
 It was agreed that the suggestions put forward for discussion in Mr. Coyne's memorandum should be further considered by the Committee at subsequent meetings.

An examination in some detail was then made of the proposal to allow Newfoundland to levy an import tax.<sup>20</sup>[ . . . ]

It was asked whether Newfoundlanders might not be averse to imposing both an import and a sales tax at the same time and whether we might not be wise to omit any reference to a sales tax at the beginning. The opinion was expressed that Newfoundlanders should not object to the scheme if they realized the principle of the sliding scale and understood that the whole purpose of the plan was to develop

<sup>19</sup>J. R. Baldwin, M. H. Wershof et C. Stein étaient absents.

<sup>20</sup>A. L. Neal s'est joint au comité interministériel pour devenir président du sous-comité étudiant cette proposition.

<sup>19</sup>J. R. Baldwin, M. H. Wershof and C. Stein were absent.

<sup>20</sup>A. L. Neal joined the Interdepartmental Committee and became chairman of the Sub-Committee studying the proposal.



local revenue. If they did not like the sales tax, they would be at liberty to work out some other form of taxation in its place. In this connection it was pointed out that at the present time the Dominion Government does not allow the provinces to impose a sales tax but it was thought that possibly this rule might be relaxed if it were considered necessary to enable Newfoundland to get a proper start as a province.

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*Extraits du procès-verbal de la sixième réunion du Comité interministériel sur les relations entre le Canada et Terre-Neuve*

*Extracts from Minutes of Sixth Meeting of Interdepartmental Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, November 18, 1946

The meeting was held at 11:00 a.m., November 16, 1946, in Room 123, East Block. The following were present:<sup>21</sup>

...

Mr. MacKay was in the chair. The meeting was opened with some further discussion of the suggestion that Newfoundland be allowed to impose an import tax during the transition period.

...

The Chairman, with the assistance of the Committee, then drew up some notes covering the important points which had been considered in the meeting with respect to possible financial terms and Mr. Coyne was asked to prepare a memorandum which would represent the tentative conclusions of the Committee to date. It was agreed that, when this memorandum had been approved by the Committee, it should be submitted for approval to the Deputy Ministers of the Departments represented on the Committee.

The Chairman then presented for consideration a memorandum to the Cabinet Committee on negotiations with the Newfoundland delegation. This memorandum was approved by the Committee and it was agreed that the Chairman of the Interdepartmental Committee should be asked to submit it to the Cabinet Committee with a view to obtaining at an early date a directive from the Cabinet Committee on the points covered.

It was agreed that a further meeting of the Interdepartmental Committee should be held in about three weeks' time. The financial memorandum should, by then, be in final draft; the memorandum on negotiations with the Newfoundland delegation will probably have been dealt with by the Cabinet Committee and the memorandum on legal procedure, being prepared by the Departments of Justice and External Affairs, should be ready. It was felt that this meeting should be preliminary to a further meeting to take place about the middle of December

<sup>21</sup>J. R. Baldwin, M. H. Wershof, C. Stein et A. B. Hockin étaient absents.

<sup>21</sup>J. R. Baldwin, M. H. Wershof, C. Stein and A. B. Hockin were absent.

which would be attended by the full Committee, including Mr. Macdonald and, if possible, Mr. Pearson.

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2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 203

St. John's, November 16, 1946

Regret to inform you that Judge Fox, Chairman of the National Convention, died of a heart attack early this afternoon.

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*Mémorandum de la deuxième direction politique<sup>22</sup>*

*Memorandum by Second Political Division<sup>22</sup>*

TOP SECRET

Ottawa, November 20, 1946

MEMORANDUM OF A DISCUSSION ON NEWFOUNDLAND BETWEEN  
THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS  
AND THE HIGH COMMISSIONER FOR THE UNITED KINGDOM  
IN OTTAWA, 19TH NOVEMBER, 1946

At the invitation of the Under-Secretary, Sir Alexander Clutterbuck and Mr. J. J. S. Garner, Deputy High Commissioner for the United Kingdom, called at the East Block on 19th November, 1946, for informal discussions on Newfoundland. Mr. G. L. Magann and Mr. P. A. Bridle of the Department of External Affairs were present.

Sir Alexander said that he is familiar with the general outline of the Newfoundland situation and that he had found Mr. J. S. Macdonald's despatches most helpful in this respect. Mr. Pearson replied that when Mr. Macdonald was in Ottawa he had emphasized the view already held in the Department that, while Canada should continue to avoid any action which might be interpreted as interference or undue interest in Newfoundland's affairs, the Government should examine the situation in order that they might be in a position to give a considered answer should they be requested to receive a delegation from Newfoundland. Accordingly, the Cabinet had recently decided, after some discussion, that the Government should agree to receive a delegation from Newfoundland if a request to that effect should be made. They had also set up on a formal basis an Interdepartmental Committee which had for some time been studying the Newfoundland situation and had named a Committee of the Cabinet to consider and advise the Government in this matter. The members of the Committees were

<sup>22</sup>G. L. Magann et P. A. Bridle.

<sup>22</sup>G. L. Magann and P. A. Bridle.

named and Mr. Pearson explained that the Interdepartmental Committee had recently concluded a series of meetings, as a result of which it was shortly to present an interim report to the Cabinet Committee. The latter, he said, is expected to meet within a week.

Mr. Pearson said that the Interdepartmental Committee had already made a fairly searching examination of the problems involved but that the Government, of course, had gone no farther than its decision to agree to receive a delegation should it be requested to do so. He said that there are a number of problems which still have to be worked out and that our thinking on the subject is, at this stage, rather tentative. There are, he said, several factors about which no specific information is available at the present time. These include: an appreciation of the Newfoundlanders' idea of what their own requirements would be under Confederation, an indication as to the attitude of the United Kingdom Government concerning future financial support to Newfoundland either under the Commission form of government or under responsible government, and some clarification of the question of the Newfoundland debt.

Sir Alexander said that the United Kingdom Government had already received requests for information on the question of financial support and that they had on each occasion endeavoured to make it clear that they would not have the necessary dollars to make such support possible at least for some time to come. Mr. Pearson said that if there were in fact only two alternatives for Newfoundland, Confederation or carrying on strictly on its own, realization of this fact on the part of Newfoundlanders would have an important bearing on their attitude toward Confederation. Sir Alexander said that there seemed to be a not insignificant tendency in Newfoundland to feel that, with a \$28.0 million surplus, they ought to be able, at least for some years, to get along quite nicely on their own. One wonders, he said, whether or not they will examine the situation in the long-term context of inadequate national income, low population and vulnerability to the trade cycle over which they have no control. This much, at least, could be said: the majority of the delegates at the Convention seem to be handling themselves with admirable discretion and the Assembly is carrying on its deliberations in a considerably more constructive manner than he had hoped. It would appear that the long series of troubles which have marked Newfoundland's history have left a real impression on the minds of many of the men who are now charged with the responsibility of determining the country's future.

On the question of the debt Sir Alexander said that his own view, which he had for some time been endeavouring to impress upon the United Kingdom Government, is that, if Confederation were to take place, the United Kingdom Government should agree to assume the Newfoundland debt. He feels, he said, that the United Kingdom Government could in this way do its part in assisting Newfoundland to get off to a fresh start. He said that he believes that the Dominions Office shares this view but that he doubts that the Government, as a whole, has accepted it.

Sir Alexander asked if we had given thought to the question of procedure. Mr. Pearson said that we had and that we wish to avoid a situation in which, on the one hand, a Newfoundland delegation would come to Canada making positive

demands which could only lead to an inappropriate sort of bargaining or in which, on the other hand, we would present the Newfoundland delegation with a cut-and-dried offer which might give the impression that we are over-anxious to bring them in and which would hardly establish a fruitful atmosphere for discussion. We would prefer to see a Newfoundland delegation come up for something in the nature of exploratory talks in which, on the one hand, they could let us know in a general way the conditions which might be acceptable to the people of Newfoundland and in which we would let them know something of our general position and the main considerations we have in mind. There is, he continued, the fundamental difficulty that a delegation from Newfoundland would not be representing a government and would have no power to negotiate. We might expect at least to be able to provide the Newfoundland delegation with information which they would consider sufficient for the purposes of the Convention.

Sir Alexander asked if this would mean that, if the Convention wished to include Confederation in the referendum, the delegation would then have to return to Canada for further discussions. Mr. Pearson said that we had in mind the Convention being provided in the first instance with a sufficiently accurate statement of what Confederation would mean to enable them, should they so desire, to place it before the people in the referendum. We realize, however, that should Confederation carry, this might mean further discussions subsequent to the referendum; and we do not feel that to leave room for bargaining at that stage is particularly desirable. We would prefer the Newfoundland people to know as definitely as possible at the time of the referendum what Confederation would mean. He pointed out, however, that there are obviously difficulties in the way of such an arrangement and that our views on this aspect of the subject are still rather tentative. He said that we intend shortly to seek guidance from the Cabinet Committee on this point.

Sir Alexander said that it was this part of the process which he himself found difficult to envisage very clearly. He said that, in arranging for the establishment of the National Convention, the Dominions Office had felt that their only acceptable course was to set up machinery which would enable Newfoundland to examine its position and eventually to determine its choice in accordance with the will of its people. In doing so they did not lose sight of the possibility that Confederation might be one of the alternatives which the National Convention would wish to consider. They had found it impossible, however, to foresee at all clearly how the issue might arise. He feels, he said, that it would be well to arrive at as definitely agreed terms as possible before the question is submitted to the people. However, he finds it difficult to see how this could be done unless the Commission of Government were brought into the discussions at some stage.

Sir Alexander asked if we thought that Confederation might best be presented as a single question in a separate referendum or whether it would be as well if it were simply included with others in the general referendum. Mr. Pearson said that we felt that it might be a considerable advantage to have Confederation presented as a single question but that this would probably depend largely upon the Newfoundland delegation and the National Convention. If, after discussions, they were convinced that Confederation would be the only really practical solu-

tion they would probably recommend that it be presented on a simple "yes" or "no" basis. On the other hand, if they felt that Confederation would be only one possible choice they would probably include it with two or three other alternatives in their recommendations to the United Kingdom Government.

Sir Alexander said that he himself believes that Confederation is the best course for Newfoundland. He recalled that he had been in Canada about a year ago for the specific purpose of ascertaining the attitude of the Canadian Government on this question and that the Prime Minister had told him that, while any initiative in the matter would have to come from Newfoundland, he himself would welcome Confederation. This point of view, Sir Alexander said, had been duly reported to the Dominions Office and the United Kingdom Government assumes that it still represents the Prime Minister's attitude. Mr. Pearson said that he has no doubt that the Prime Minister is still of this mind but that the Government as a whole is inclined at the present time to give very careful consideration to any proposal which involves increased expenditure. He added, however, that both he and the Secretary of State for External Affairs regard federation with Newfoundland as highly desirable and that he is of the opinion that, if the project were to be placed on a reasonable financial basis, it would be approved. He said that, in addition, some account would, no doubt, have to be taken of Newfoundland's rather special position.

Sir Alexander said that he is somewhat concerned about the effect which the death of the Chairman of the Convention, Mr. Justice Fox, will have upon the work of the Convention. One might presume, he said, that either of the other two Supreme Court Justices will be appointed in his place. Mr. Fox had been in many ways an admirable Chairman and was, in addition, a Roman Catholic, a factor of some importance. Sir Edward Emerson is also a Roman Catholic but it is doubtful if his influence as a chairman would be as adroit and constructive as that of Mr. Fox. Mr. Dunfield, who is a member of the Church of England, would in many ways be a better choice, for he is a humane and able jurist but, on the other hand, as he is known to be favourable to Confederation, his appointment might cause undesirable repercussions. Mr. Pearson said that Mr. Macdonald does not seem to be particularly alarmed by the situation created by Judge Fox's death. He added that this is one of the matters which we would like to discuss more fully with Sir Alexander at a later date.

Mr. Pearson said that we feel that the Newfoundland question is a subject upon which we and the United Kingdom High Commissioner's Office might keep each other informed in the period ahead. He said that we would let them know of developments here and that we would appreciate their letting us know of anything of importance which might come up in this connection in the United Kingdom. He said that we had already asked Mr. Robertson to have a word on the subject with the appropriate authorities in London. Sir Alexander said that he would be pleased to co-operate in this way and that he looked forward to further discussions when he had had time to consider the subject more fully.

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2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État par intérim  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Acting Secretary of State  
for External Affairs*

DESPATCH 562

St. John's, November 23, 1946

SECRET

Sir,

I have the honour to refer to my despatch No. 556 of November 21<sup>st</sup> respecting developments in the National Convention and to state that a development of first-rate importance has taken place in the last twenty-four hours. A number of members, feeling that there might be considerable delay in the appointment of a Chairman and in any case not very well satisfied as to the suitability of any members of the Supreme Court, approached the Hon. Gordon Bradley, K.C., urging him to accept the position of Chairman, on the ground that he is the senior member of the Convention and the only one with previous experience in parliamentary procedure. He agreed to do so on the understanding that he would not thereby be deprived of his right as a delegate to speak and to vote. The Convention met this morning and passed a resolution, by a unanimous vote, informing the Commission of Government of their action and requesting that the National Convention Act be amended to permit the Convention's choice to act as Chairman without the loss of any of his rights as a delegate.

2. I understand, on good authority, that the Commissioners have already been canvassed and have agreed to accept this resolution in principle. It is expected, therefore, that an Act will be introduced into the Commission early next week and passed the same day, making the necessary amendment.

3. Election to the chairmanship will ensure that Bradley will head the delegation that will proceed to Ottawa to ascertain whether a fair and equitable basis of union can be found and, if an acceptable basis of union can be worked out, it will give him, as Chairman of the delegation, a position of leadership of the Confederation forces in the Convention and in the country and will put the movement, for the first time, on an organized basis.

4. In this connection it cannot be too strongly stressed that, no matter how favourable terms of union might be, they would stand little chance of being accepted unless there is a strong, well organized, and well directed movement to present and explain them to the people, particularly in the outports where the majority of the electors and those most likely to be favourably disposed are located. The ordinary methods of disseminating ideas and getting people to accept them are not well developed and utilized here and it is essential that a campaign of mass education be undertaken by those familiar with local conditions and methods and with local psychology. Herein lies the importance of a well organized movement and Bradley is by far the best man in sight to direct it.

5. Another step that is contemplated is to arrange for the holding of a by-election in Bonavista South. The constituency is at present represented by Mr. Kenneth Brown, who is still in the hospital in a paralyzed state and unlikely to be able to take any further part in public affairs. This will give an opportunity of conducting a further campaign of education and if a delegate well disposed to Confederation is elected, as seems fairly probable as Mr. Brown owed his election to his great personal popularity in the district, it will have a very considerable influence on the evolution of opinion.

6. The Steering Committee has now reached agreement on a programme of action for the coming weeks. They are planning, if possible, to recess for the Christmas vacation on December 14. Before that date they hope to have the Reports on Transportation, Mining and Public Health and Welfare discussed and adopted.

7. All of these Reports, in their present draft form at least, tend to strengthen the hands of those interested in the movement for Confederation. The Mining Report will show that the lead, zinc and copper mine at Buchans, which has been one of the major industries in the value of its product during the war, is rapidly approaching depletion, reserves of ore in sight being sufficient for a further six years only. The report on Transportation will emphasize prospective railway deficits and the need for a major re-railing job. It will also castigate the Commission of Government for the money expended, entirely for the benefit of foreign airlines, in the maintenance of the airport at Gander and will claim that it cannot be run except at a loss of several hundred thousand dollars per annum. The Report on Public Health and Welfare will stress the impossibility of any reduction in expenditures devoted to this purpose, and, in fact, the need for further extensions.

8. The other Reports — on Agriculture, Fisheries, Forestry, Public Finance, and Local Industries — it is hoped to have completed and distributed in mimeograph form to the delegates for study during the recess.

9. The present plan is for the Convention to reassemble on the 8th of January next. The first order of business will be the discussion and adoption of the Reports of the various Committees following which a Resolution will be introduced asking the Government of the United Kingdom whether it is prepared, if Newfoundland elects to retain the Commission form of Government, to continue to meet deficits if and when they occur.

10. Once this Resolution is disposed of — probably about the middle of January — the way will be clear for the introduction of a motion that a delegation be sent to Ottawa to ascertain whether the Government of Canada would be prepared to offer a fair and equitable basis on which union between Newfoundland and Canada could be effected. A small group still entertains the notion that a delegation should also be sent to Washington to ask the United States Government for terms of union, but even if adopted it would undoubtedly be ruled out by the Government of the United Kingdom.

11. One of the points which Professor Wheare will take up with the Dominions Office during his stay in London will be the latest date on which they can receive the recommendations of the Convention and still arrange for the holding of the

referendum by the end of May. The feeling appears to be quite general in the Convention that, to defer the referendum beyond that time, would give rise to serious public discontent at the lack of progress made by the Convention, more particularly as, if the voting does not take place at the end of May, it cannot, without disfranchising a great many fishermen, be held until the following October. I sense that, in spite of recent difficulties, the sentiment in favour of Confederation is sufficiently virile to reassert itself before very long and while it would probably be stronger if the voting be deferred till next October, I feel we should be ready to deal with the delegation when it arrives and avoid taking any responsibility for holding up the plebiscite.

I have etc.

J. S. MACDONALD

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*Mémorandum de l'assistant administratif des gouverneurs,  
la Banque du Canada*<sup>23</sup>

*Memorandum by Executive Assistant to the Governors, Bank of Canada*<sup>23</sup>

SECRET

Ottawa, November 25, 1946

SPECIAL FINANCIAL PROBLEMS CONNECTED WITH THE  
ESTABLISHMENT OF NEWFOUNDLAND AS A  
PROVINCE OF CANADA

...

THE BACKGROUND OF THE PROBLEM

It would seem highly unlikely that Newfoundland could maintain separate national existence on a satisfactory basis without outside assistance. In the absence of such special assistance, the productivity of the country, based on its natural resources and their probable degree of development, is not such as to enable the people of Newfoundland within the foreseeable future to maintain a modern governmental system or a standard of life comparable to that of Canada or of most other countries of the western world. The country is extremely vulnerable to adverse changes in world economic conditions, and large fluctuations in national income will seriously impair the ability to carry on the full paraphernalia of national government among a thinly scattered population of only 325,000 persons.

Part of these difficulties will disappear, however, in the event of union with Canada. The federal government will provide the greater part of the fixed expenditures of a modern state, and will assume the most fluctuating tax sources. The Committee believes it should be possible for Newfoundland in due course to operate on a self-supporting basis within the provincial sphere of activities, expenditures and revenues. It is not to be expected, however, that such an accom-

<sup>23</sup>J. E. Coyne. Ce mémorandum fut signalé aux membres du Comité interministériel.

<sup>23</sup>J. E. Coyne. This memorandum was referred to the members of the Interdepartmental Committee.



plishment will be carried out overnight — some time must be allowed for adjustment to changed conditions, for the effects of federal union to work themselves out, and for necessary changes in the local taxation system. Accordingly, much of the following discussion will be particularly concerned with conditions during a transition period of, say, five to ten years.

#### THE EFFECTS OF NORMAL FEDERAL GOVERNMENT ACTIVITIES

In the event of confederation, all federal laws would of course extend to Newfoundland. Beneficial expenditures such as children's allowances and old age pensions would be made there on the same basis as in other parts of Canada. The federal government would assume responsibility, both financial and administrative, for carrying on normal federal activities in Newfoundland, and to the extent that these are now being carried on by the Newfoundland Government they would be taken over by the federal government. It is assumed for purposes of the present discussion that the federal government would assume financial responsibility for the Newfoundland railway, which requires an annual subsidy to meet its operating deficit as well as to meet depreciation charges, and also requires a considerable capital expenditure within the near future.

Canadian taxation would apply in Newfoundland, and it may be noted that one effect would be to reduce the burden of customs duties from something like \$17m. per annum under the present Newfoundland tariff to an estimated \$2m. per annum under the present Canadian tariff. The federal sales tax might raise an additional \$4m. from Newfoundland consumers. In addition, federal income taxes and corporation taxes would be expected to realize about 50% more than would be collected by Newfoundland under its present tax rates. A summary of probable federal expenditures and revenues under present-day conditions is given in Appendix A.<sup>†</sup> It will be noticed that, under conditions of what may be called boom prosperity, federal revenues should approximately equal expenditures, excluding any proportion of federal debt charges and excluding certain additional expenditures which are discussed later in this memorandum. Under anything less than full employment and high prices, federal revenues will rapidly decline, whereas federal expenditures will show little, if any, change. (The question of responsibility for unemployment assistance may be left in abeyance for the moment pending further developments in connection with Dominion-Provincial relations in general.) In other words, in conditions of less than full employment, the federal government will be supporting the incomes of the people of Newfoundland, just as indeed it will be supporting the incomes of the people of a number of other provinces.

The general effect of confederation on the people of Newfoundland would be to add considerably to their total cash income, with the greater part of this benefit accruing to the lower income groups; to decrease substantially the burden of taxation upon the lower income groups; to increase somewhat the burden of taxation upon the upper income groups, though in their case also there would be a substantial saving in lower taxes upon goods; and to provide a much greater degree of stability in incomes and a guarantee of the maintenance of government services.

## ECONOMIC DEVELOPMENT AND PUBLIC INVESTMENT

The mere fact of union, and the benefits that should accrue as a result of federal government activities, will not suffice to ensure Newfoundland's ability to carry on as a province. Further development of its natural resources is urgently required, public investment projects must be undertaken, and private investment should be given every reasonable encouragement. The building of roads, schools, and other public facilities has not been very extensive and will require large capital expenditures. All of these projects, which are necessary to advance the economic well-being of Newfoundland as a whole and to raise its public facilities closer to the standard of those provided in other provinces of Canada, will also, it may be expected, increase the total national income and the taxable capacity of the province.

During the war Newfoundland has built up a "surplus" or capital fund of something over \$30m., which is regarded as intended for capital expenditures of the kind outlined, but would also have to be used to meet future budget deficits. The commission of government has prepared a programme of desirable projects which would require the expenditure of about \$60m. over a period of 10 years. There is little possibility that Newfoundland could itself finance these expenditures if it remained a separate state, and if it should enter confederation it will not be in any better position, so far as its own resources go, to finance such a programme.

It would be desirable for the federal government to co-operate with the provincial government of Newfoundland in a programme of public investment, resource development, expansion of public works, and encouragement of private industry, on some contributory basis. It would seem appropriate that during the first 10 years of confederation the federal government should match provincial expenditures dollar for dollar. There are various methods by which the Dominion contribution might be made. A certain number of desirable projects would be regarded as properly falling within the federal sphere. Others might have both federal and provincial aspects, and it would be desirable that there should be the closest co-operation between the two authorities. Even in the case of projects of exclusively provincial character, however, it would be desirable for the federal government to provide financial assistance, and perhaps technical assistance as well.

For all these purposes, it has been suggested that there be established a special development board, including representatives of both the federal and provincial governments, which would be expected to co-ordinate all public development projects in Newfoundland over a 10-year period and which would be required to approve all projects which were to be eligible for a Dominion contribution. In many ways the best system would appear to be that both the existing capital fund of Newfoundland and an amount of similar size to be set aside by the federal government should be subject to the overall control of the joint board. This would still leave it open to the federal government or the provincial government to engage in projects on their own if they so desired, but approval of the major program and of the use of the particular funds mentioned, would be better left to such a co-operative agency. (Such a body would not administer the program or carry out any project itself, but would have general supervision over planning,

timing, relative importance of projects, etc., with a view to assisting in the development and realization of a carefully balanced program in the best interests of all parts of the province and all sections of the population.)

#### NEWFOUNDLAND'S PUBLIC DEBT

At the present time Newfoundland's gross public debt is approximately \$75m., nearly all of which is represented by 3% sterling securities and nearly all of these are held in the United Kingdom. The sterling securities carry the guarantee of the United Kingdom Government as to both interest and amortization. Total annual debt service now costs Newfoundland about \$3.7m.

It would seem undesirable that Newfoundland should have to carry such a debt burden at the commencement of its new status as a province of Canada. A part of this debt was originally incurred for war purposes; another part of it was incurred for purposes which in Canada would be regarded as primarily federal in character; another portion arose in connection with local public works and budgetary deficits. The amount of the debt which at this late date could be said to be the result of any particular category of expenditures cannot be ascertained, and it is doubtful if an attempt to distinguish between what would have been "federal" and "provincial" costs would serve a useful purpose. Instead, it might be more appropriate to suggest that the debt be divided into 3 equal portions; one-third would be taken over, outright, by the United Kingdom Government in consideration for it being relieved of its guarantee of the whole of the debt; one-third of the debt would be assumed, outright, by Canada, and the remaining one-third, or approximately \$25 m., would remain as the public debt of the province of Newfoundland. (Responsibility for the existing bonds would be assumed by Canada, and Newfoundland's debt would be owed to the federal government, not to the present bondholders.)

This, in effect, would leave Newfoundland without any *net* debt as the gross debt will be more than offset, in the beginning, by the amount of the capital fund or "surplus," to say nothing of the capital funds to be made available by the federal government.

The interest payable by the provincial to the federal government would presumably be 2 2/3% per annum. It is not suggested that there should be any amortization. In the early years the unexpended surplus now held by Newfoundland could be invested in Dominion Government bonds and earn an amount of interest approximately equal to that payable by Newfoundland on its debt.

#### THE PROVINCIAL BUDGET

The new provincial government of Newfoundland will be faced with a serious financial problem, at any rate during the transitional period. On the basis of our present rather rough estimates, it would seem that a minimum provincial budget for strictly current expenditures would be \$13 1/2m. per annum, of which only \$3 1/2m. would be raised by such of the existing Newfoundland taxes, licenses, fees, liquor profits, etc., as will not be transferred to the federal government. In addition, the payment to Newfoundland under the usual form of Dominion-Provincial tax agreement would be \$5m. in a "typical" year, the guaranteed minimum being \$4.7m. This would seem to leave a gap of at least \$5m. per annum on current expenditures alone. This "minimum" provincial budget might be ex-

pected to increase in the course of the years, although there might be some small offset as the result of lower prices following confederation.

The essence of the problem is not just that taxable capacity is low, and certainly not that confederation would be injurious. (Even if the gap in the budget had to be met solely by provincial taxes, the total burden of taxation for the people of Newfoundland under confederation would be substantially less than if they remained an independent nation.) But the form of government organization, the nature of economic activity, and the kinds of taxes that would be immediately available, are not such as to enable the provincial government to obtain revenues appropriate to the taxable capacity of the province.

Part of Newfoundland's present difficulties and of the difficulties it would face as a province arises from the fact that municipal organization is not very far advanced, and many activities which in other provinces of Canada are largely administered by municipalities and financed by means of local taxes, especially real property taxes, in Newfoundland have to be administered, if at all, by the central government. At present, real property taxes are low, even in those few municipalities which do levy such a tax, and the provincial government has not itself any such source of local revenues to finance local expenditures. In the course of time it is to be expected that considerable progress will be made in organizing municipal governments. Real estate values may be expected to rise and local taxes of one kind or another should ultimately play their usual role in the provincial-municipal system.

In this way, expenditures which in the first years will have to be borne by the provincial government will be passed on to local governments, or additional tax revenues of an essentially local character will be found by the provincial government. The degree of success that will be achieved in these directions cannot be estimated in budgetary terms at this stage, but the objective indicated must be recognized as essential to the successful functioning of Newfoundland in the long run.

The immediate problem, however, is to find means of balancing the provincial budget during the first 5 or 10 years of confederation. It would, of course, be financially possible for the federal government to provide an annual subsidy of \$5m. or more at the outset, with perhaps some decrease in later years. Although some special subsidy may be found necessary (see below), it could not be of such magnitude as \$5m. without raising serious questions as to the equity of federal-provincial arrangements with other provinces. Moreover it would be clearly an unhealthy and unsatisfactory condition for Newfoundland to be dependent upon the federal government for 75% of its ordinary budget, even at the commencement of its new status, and still more objectionable on a permanent basis.

The kinds of taxes and the relative importance of the various taxes which ought to be levied by the province are matters which in the long run must be determined by the people of Newfoundland and their appropriate governmental bodies. Even at the beginning, any proposals in this regard must be made by Newfoundland representatives, and the responsibility for them must be assumed by Newfoundland representatives. It will be of great interest, therefore, to find out what proposals or suggestions the Newfoundlanders may have to make. On the basis of its

present information, however, the Interdepartmental Committee feels that some form of general sales tax, a tax upon the goods consumed by the people of Newfoundland, will be found to be unavoidable, at least as a transition measure, pending the development of such other tax revenues, kinds of local organization, etc., as may be deemed more desirable on a permanent basis.

What is required in the first instance is a form of tax which can be readily and easily applied from the beginning of Newfoundland's status as a province, and which will have the least disrupting effects at a time when many other changes and transitional difficulties will be unavoidable. One of the problems to which attention has not hitherto been directed is that of the local industries, and to some extent the local merchandising concerns, which will be adversely affected by elimination of the customs tariff on imports into Newfoundland from Canada. It would undoubtedly add to their difficulties if a new tax on local production had to be inaugurated. Indeed it would be desirable, if at all possible, to provide some period of transition for gradual removal of the present customs tariff.

It is suggested, therefore, that it would be desirable and justifiable for Newfoundland to continue to levy customs duties on imports on a declining scale during the first 10 years of confederation. The actual duties to be levied and the goods to be affected would require considerable detailed study and working out, but as a general principle it is suggested that present Newfoundland duties on imports from Canada, instead of being wiped out immediately, should be reduced by 50% at the commencement of confederation and by a further 5% each year thereafter, so that at the end of 10 years the tariff would have disappeared. As regards imports from third countries, it may be that the best arrangement would be to calculate the difference in the amount of duty payable under present Newfoundland rates and under applicable federal rates, and have the actual Newfoundland duty amount to 50% of such calculated sum in the first year and reduced in the same proportion thereafter as the duty on imports from Canada. (Any such special arrangement re tariffs should be incapable of amendment, termination or extension whether by the federal Parliament or the provincial legislature.)

To replace this special source of revenue, which would be large in the early years but would dwindle to zero at the end of 10 years, a special general sales tax might be levied by Newfoundland with whatever constitutional delegation of authority might be necessary from the federal government, which perhaps would start in the third year of confederation and increase gradually to something of the order of 5% at the end of the 10-year period. It could be changed or reduced or abolished entirely by the provincial legislature if and when other taxes of a more desirable character would raise an equivalent amount of revenue.

The above suggestion with regard to a provincial import tariff is, of course, of a very special character and would be recognized as applying only to Newfoundland. However, the suggestion with regard to federal assistance in the levying, and perhaps in the collection, of a provincial sales tax might lead to demands by other provinces for similar facilities, and the government would probably wish to decide in advance whether to grant such requests. It may be noted that the sales tax would be of even greater interest to Newfoundland than to the other prov-

inces, because such a large proportion of the goods to which it would apply would be imported from the mainland and collection of the tax at the ports would be a fairly simple matter. In addition, such a tax in the case of Newfoundland would be less objectionable from the point of view of other provinces, for it would not apply to any large degree to goods which would be consumed in other provinces, i.e. though it would be levied on local Newfoundland production, it is not likely that much of the goods in question would be exported from Newfoundland to the mainland.

After allowing for the amount of revenue that might be expected to accrue from taxation measures such as those discussed above, it is probable that there would still be some deficit in the provincial budget over the 10-year period as a whole. As a last resort, Newfoundland could draw on its surplus fund to meet these deficits. It might well be argued, however, that there would be justification for the federal government undertaking to provide some special subsidy which might or might not prove to be as great as the total remaining deficit. Some limit would obviously have to be placed on the federal contribution. In the Committee's discussions it was felt that the total amount for the 10-year period as a whole would be between \$10m. and \$20m. This might be treated as a global total to be drawn on in years in which a deficit was actually experienced. Alternatively it could, if desired, be established on an annual basis of \$1m. or \$2m., in which case the amount should be paid each year, even though no deficit was incurred in that particular year.

By limiting the total amount of the federal subsidy, it is believed that a considerable incentive would be offered to the provincial authorities to do their best in the matter of levying and collecting provincial taxes, and of proceeding with various forms of local organization. They would realize that to the extent they failed in this effort they would have to draw on their surplus fund, which they would prefer to use for capital expenditures, and in addition they would be jeopardizing the amount of the federal contribution to capital expenditures.

#### LONGER TERM ARRANGEMENTS

Assuming satisfactory arrangements can be made for a 10-year period, there is no certainty that Newfoundland as a province would be able to stand on its own feet thereafter. The very difficulty of foreseeing conditions 10 years in the future, which makes it difficult to feel certain of Newfoundland's success, also makes it impossible to set forth in advance what should be done if complete success is not realized. It is not felt that any specific commitment by way of a guarantee of special assistance by the federal government on a predetermined basis can or should be given at the time of confederation.

Instead, it is suggested that provision be made for a reassessment of Newfoundland's position near the end of the transition period. This might be done by a Royal Commission appointed by the federal government, or by a joint commission which would include provincial representatives. Its task would be to ascertain whether Newfoundland was able to carry on its provincial government without special financial arrangements, and if not, to recommend appropriate action. It might also report on the progress made with respect to economic development and recommendations for the future.

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B.C./Vol. 114

*Mé morandum de la deuxième direction politique*  
*Memorandum by Second Political Division*

MINUTE ON DESPATCH NO. 585 OF NOVEMBER 27TH, 1946†,  
FROM THE HIGH COMMISSIONER FOR CANADA  
IN ST. JOHN'S, NEWFOUNDLAND

1. Despatch encloses letter from opponent of Confederation and a reply from Mr. J. R. Smallwood, as published in the St. John's *Evening Telegram* on November 23rd and 26th. Mr. Smallwood's letter shows what Newfoundlanders favourable to Confederation think Newfoundland would be entitled to.

2. The opponent's letter makes these points:

(a) The B.N.A. Act must in greater part be forgotten because it would remove Newfoundland's main sources of revenue and saddle her with maintenance of the most expensive services.

(b) The Maritimes are dissatisfied, depressed by centralization, neglected insofar as Federal public works projects are concerned.

(c) Maritime fisheries are not properly cared for by the Federal Government. Newfoundland would fare no better and Federal marketing would be no improvement over that provided by the Newfoundland Fisheries Board.

(d) Canadian capital is unlikely to be attracted to Newfoundland under Confederation.

(e) Confederation would mean heavier taxation because new taxes would have to be introduced to replace lost customs revenue. Baby bonuses, etc., would have to be paid for, and Newfoundland would have to assume its share of Canada's heavy tax burden.

(f) Newfoundland politics would be no better under Confederation than under Responsible Government.

(g) There are serious sectional differences in Canada.

3. In reply Mr. Smallwood paints the following picture of what Confederation would and should mean:

(a) Under the B.N.A. Act the Federal Government would take over and operate the following services now operated at Newfoundland's expense: "Lighthouses, Fog-alarms, Aids to Navigation, Dredging, Public Wharves, Breakwaters, Public Launchways and Slipways, Posts and Telegraphs, Veterans Pensions and Rehabilitation (both wars), Government House, over half our judicial system, Airports, Defence, Cabot Strait Ferry Service."

(b) There is in addition a "Variety of arrangements and things" which are matters of common practice between the Federal Government and the provinces: e.g. a Federal penitentiary, a demonstration farm, a national park, a national harbour.

(c) It is implied in the B.N.A. Act that the Federal Government would take over Newfoundland's entire public debt.

(d) Newfoundland would get certain "special terms":

- (i) Railway and coastal boat system taken over by Federal Government.
- (ii) Federal social services such as old-age pensions and family allowances would be extended to Newfoundland.
- (iii) Newfoundland would receive an annual subsidy of \$5,000,000 as rental for income tax, etc.
- (e) "Special terms" would also have to include a further annual subsidy to make up for lost customs revenue and to enable Newfoundland to finance herself as a province. Provincial services could not be financed on revenue obtained from the "tax agreement" subsidy and such direct taxes as would be left to Newfoundland. There would still be a shortage which would have to be made up by a special subsidy. *If the Federal Government does not recognize the justice of Newfoundland's claim to this special subsidy, "Confederation dies right there."* Progress already begun in Newfoundland in such "provincial" fields as education, public health and local road-building must be continued.
- (f) Certain miscellaneous benefits, in addition to those mentioned, would ensue from Confederation:
  - (i) Employees of Federal agencies and Departments would receive Federal rates of pay and pensions.
  - (ii) Veterans would receive better pensions and treatment.
  - (iii) Workers in distributive trades would find increased employment because of greater volume of goods entering Newfoundland.
- (g) Under Confederation Newfoundland would expect not only to see taxes on the well-to-do increased but also to have taxes on the mass of the people lessened.

P. A. B[RIDLE]

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*Extrait d'un mémorandum du secrétaire, le Comité interministériel sur les relations entre le Canada et Terre-Neuve<sup>24</sup>*

*Extract from Memorandum by Secretary, Interdepartmental Committee on Canada-Newfoundland Relations<sup>24</sup>*

SECRET

Ottawa, November 28, 1946

SPECIAL FINANCIAL PROBLEMS CONNECTED WITH THE  
ESTABLISHMENT OF NEWFOUNDLAND AS A  
PROVINCE OF CANADA

SUMMARY OF ADDITIONAL POINTS BROUGHT FORWARD DURING  
MEETINGS OF NOVEMBER 9TH — NOVEMBER 16TH

...

LONGER-TERM ARRANGEMENTS

1. The arrangements proposed might at first seem objectionable to a Newfoundland delegation because they would probably look for positive assurance of

<sup>24</sup>P. A. Bridle.



satisfactory financial arrangements at the end of the transition period. However, if they should accept our fundamental proposition that an effort should be made to get them at least to some extent on their own feet by the end of the transition period, they should realize that provision for reconsideration of their position plus a guarantee in principle that we would endeavour to work with them to bring them up to the level of adjacent provinces, would really be their best assurance of security. We should try to make them see that the fixing of an exact annual subsidy at this stage would work out as much to their disadvantage as to ours.

...

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*Mémorandum du secrétaire, le Comité du Cabinet  
sur les relations avec Terre-Neuve*

*Memorandum by Secretary, Cabinet Committee.  
on Newfoundland Relations*

TOP SECRET

Ottawa, December 2, 1946

A meeting of the Cabinet Committee on Newfoundland Relations was held in the Privy Council Chamber on Monday, December 2, 1946, at 12:00 noon.

Present:

The Minister of National Health and Welfare,  
(Mr. Claxton) Acting Chairman,  
The Minister of Reconstruction and Supply, (Mr. Howe),  
The Minister of National Defence, (Mr. Abbott),  
The Minister of National Revenue, (Dr. McCann),  
J. R. Baldwin, Privy Council Office, (Secretary).

1. *Interdepartmental Committee; proposed reports to Cabinet Committee.*

1. THE ACTING CHAIRMAN pointed out that the Cabinet on October 30th had approved the establishment of a Committee of Cabinet on Relations with Newfoundland and an advisory interdepartmental committee of officials to report to the Cabinet Committee.

A preliminary report from the interdepartmental committee had been circulated to members of the Cabinet Committee; this report contained general information on the position of Newfoundland and on the progress of the national constitutional convention presently meeting in Newfoundland; it also contained a statement on the work which the interdepartmental committee proposed to undertake.

Reports would be submitted to the Cabinet Committee, by the interdepartmental committee, on the procedure which might be followed in any discussions with Newfoundland, on possible terms and conditions for federation including budgetary aspects, and on legal procedure in the event of admission being sought. These reports would provide the Cabinet Committee with information for discussions with any delegation which the convention in Newfoundland might decide to send to Ottawa, and for any subsequent negotiations.

The Department of External Affairs are also preparing factual memoranda on Canada-Newfoundland relations.

(Preliminary report on Canada-Newfoundland Relations, November 21, 1946).<sup>†</sup>

2. THE COMMITTEE, after discussion, noted with approval the Acting Chairman's report.

2. *Procedure for discussions with Newfoundland representatives.*

3. THE ACTING CHAIRMAN read a report, copies of which had been circulated with the Preliminary Report from the interdepartmental committee, on problems of procedure which would arise in the event that the constitutional convention in Newfoundland expressed a desire to send a delegation to Ottawa for discussions.

The Cabinet had already on October 30th agreed that in this event the delegation be received; one difficulty however would be that the Convention did not possess the authority to send a delegation with power to negotiate terms.

A firm offer from Canada to such a delegation might be misinterpreted as a desire on the part of Canada to annex Newfoundland or might create a "take it or leave it" impression which would prejudice reception in Newfoundland. On the other hand, it would be necessary to give a reasonably clear indication of terms to any representatives of Newfoundland before the question of joining Canada was submitted to the people of Newfoundland generally.

In these conditions it had been suggested that should a delegation from the Convention come to Ottawa, discussions should in the first instance be of a preliminary and exploratory nature and that the United Kingdom might be associated with these discussions as well.

(Under-Secretary of State for External Affairs, Memorandum on Negotiations with a Newfoundland Delegation, November 16, 1946).

4. THE COMMITTEE, after discussion, agreed that:

(1) pending further consideration it would not be desirable to establish detailed procedure for discussions or negotiations with any delegation which the Newfoundland constitutional convention might send to Ottawa;

(2) in the first instance discussions with any such delegation should be purely exploratory in nature; and

(3) it would be desirable for U.K. representatives to be associated with these discussions, if possible on the suggestion of Newfoundland.

J. R. BALDWIN

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*Extraits d'une lettre du secrétaire, le Comité interministériel sur les relations entre le Canada et Terre-Neuve, à l'assistant administratif des gouverneurs, la Banque du Canada*

*Extracts from Letter from Secretary, Interdepartmental Committee on Canada-Newfoundland Relations, to Executive Assistant to the Governors, Bank of Canada*

TOP SECRET

Ottawa, December 3, 1946

Dear Mr. Coyne,

I enclose the following papers, containing comments on your memorandum on financial problems connected with the entrance of Newfoundland into Confederation:

1. Memorandum of November 29th from Mr. Baldwin addressed to myself.
2. Memorandum of November 30th from Mr. Bates addressed to myself.
3. Memorandum of November 30th prepared by Mr. Sharp and signed by Mr. Hockin for him.

I understand that Mr. Watts has already given you his comments.

Mr. MacKay gave me his comments over the telephone last Friday, as at that time it was expected that it would be necessary to have all the comments in your hands by November 30th. Mr. MacKay expressed general satisfaction with the memorandum but said that he has two main criticisms to offer.

The first is that in certain respects the scheme does not appear sufficiently attractive from the Newfoundland point of view. He feels that when terms are drafted Newfoundland would have to be assured of a subsidy in a definite amount for the transition period. This amount, whether global or annual, should be on a higher scale than that suggested in your memorandum — probably of the order of \$2 or \$3 million a year. At the same time, the special customs duty should be restricted so as to apply to certain commodities only. It would appear that, under the proposals outlined in your memorandum, the total amount to be collected in taxes would be as great [as], and probably more than is collected at present. Hence the arrangements would give insufficient relief to those suffering from the high cost of living.

His second general criticism is that the memorandum tends to give the impression that we may expect Newfoundland's financial position as a province to be pretty satisfactory in ten years' time. He feels that we would be unwise to assume this and it may very well be that, when the position is examined at that time, it will be found that a special subsidy not much less than the subsidy paid during the transition period will be required.

...

I presume that you will wish to give a copy of your final memorandum to the Governor of the Bank of Canada. If you would be good enough to let me have six additional copies I will ask the appropriate members of the Committee to give

them to the Deputies concerned. The latter are the Deputy Ministers of External Affairs, Finance, and Reconstruction and Supply, as well as the Clerk of the Privy Council. I think it was agreed that we would ask the Deputies to return the memorandum so that it might be further considered by the Interdepartmental Committee in the light of their comments. I will also send a copy to Mr. Macdonald.

...

Yours sincerely,

P. A. BRIDLE

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Mémorandum du secrétaire, le Comité du Cabinet sur les relations avec Terre-Neuve, au secrétaire, le Comité interministériel sur les relations entre le Canada et Terre-Neuve*

*Memorandum from Secretary, Cabinet Committee on Newfoundland Relations, to Secretary, Interdepartmental Committee on Canada-Newfoundland Relations*

Ottawa, November 29, 1946

I have gone over Mr. Coyne's memorandum on financial problems connected with the entrance of Newfoundland into Confederation and in accordance with your request I am sending you my comments.

I am somewhat handicapped as a result of absence from the later meetings of the interdepartmental committee but for what they are worth, my suggestions are as follows:

*General Comments*

I wonder if it would be worth while either in the introduction to the memorandum or in the conclusion, to include special mention of the "federal territory" idea; even though the interdepartmental committee felt it was extremely unlikely that this idea would be acceptable to Newfoundland, nevertheless they felt there is so much to be said for it.

I think as well, that the idea of a guarantee in principle to Newfoundland that the government would endeavour to see that Newfoundland is provided with resources adequate to maintain it as a province on a par with the other provinces of Canada (or some similar general formula) might perhaps be included in Mr. Coyne's memorandum either in the section of "Longer-Term Arrangements" or in the "Provincial Budget." It is the sort of general assurance which might usefully be given to Newfoundland.

I also notice that Mr. Coyne made no reference to Labrador although this was discussed at some length in interdepartmental committee.

Further, my own impression without having attended all the discussions in the interdepartmental committee is that a deal which goes a little farther in the way of guarantees related to the provincial budget and not quite as far in terms of guaranteed amounts available for public investment and capital development

might be more acceptable to the Newfoundlanders; this is, however, a purely personal opinion.

*Specific Comments*

1. Page 2, "*The background of the problem*". Would there be any merit in adding in the first paragraph a phrase to indicate that the judgment is based on the present economic organization of Newfoundland and that modification and improvement of that organization would make for less vulnerability in the future?

2. Page 3, "*Effects of normal government activities*." Would the immediate effect of customs reductions on prices and the more gradual effect of Canadian business practices on present exorbitant profit margins in Newfoundland be sufficiently important in bringing price levels down to make it worth while devoting a sentence or two to this point?

3. Page 12. I think I understand the intention of the scheme regarding reduction of duties on imports from third countries but the sentence describing this scheme might perhaps be rewritten a little more clearly; on reading it over it seemed to me that more than one meaning might be taken from it.

4. *Newfoundland's public debt*. The suggestions in this connection seem to go pretty far; we may have to do this eventually, but I wonder if we need go so far in the beginning. Psychologically, and also considering the position of the other provinces, would it be fair to put Newfoundland in a position where it had no net debt.

I am not sure of the merit of all the foregoing suggestions; the number of permutations and commutations [combinations?] which can be worked out in seeking alternative solutions is so great that I think probably the best thing is to get Mr. Coyne's memorandum forward as promptly as possible to the deputies concerned, as a basis for discussion.

J. R. BALDWIN

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Extraits d'une lettre du directeur général de la recherche économique,  
le ministère de la Reconstruction et des Approvisionnements,  
au secrétaire, le Comité interministériel sur les relations  
entre le Canada et Terre-Neuve*

*Extracts from Letter from Director General of Economic Research,  
Department of Reconstruction and Supply, to Secretary,  
Interdepartmental Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, November 30, 1946

Dear Mr. Bridle,

I have only a few comments on the memorandum prepared by Mr. Coyne and yourself.

...

Page 14, last sentence of first paragraph, beginning "It is not felt that any specific commitment" tends to sound a little too negative. The idea as presented in your own notes on page 3 is perhaps a little closer to the desirable statement.

Yours truly,

STEWART BATES

[PIÈCE JOINTE 3/ENCLOSURE 3]

*Extraits d'un mémorandum de l'adjoint du sous-ministre des Finances*  
*Extracts from Memorandum by Assistant to the Deputy Minister of Finance*

Ottawa, November 30, 1946

COMMENTS ON MR. COYNE'S DRAFT

Apart from certain amendments in wording listed below, the two main comments I have on the Draft Statement are:

(1) In the discussion of the Newfoundland debt only the direct debt is mentioned. While it is true that the indirect debt is relatively unimportant, nevertheless it should not be disregarded entirely.

In the 2nd paragraph on page 7, the proposed three-way split of Newfoundland's debt is put forward as if it were the final and settled recommendation of the Committee. I would suggest that this be put forward as one suggestion which found considerable favour, but that others might also be considered.

(2) In dealing with the provincial deficit on page 13, more importance is attached to the proposal to put a global amount of \$10 or \$20 million at the disposal of the provincial government than seems to me to be warranted. I would rather see various alternatives listed in this section, including most of those listed in Mr. Bridle's supplementary memorandum. The latter might be revised to avoid overlapping.

...

There may be some value in mentioning, although not endorsing the idea, of Newfoundland being brought in as a federal territory during the transition period. I am also inclined to think that the general argument put forward in Mr. Bridle's note on longer-term arrangements might be incorporated into the Statement.

M. S. SHARP  
 PER A. B. HOCKIN

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R.A.M./Vol. 2

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État par intérim aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Acting Secretary of State for External Affairs*

DESPATCH 611

St. John's, December 10, 1946

CONFIDENTIAL

Sir,

With reference to my telegram No. 208 of December 7th<sup>†</sup> and earlier correspondence respecting the work of the National Convention I have to report that, though the various Committees have been meeting twice daily with occasional evening sessions, they are finding it more difficult than they had anticipated to collect and correlate information in their respective fields. It is now becoming clear that the only Report that will be available for submission to the Convention before it adjourns for the Christmas recess on December 14th will be the report of the Committee on Transportation. [ . . . ]

2. The delay in the presentation of reports will undoubtedly mean that the programme of the Convention will be retarded and that the way will not be clear for the introduction of a motion that a delegation be sent to Ottawa before some time in February. It is thus becoming less and less probable that it will be feasible for the Convention to make recommendations as to the future form of Government in time to permit of the holding of the referendum next spring. This delay, however, should work to the advantage of the movement for Confederation for in a subject of this magnitude involving the surrender of their separate identity, public opinion ripens slowly.

3. Another development of importance in this connection is the appointment of Mr. J. R. Smallwood, the only member of the Convention who has publicly committed himself to the desirability of union with Canada, to the Steering Committee of the Convention. He has become Chairman of the Committee on Transportation in succession to the Honourable Mr. Bradley and, as such, is entitled to a seat on the Steering Committee. The Steering Committee is not only influential in guiding the deliberations of the Convention but, if the delegation goes to Ottawa, it will very probably be composed of the members of the Committee if for no other reason than the inherent difficulty of selecting the members on any other basis. Mr. Smallwood would be an invaluable member of the delegation for he is the only member of the Convention who has a detailed knowledge of Federal systems of Government and his influence would undoubtedly be on the side of accepting any reasonably good terms even if they were less favourable than the delegation might have hoped to secure.

I have etc.

J. S. MACDONALD

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*Le haut commissaire à Terre-Neuve au secrétaire d'État  
par intérim aux Affaires extérieures*

*High Commissioner in Newfoundland to Acting Secretary of State  
for External Affairs*

DESPATCH 612

St. John's, December 11, 1946

SECRET

Sir,

I have the honour to acknowledge receipt of your communication No. 344 of November 20th,<sup>1</sup> enclosing the Minutes of the Fifth and Sixth Meetings of the Interdepartmental Committee on Canada-Newfoundland Relations and your telegram No. 222 of December 6th<sup>1</sup> outlining decisions taken by the Cabinet at its meeting on December 2nd on the basis of the Committee's interim report.

2. A copy of the report under reference was not forwarded with the Minutes of the meeting at which it was adopted. I am, therefore, severely handicapped in endeavouring to make any useful observations on the decisions that have been taken. I feel, however, that I would be remiss in my duty if I did not point out that, in my view, the conclusions set forth in the Minutes and in the telegram under reference, if adhered to, will rule out any prospect of bringing Newfoundland into the Canadian Federation, and that I should, therefore, bring the following considerations or points of view to your attention.

3. May I refer, first of all, to the Committee's recommendation that higher duties be imposed on goods imported into Newfoundland than on goods imported into the other Provinces and that they be collected even on goods imported from the other Provinces. The grossly unfair incidence of a Customs Tariff, particularly on the working man with a family to support, in a country where nearly everything is imported, has given rise to a very strong feeling against it. One of the greatest attractions to Newfoundlanders in the idea of union with Canada lies, indeed, in the reduction in the cost of living that union would bring about through abolition of the Customs Tariff on goods from Canada. It will certainly come as a shock to public opinion in this country if we propose Confederation while leaving Newfoundlanders subject to duties on imports from Canada, their main source of supply. A decision to maintain the Tariff, or even a modified Tariff, will remove one of the strongest incentives to union. In my view, indeed, any basis of union that would be acceptable to the majority of Newfoundlanders would have to provide for the abolition of the Customs Tariff on goods from Canada.

4. With respect to the public debt I feel that the cautious and complicated dispositions adumbrated by the Committee are little calculated to appeal to the people to whose verdict they must ultimately be submitted. It is true, of course, that the *per capita* debt of Newfoundland is now higher than that owed by the various Provinces at the time of their entry into the union three-quarters of a century or more ago. But it is equally true that Newfoundland's assets — rail-



ways, docks, ships, lighthouses, wharves, breakwaters, customs houses, post offices, the telegraph system, airfields, etc., that would be transferred to the Dominion Government — are much more extensive and more highly developed. Moreover, unlike the debts of the present Provinces when taken over by the Dominion only a comparatively small portion was incurred for the construction of roads and bridges which remain the property of the Province. Historically, there has been a great deal of elasticity in the assumption of provincial debts and, in any case, the conditions with which we are now confronted are without a parallel in previous negotiations. The external public debt of Newfoundland is payable in sterling and the United Kingdom has undertaken to pay both interest and principal in case of need. They might, therefore, be willing to cancel part of the debt if, as a result of Newfoundland coming into Confederation, they had an assurance of being relieved of their present contingent liability. It should also be borne in mind in this connection that, if Newfoundland retains any substantial portion of the debt, interest and sinking fund requirements will have to be met from Provincial revenues, thus increasing the annual subsidy that would have to be provided to Newfoundland to enable it to meet its expenditures as a Province.

5. It must be kept in mind, also, that quite apart from the substance of the question, the psychological aspect is of great importance. At the Conference of 1895, when Newfoundland was in dire financial straits, their delegation insisted on the taking over of the public debt as a condition of entering the Canadian union. The present public debt of Newfoundland is very low compared with the public debt of Canada and any delegation that may come from Newfoundland would, I feel sure, regard the taking over of at least the external or sterling debt as a *sine qua non* of entering Confederation. The application now of the same criteria we applied to them in 1895 would result, not only in the assumption of the whole public debt, but in the payment by Canada of a subsidy to compensate them for the amount by which the *per capita* debt of the Dominion exceeds that of Newfoundland. Interest on this amount even computed at 3% would come to several million dollars per annum. In any case it would be entirely unrealistic to expect Newfoundland taxpayers to be attracted to the idea of coming in and being taxed at Canadian rates to help pay interest on the Canadian public debt of \$1068 *per capita*, as compared to their debt of only \$238, while they are still left saddled with a considerable public debt of their own incurred, very largely, to pay for assets that had become the property of the Dominion. The Conference of 1895 failed because of our over-cautious attitude on the assumption of the debt and I consider that, to be acceptable to Newfoundland, it would be essential that the sterling debt be taken over completely either by Canada alone or in agreement with the United Kingdom.

6. The other decisions to which I feel I should refer briefly relate to procedure rather than to substance, and cover matters I had not envisaged as coming within the purview of the Interdepartmental Committee. They are (a) that United Kingdom representatives should be associated in any discussions with the Newfoundland delegation, making the meeting a tripartite Conference, and (b) that the discussions, in the first instance, should be purely exploratory in nature.

7. With respect to the first point I doubt that it would be politically wise to suggest associating the Government of the United Kingdom with the discussions.

The belief is already widely held among Newfoundlanders — and where it is held it is resented — that the United Kingdom is trying to manoeuvre Newfoundland into union with Canada in order to avoid having to give further assistance herself. Any suggestion of the kind envisaged by the Committee would merely confirm this view.

8. It must be kept in mind, also, as I have pointed out in earlier reports, that it is proposed, before making any move to request the Canadian Government to receive a delegation, to ask the Government of the United Kingdom whether they will be prepared, if Newfoundland should agree to retain Government by Commission, to meet any deficits that may occur without cutting down the public services. It seems probable that it will only be if the reply from the United Kingdom is of a negative character that there will be the requisite support for an approach to Canada. In such an atmosphere I doubt that it would be helpful for the United Kingdom to be associated in the discussions. Outside of a small section of the population there is no very warm patriotic feeling in Newfoundland towards the United Kingdom and I doubt that we would gain anything at this end in having the United Kingdom associated in the discussions. The fact that the United Kingdom had acted as a channel of communication in preparing for the reception of a delegation would be sufficient indication that they were in general agreement with the purpose of the discussions and I think that would be sufficient. This need not preclude, however, a request to the United Kingdom, while the discussions with a Newfoundland delegation were proceeding at Ottawa, to make a contribution towards the debt settlement on the grounds set forth above.

9. With reference to the second point — that discussions should, in the first instance, be merely exploratory — it should be noted that the delegation, if it comes, will come with the mission of ascertaining whether the Government of Canada is prepared to accord terms of union that, if considered by the Convention to be fair and equitable, can be placed before the people of Newfoundland in the forthcoming national referendum. As I have indicated in earlier reports, the delegation will not be empowered to negotiate an agreement on terms of union. Nor will they have any more information than we will have ourselves on the economic and financial condition of Newfoundland. The time element is also important. The great majority of the members of the Convention feel that, having been studying the problem since early in September, it will be incumbent on them to make recommendations on the future form of government by March or April at the latest. While these conditions would not preclude some general discussions of the situation with the Newfoundland delegates and while we might ask them for information on economic, financial and other relevant points, and even ask them, if necessary, to wait for a few weeks while we made up our minds, unless we could give them a definite offer of terms within a month or two of their arrival, the Convention would, almost certainly, feel that they must proceed with the business of recommending a referendum on other forms of government and the opportunity of bringing Newfoundland into Confederation presented by the present constitutional situation would have been lost.

I have etc.

J. S. MACDONALD

227.

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*Extraits d'une lettre du sous-secrétaire d'État par intérim  
aux Affaires extérieures à l'assistant administratif  
des gouverneurs, la Banque du Canada<sup>25</sup>*

*Extracts from Letter from Acting Under-Secretary of State  
for External Affairs to Executive Assistant to  
the Governors, Bank of Canada<sup>25</sup>*

SECRET

Ottawa, December 14, 1946

I enclose copies of memoranda of conversations<sup>†</sup> which Mr. R. L. M. James, Newfoundland Commissioner for Finance, had with members of this Department on December 7th and 9th, 1946.

Mr. James, who has now returned to Newfoundland, had been visiting Montreal, Ottawa, and Toronto on business for the Newfoundland Government. The scope of his business in Ottawa is indicated in the attached memoranda.<sup>26</sup>

...

You will I think find Mr. James' remarks on the political situation interesting in connection with considerations which have been brought forward in recent despatches from our High Commissioner in St. John's. There seems to be no doubt in Mr. James' mind that the people in Newfoundland are more interested in economic security combined with good government than they are in political freedom. This being the case, the present plans of the Commission of Government are of considerable significance. Under the leadership of the Governor, Sir Gordon Macdonald, the Commission is initiating a programme designed to lower the cost of living and to rationalize the tax structure. Only minor administrative changes have been made so far, but we understand that the Governor intends to press the programme as vigorously as possible. It also appears that the Governor, and a large section of the public as well, may be beginning to feel that there might be considerable scope for the Commission of Government in Newfoundland during the next five or ten years. We are inclined to think that the Commission of

<sup>25</sup>Des lettres semblables furent envoyées aux autres membres du Comité interministériel.

<sup>26</sup>Non reproduit. R. L. M. James s'était rendu à Ottawa afin de connaître jusqu'à quel point le Canada aiderait Terre-Neuve à augmenter sa part du marché du poisson aux États-Unis en tirant profit des nouveaux accords possibles sur les tarifs préparés par l'Organisation internationale du Commerce. Il essayait aussi d'obtenir les services d'un économiste canadien pour le poste de président d'une commission d'enquête sur le coût de la vie à Terre-Neuve qu'on proposa d'établir (voir le volume 1, chapitre III, partie 3) ainsi que les services d'un statisticien qui participerait à l'établissement d'un service de statistique pour le gouvernement de Terre-Neuve.

<sup>25</sup>Similar letters were sent to the other members of the Interdepartmental Committee.

<sup>26</sup>Not printed. R. L. M. James had visited Ottawa in order to explore the extent to which Canada could assist Newfoundland to gain a larger share of the U.S. fish market by taking advantage of possible new tariff arrangements under the International Trade Organization. He had also wanted to secure the services of a Canadian economist to act as Chairman of the proposed Commission of Enquiry into living costs in Newfoundland (see Volume 1, Chapter III, Part 3) as well as those of a statistician to assist in the establishment of a statistical service for the Newfoundland Government.

Government represents stronger opposition than does the Responsible Government movement.

Mr. James' remarks in connection with the probable reply which the United Kingdom Government will make to the National Convention on the question of financial support, are of interest in this connection. It would appear that, if a reply along the lines suggested by Mr. James is made, the people of Newfoundland will hardly thereby automatically be forced to the conclusion that they must look to Confederation for a solution.

You may wish to note that we have been informed that certain circles in Newfoundland are now hoping to obtain information about the possible terms of Confederation by indirect means and also possibly by an approach through diplomatic channels. Their object would be to make it unnecessary to send a delegation to Ottawa.

Yours sincerely,

G. L. MAGANN  
for the Acting Under-Secretary  
of State for External Affairs

228.

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*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 2388

London, December 14, 1946

IMMEDIATE. PERSONAL. Following for Pearson from Robertson, Begins:

1. Machtig has asked me if it would upset the Ottawa timetable if the talk on Newfoundland, which you have asked me to have with him, was deferred until the beginning of January. Wheare, whom he wishes to have present, is out of town next week, and Machtig himself will be unavailable the week after.

2. If this postponement would be inconvenient, I think I could persuade Dominions Office to bring Wheare back to town for a meeting next week. Please advise. Ends.

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*Extraits du procès-verbal de la septième réunion du Comité  
interministériel sur les relations entre le Canada et Terre-Neuve*  
*Extracts from Minutes of Seventh Meeting of Interdepartmental  
Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, December 16, 1946

The meeting was held at 11:00 a.m. on December 16th, 1946, in Room 123, East Block. The following were present:

Mr. J. S. Macdonald — High Commissioner  
for Canada in St. John's, Newfoundland.  
Mr. R. A. MacKay — Department of External Affairs  
Mr. M. W. Wershof  
Mr. P. A. Bridle  
Mr. C. Stein — Department of Justice  
Mr. S. Bates — Department of Reconstruction and Supply  
Mr. A. L. Neal — Department of Trade and Commerce  
Mr. A. B. Hockin — Department of Finance  
Mr. J. R. Baldwin — Privy Council Office  
Mr. J. E. Coyne — Bank of Canada  
Mr. G. S. Watts

2. Mr. MacKay was in the chair. In the absence of Mr. Sharp, who was unable to attend due to another commitment, it was decided to defer discussion of financial questions until a further meeting.

...

13. The chairman asked the Legal Sub-Committee to make available information concerning the number of members Newfoundland would be entitled to elect to the House of Commons under Confederation. Mr. Wershof and Mr. Stein agreed to secure this information.

230.

2828-40

*Extraits d'un mémorandum de la deuxième direction politique*

*Extracts from Memorandum by Second Political Division*

MINUTE ON DESPATCH NO. 623 DATED DECEMBER 16TH, 1946,  
FROM THE HIGH COMMISSIONER IN ST. JOHN'S, NEWFOUNDLAND

1. On December 13th the National Convention debated the section of the Transport and Communications Report on Tourist Trade.

...

3. At the close of the session, the Convention adjourned until January 8th. It is thought that during the recess members will have an opportunity to sound out the political pulse of the country.

4. Consensus of editorial comment on the work of the Convention to date is that, although lacking expert advice, members have striven essentially to throw light on the economic position of Newfoundland.

P. A. B[RIDLE]

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*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner  
in Great Britain*

TELEGRAM 2164

Ottawa, December 18, 1946

IMMEDIATE. PERSONAL. Following for Robertson from Pearson, Begins: It will be quite satisfactory for us for you to have your talk with Machtig on Newfoundland at the beginning of January. We understand that the National Convention will not be in a position to address any questions to the United Kingdom until some time after January 8th. Ends.

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*Le sous-comité juridique, le Comité interministériel sur les relations  
entre le Canada et Terre-Neuve, au secrétaire, le Comité interministériel  
sur les relations entre le Canada et Terre-Neuve*

*Legal Sub-Committee, Interdepartmental Committee on  
Canada-Newfoundland Relations, to Secretary, Interdepartmental  
Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, December 18, 1946

Dear Mr. Bridle,

Attached hereto please find in duplicate our report to the Committee,<sup>†</sup> pursuant to its direction of the 16th instant, concerning the number of members of the House of Commons which Newfoundland would be entitled to as a province under the existing legislation.

Yours truly,

C. STEIN  
M. H. WERSHOF

233.

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*Extrait du procès-verbal de la huitième réunion du Comité  
interministériel sur les relations entre le Canada et Terre-Neuve*

*Extract from Minutes of Eighth Meeting of Interdepartmental  
Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, December 19, 1946

The meeting was held at 11:15 a.m., on December 17th, 1946, in Room 123, East Block. The following were present:<sup>27</sup>

<sup>27</sup>Tous ceux qui étaient à la réunion du 16 décembre étaient présents sauf A. L. Neal, C. Stein et M. H. Wershof.

<sup>27</sup>All those who were at the December 16 meeting were present except A. L. Neal, C. Stein and M. H. Wershof.

...  
 2. Mr. MacKay was in the chair. He asked if any of those present were able to inform the meeting concerning their Deputies' reactions to the memorandum on financial problems of December 10th.<sup>28</sup> No opinions were yet available from Mr. Pearson or Mr. Heeney. However, Mr. Clark, Mr. Towers and Mr. Scully<sup>28a</sup> had tentatively expressed certain general views, chiefly with reference to the magnitude of the Newfoundland budget, and these were explained to the meeting. There was some discussion of the points of view expressed and it was decided to submit estimates of the Newfoundland provincial budget to the Secretariat of the Cabinet Committee on Dominion-Provincial Relations for opinion and further budgetary review.<sup>29</sup>

...

234.

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*Procès-verbal de la neuvième réunion du Comité interministériel  
 sur les relations entre le Canada et Terre-Neuve*  
*Minutes of Ninth Meeting of Interdepartmental Committee  
 on Canada-Newfoundland Relations*

SECRET

Ottawa, December 19th, 1946

The meeting was held at 2:30 p.m. on December 18th, 1946, in Room 123, East Block. The following were present:<sup>30</sup>

...

2. Mr. MacKay was in the chair. The meeting was devoted to a discussion of terms and procedure.

3. The divergence of opinion which had developed during the earlier meetings continued and it was not possible to arrive at an agreed solution along the lines suggested towards the end of the eighth meeting.

<sup>28</sup>Ce mémorandum était une version révisée du document 220 qui tenait compte des remarques des autres membres du Comité interministériel.

<sup>28</sup>This memorandum was a revised version of Document 220 which took account of comments by other members of the Interdepartmental Committee.

<sup>28a</sup>W. C. Clark, sous-ministre des Finances; G. F. Towers, gouverneur de la Banque du Canada; V. W. Scully, sous-ministre de la Reconstruction et des Approvisionnements.

<sup>28a</sup>W. C. Clark, Deputy Minister of Finance; G. F. Towers, Governor of the Bank of Canada; V. W. Scully, Deputy Minister of Reconstruction and Supply.

<sup>29</sup>J. E. Howes de la Banque du Canada, un membre du secrétariat du Comité du Cabinet sur les relations entre le Dominion et les provinces, est devenu, par la suite, un membre du Comité interministériel. Il établissait alors un sous-comité pour étudier le budget provincial et les revenus et dépenses fédéraux.

<sup>29</sup>J. E. Howes of the Bank of Canada, a member of the Secretariat of the Cabinet Committee on Dominion-Provincial Relations, later became a member of the Interdepartmental Committee. He subsequently formed a subcommittee to study the provincial budget and federal revenues and expenditures.

<sup>30</sup>J. R. Baldwin était absent en plus de ceux indiqués dans la référence 27.

<sup>30</sup>J. R. Baldwin was absent in addition to those indicated in footnote 27.

4. One body of opinion held that the basis upon which the Canadian Government is likely to consider that Confederation might be arranged is unlikely to be as generous as Newfoundlanders apparently desire and that it is extremely doubtful if the Canadian Government would, even after exploratory discussions, feel able to make a concrete offer of terms to a Newfoundland delegation. The other body of opinion held that terms which would be acceptable both to the Canadian Government and to the people of Newfoundland could and should be worked out and that there are adequate grounds for a decision to proceed as rapidly as possible with the working out of suitable terms. This body of opinion also felt that it would be essential to the success of the Confederation movement for the Canadian Government, at some stage in the discussions with a Newfoundland delegation, to present a clear-cut statement, covering all the main issues, of the basis upon which they felt that union with Newfoundland could suitably be effected.

5. It was generally agreed that little further progress could be made with the main business of the Committee until guidance had been received from higher authority on the basic points concerning which the Committee is at present unable to agree.

6. Mr. MacKay informed the meeting that Mr. Baldwin had arranged for a meeting of Mr. St. Laurent and Mr. Claxton with Mr. Macdonald, Mr. Sharp and and Mr. MacKay. He said that it is expected that this meeting will take place on the morning of Saturday, December 21st. It was agreed that the members of the Committee named should seek guidance on the basic question of procedure at this meeting.

7. It was agreed to hold a further meeting of the Committee on Friday, December 20th, at 11 a.m. to consider the report to be made on the tariff question by Mr. Neal of the Department of Trade and Commerce and officials of the Department of National Revenue.

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*Le secrétaire, le Comité interministériel sur les relations entre  
le Canada et Terre-Neuve, à l'assistant administratif  
des gouverneurs, la Banque du Canada*<sup>31</sup>

*Secretary, Interdepartmental Committee on Canada-Newfoundland Relations,  
to Executive Assistant to the Governors, Bank of Canada*<sup>31</sup>

SECRET

Ottawa, December 23, 1946

Dear Sir,

I enclose for your records a copy of a memorandum entitled "Suggested Basis for Special Financial Terms with Newfoundland," prepared by Mr. MacKay. The memorandum is put forward on a personal basis and is not intended to represent the views of the Committee.

<sup>31</sup>Des lettres semblables furent envoyées aux autres membres du Comité interministériel.

<sup>31</sup>Similar letters were sent to the other members of the Interdepartmental Committee.



I enclose also a table on "Percentage Distribution — Provincial Revenue, 1874" which may be of interest.

Yours sincerely,

P. A. B[RIDLE]

[PIÈCE JOINTÉ/ENCLOSURE]

*Mémorandum du conseiller spécial du sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum by Special Assistant to Under-Secretary of State  
for External Affairs*

SECRET

[Ottawa,] December 20, 1946

SUGGESTED BASIS FOR SPECIAL FINANCIAL  
TERMS WITH NEWFOUNDLAND

1. It is obvious that the present financial arrangements between the Dominion and the Provinces (even if the Dominion tax agreements offered are included) would not meet Newfoundland's fiscal need, at least at the outset. Even if Newfoundland were relieved entirely of existing debt the "Provincial" budget would appear to leave a gap of the order of \$5.0 million between expenditures on current account at the existing level of services and remaining revenues at the existing rates of taxation. Although this gap might be lessened or closed entirely by the development of new sources of revenue, there could be no doubt that an offer of union on terms which would leave Newfoundland at the outset to fill this gap by borrowing and/or by additional taxation would kill any prospect of union.

2. If Newfoundland were offered terms on a basis which even superficially resembled the present formula of Dominion-Provincial relations the offer might prove an embarrassing precedent to the Dominion in financial relations with existing Provinces.

3. It is suggested that special terms, which would be unattractive on the whole to other Provinces, might be justified on four grounds:

(a) that, although a broad formula was applied to all existing Provinces at the time they entered union, the basic condition for every province was that it was started off with sufficient revenues to balance its budget for existing services without resorting to any substantial new taxation;

(b) that Newfoundland, having existed as a separate political entity, has built up substantial capital equipment (e.g. a relatively large railway system, wide-spread aids to navigation, aviation facilities), and has undertaken expenditures for defence, both of which are in large measure responsible for the debt, which no existing Province had undertaken at the time of Union.

(c) that in order to adjust itself to the position of a province, Newfoundland should have special assistance during an interim period of adjustment (which should not coincide with tax agreements with provinces in the matter of time).

(d) that in view of relatively high developmental expenditures and possibly subsidies on current account the Dominion would be entitled to a limited measure of financial control during the interim period (e.g. prohibition on borrowing without Dominion consent).

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*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner  
in Great Britain*

TELEGRAM 2197

Ottawa, December 23, 1946

IMMEDIATE. TOP SECRET. Following for Robertson from Pearson, Begins:

1. My telegram No. 2164 of December 18th. Your meeting with Machtig.
2. On Saturday I had a meeting with Mr. St. Laurent attended by Macdonald, MacKay, Sharp of Finance, and Claxton. As result of this meeting Mr. St. Laurent has agreed to put before his colleagues at an early date the question of admission of Newfoundland in the light of probable financial costs. He will ask for a decision on policy in this matter. It would be desirable for you to have information regarding this decision before your meeting with Machtig and it is therefore suggested that you arrange to have it somewhat later than the beginning of January, providing that such postponement will be convenient to all concerned. No suggestion should, of course, be made to Machtig regarding the reason for any delay this may involve. Ends.

237.

C.D.H./Vol. 61

*Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État  
par intérim aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to Acting  
Secretary of State for External Affairs*

DESPATCH 634

St. John's, December 23, 1946

CONFIDENTIAL

Sir,

I have the honour to enclose copies<sup>†</sup> of editorials that appeared in the *St. John's Evening Telegram* of December 21st and the *St. John's Daily News* of December 23rd concerning the formation of a League to promote the return of Responsible Government.

2. It is rumoured that the League consists of a group of prominent Water Street merchants and that the first meeting took place at the home of Mr. A. E. Hickman, a leading businessman who is also the National Convention member for St. John's City East.

3. It would appear that the main reason behind the League's declared objective is that the merchants feel that should Commission of Government be retained or Confederation be adopted the high profits enjoyed by the merchants up to now would be in jeopardy.

4. The merchants are becoming increasingly suspicious of the Governor's intentions and suspect that he is attempting to alter the fiscal system in Newfoundland by substituting direct taxation for indirect taxation as the main source of Government revenue. The Government is also planning to form a Commission of Inquiry into the high cost of living prevailing in the country and there can be little doubt that the findings of the Commission will be detrimental to the merchant class. In the event of Confederation it is obvious that the whole economic system of the country would be altered.

5. It is difficult to judge just what influence the League will have, but should it be supported by a good number of the influential merchants who would be willing to spend freely, I think that with good organization and with the ties that bind most of the Island to Water Street the League might gain considerable support due to being the only politically active group with financial resources at the present time in Newfoundland and by appealing to the national pride of the people and playing on their prejudices.

I have etc.

A. E. L. CANNON

238.

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*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Cabinet*

*Memorandum from Under-Secretary of State for External Affairs  
to Cabinet*

SECRET

Ottawa, December 24, 1946

THE QUESTION OF NEWFOUNDLAND'S  
ADMISSION INTO CONFEDERATION

1. The Constitutional Convention now meeting in Newfoundland has almost completed its enquiry into the economic and financial position of the Island and about the middle of January will turn its attention to the Island's political future. It is expected that an enquiry will then be addressed to the United Kingdom regarding future financial aid should the Commission of Government be retained, or Responsible Government restored. It is probable also that the Canadian Government will be asked to receive a delegation to ascertain the feasibility of union with Canada, though this step may be delayed a few weeks pending a reply from the United Kingdom. The Canadian Government may thus shortly be faced with the necessity of reaching a decision on an issue which on three separate occasions — 1867, 1895 and 1933 — has failed of solution.

2. A delegation from the Convention, not representing a government, would be unable to sign any binding agreement. A basis of union could, however, be discussed and, if considered by the delegation to be fair and equitable, could be placed before the people of Newfoundland in the forthcoming National Referendum.

3. In order to be able to carry on as a Province Newfoundland would require substantially more financial aid *per capita* than any existing province, both on current and capital account. It has been estimated by the Interdepartmental Committee that the net cost on current account to the Dominion of incorporating Newfoundland (that is, additional costs of Dominion Services and financial aid to Newfoundland as a province less total additional revenues) would be of the order of \$10.0 million to \$15.0 million per annum, depending on, among other things, Dominion tax rates and the level of productivity in Newfoundland. In addition, substantial capital expenditures by the Dominion would be required to raise or sustain the level of productivity in Newfoundland. In the course of time the Dominion's net costs might be reduced, given economic expansion in Newfoundland, which would seem quite possible in view of the undeveloped nature of the country and particularly of Labrador.

4. It would seem desirable that a decision be reached on this question at an early date. The Cabinet has already agreed to receive a delegation, should the Convention wish to send one to Ottawa. The decision to be taken in this event is, in effect, which of the following Canadian policies should be adopted:

1. Confederation would be welcomed if it were not likely to involve an annual expenditure by the Federal Government of more than 10 to 15 million dollars.

2. Confederation should be brought about on the best terms that can be arranged with Newfoundland.

5. It would be desirable to communicate the substance of our decision to the Government of the United Kingdom before it is called upon by the National Convention to state its position.

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*Le haut commissaire de Grande-Bretagne au secrétaire aux Dominions*  
*High Commissioner of Great Britain to Dominions Secretary*

TELEGRAM 1791

Ottawa, December 24, 1946

SECRET AND PERSONAL. Your telegram No. 1671.† Following for Machtig.

I should perhaps have explained Canadian difficulty more fully. We have to bear in mind the following.

(1) In drawing up terms for union Canadians would first have to base themselves on B.N.A. Act. This, however, would not take them very far and would leave many important questions in the air, especially treatment of Newfoundland debt, division of taxation field between Dominion and Newfoundland Governments, and extent of assistance needed by Newfoundland if it is to be a viable entity as a Province.

(2) At present time whole question of Dominion-Provincial financial relations is as you know in melting-pot. Dominion Government having failed to reach agreement with Provinces collectively is now engaged on attempt to settle with each individually, threat being that any Province which refuses to enter agreement will have to face prospect of double taxation. This has meant long and

detailed negotiations with individual Provinces. Present position is that Dominion Government have reached agreement with Saskatchewan, Manitoba and New Brunswick and is reported to have done so in principle with British Columbia and Prince Edward Island. Ontario and Quebec continue to stand out and negotiations are still proceeding with Nova Scotia and Alberta. Agreements are being negotiated on most favoured province basis, i.e. any benefits which any one Province succeeds in extracting from Dominion Government are automatically extended to others entering into agreement. I suppose it might be possible for Dominion Government to base themselves on latest negotiated agreement and declare willingness to offer similar arrangements to Newfoundland but trouble is that such an offer would in itself only go part of the way since it would almost certainly fall a good deal short of meeting Newfoundland's special circumstances.

(3) We have to face fact that if Newfoundland is to pay its way as a Province it will need greater financial assistance from Dominion Government than that accorded to other Provinces, see (2) on page 5 of my letter of 26th November. The extent of such assistance is indeed crux of whole business. By working on the Newfoundland Estimates, etc. the Dominion authorities can make a rough guess at what is likely to be required, but before they could come out with a concrete offer they would need not only to be furnished with full authoritative information from Newfoundland and with the statistical and other data required but also to go in detail into the whole budgetary position in consultation with the responsible authorities in the Island or their representatives. Only so could they satisfy themselves that their offer was a fair and just one in relation both to Newfoundland and the other Canadian provinces.

2. In the light of the above, I think it not unreasonable that Canadians should feel that the most that can be expected of Ministers when the Delegation from the Convention comes up here is that they should show a welcoming and forthcoming attitude and deal as comprehensively as possible but in a broad way only with the terms that they would be ready to offer. Translation of the broad description into a concrete scheme could only be effected in discussion with Governmental representatives whether in association with delegates from the Convention or otherwise. It would be very difficult in advance of such discussion for Ministers to produce a concrete offer, still less would any such offer be a maximum one, for experience of the Dominion-Provincial talks shows that a maximum offer can only be reached in discussions in which the special considerations affecting an individual Province can be developed at length by its responsible spokesmen.

3. Notwithstanding the above difficulties it might I suppose be possible to press Canadian Ministers to make a broad offer to the Delegation in general terms, e.g. assuring them that if Newfoundland decided to join Canada she would receive not less favourable treatment than any other Province and could rely on the utmost consideration for her needs and in particular on the financial arrangements being such as would enable the Island to pay its way effectively as part of the Dominion. But I think Canadians feel that any such "general terms" offer would be very dangerous as basis for referendum since (1) varying interpro-

tations would immediately be assigned to it and the anti-confederationists would have plenty of opportunity to prejudice the issue. The odds would thus be in favour of rejection, (2) if alternatively offer was accepted at referendum this would probably be only on the basis of exaggerated expectations which would result in trouble later. This is the basis of Pearson's insistence that if possible referendum should not be held on confederation issue except on basis of a concrete scheme which could not be distorted or misrepresented.

4. I will think further over points made in your telegram but feel you should have the above comments at once in view of your approaching talk with Norman Robertson. As regards objection in your telegram that Convention would not agree to procedure outlined in my letter, the Convention would not of course be asked to agree or disagree until the matter was put to them by their own Delegation on its return. No one can say now what their attitude would be since everything depends (1) on Ministers being sufficiently forthcoming here as to impress the Delegation with the desirability of getting a proposition worked out in detail for the Convention's consideration, (2) on there being when the show-down comes a majority in the Convention in favour of at least seeing a detailed proposition in black and white even if not necessarily in favour of union with Canada as the ultimate solution. The further objection that the Convention is not a competent body to negotiate details would in fact be met by the procedure suggested since the Convention would merely receive a proposition (in concrete instead of general terms) which their delegates in association with representatives of the Commission of Government had hammered out albeit non-committally with the Canadians.

5. It may be of course that there will not at present be a majority in the Convention in favour of sending a Delegation to Ottawa at all and that people like Cashin will first try to get Confederation either ruled out altogether or else put to the people as one of several alternatives without explanation with the idea that in that event it could more readily be rejected. But in view of the volume of opinion in Newfoundland which has showed itself interested it is clearly the duty of the Convention to consider the Confederation idea seriously and to find out before any referendum is taken what Canada's attitude and terms would be. There will no doubt be ways and means of bringing this home to them and I think we should stand firm in resisting any proposals for finding out Canada's terms otherwise than through the sending of a delegation to Canada for direct discussion with the Canadian authorities. Once we get them that far we must count on the Canadians to jolly them along the rest of the way.

6. Canadian Cabinet are to discuss matter on Friday and I will let you know result as soon as I can.

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*Extrait de The Mackenzie King Record*<sup>32</sup>*Extract from the Mackenzie King Record*<sup>32</sup>

Two issues emerged immediately after Christmas. One was the future of Newfoundland, a subject Mackenzie King had discussed with British officials several times since the end of the war. In December 1945 Attlee had announced that a National Convention would be elected in Newfoundland to make recommendations on alternative forms of government for the colony which would be submitted to the people in a referendum. Debates within the Convention, which was elected in June 1946, were heated and acrimonious, illustrating a deep split between those who favoured a return to responsible government and those who urged that Commission government be continued. Occasional proposals for union with either the United States or Canada made proceedings even more lively. At the Cabinet meeting on December 27, there was "a long discussion on Newfoundland being brought into Confederation. Council generally felt Canada for the present, or even more for the future, would expect us to have Newfoundland made part of the Dominion. Also that the immediate problem was the danger, if we did not keep the way open and encourage the coming in of Newfoundland, that the United States might make an effort to have that Colony join them or perhaps some large American syndicate might get control of the little island, or that the Newfoundland people themselves might seek annexation with the States.

"St. Laurent was quite strong for bringing the island in, believing that if we secure Labrador as part of the Dominion territory in connection with the terms, Canada might come into possession of valuable mineral deposits. These include uranium as well as iron ore. Also timber, etc. He admitted the country would be a liability for some years to come. Its cost way beyond what any revenues would bring.

"Gardiner was strongly for the proposal. Ilsley was perhaps strongest against it as any immediate proposal. The real need for action is that the British Government wish to know what we are likely to do as they propose, if we are ready to take Newfoundland in, to stop assisting the island any further and leave them to themselves. I pointed out that while, in the long run, the objective should be the inclusion of Newfoundland, we had a domestic problem to settle with our own provinces before we began to add another province to the Dominion. I said I thought we should let the British know that, until we were able to settle terms with all our provinces and thereby have some basis on which we could negotiate with respect to bringing in a new province, we could not do other than indicate that we would welcome at the right time the addition of Newfoundland. I pointed out that all the reports we had had from our representatives there had indicated that if we showed an anxiety to bring Newfoundland in, the people there would pull away. I thought we would be better off later on if we waited until they began to feel the need of Confederation to save themselves. I am sure that until we get the Dominion-Provincial matter settled, we would only be adding to our present

<sup>32</sup>Volume 3, pp. 404-5.

grief to give to the provinces any cause to complain that they were not getting as good terms as a new province that we were bringing in. I expressed the view that what really should be done was the consolidation of the three maritime provinces into one and to have Newfoundland made a part of the larger whole. Also pointed out that the problem of annexation would not end there. The British Government would wish us later to take in the West Indies and others as a sun-room for the Dominion in the South. I felt that we would have to be pretty cautious about further outlays and expressed the view that I thought we had gone further today in the way of commitments than we would be able to meet. Certainly until we settle the health and welfare matters, we should not go further in anything involving large expenditures by the Federal Government. This seemed to be the general view of Council and External Affairs was told directly to advise accordingly."

...

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*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, December 27, 1946

RELATIONS WITH NEWFOUNDLAND; ENTRY INTO CONFEDERATION

At the meeting of the Cabinet on December 27th, consideration was given to a report raising certain basic considerations of policy relating to the possible entry of Newfoundland into Confederation.

It was agreed that the Canadian High Commissioner in London intimate to the U.K. government that the Canadian Government were desirous that Newfoundland should enter Confederation in due course. It was felt that, in view of the present delicate state of negotiations with the provinces, any attempt to make a firm offer of terms to a Newfoundland delegation at this time, and until a greater measure of agreement had been reached with the provincial governments with respect to taxation, would prejudice the achievement of union with Canada at a later date.

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B.C./Vol. 114

*Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État*  
*aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to Secretary of State*  
*for External Affairs*

DESPATCH 637

St. John's, December 27, 1946

Sir,

I have the honour to report the following changes in the Newfoundland Commission of Government. Mr. Herman William Quinton has been appointed Com-



missioner for Home Affairs, and the Honourable Harry Anderson Winter, K.C., B.A., to the Supreme Court of Newfoundland in the room of the Honourable Mr. Justice Fox, deceased. The Honourable Albert J. Walsh, K.C., LL.B., has been appointed Commissioner for Justice and Defence.

Mr. Quinton replaces Mr. Winter as Commissioner and takes over the Department of Home Affairs from Mr. Walsh, who succeeds the Honourable Mr. Winters as Commissioner for Justice and Defence.

These appointments are effective January 1, 1947. I am enclosing copies of the official announcement<sup>f</sup> as it appeared in the St. John's *Daily News* of December 27.

I have etc.

A. E. L. CANNON

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R.A.M./Vol. 2

*Le haut commissaire par intérim à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 641

St. John's, December 28, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to my despatch No. 634 of December 23rd concerning the formation of a League to promote the return of Responsible Government to Newfoundland.

2. It would seem that considerable organization work was done before announcing the formation of the League and that the principal professional men and merchants in St. John's have already pledged their support.

3. Among the merchants one hears mentioned the names of F. M. O'Leary, the Bowrings, the Ayres and the Bairds and among the professional men, the names of Charles E. Hunt, K.C., and Gordon Higgins, K.C., who is also a member of the National Convention.

4. Mr. C. E. A. Jeffery,<sup>33</sup> the editor of the St. John's *Evening Telegram* and Mr. A. B. Perlin, editor of the St. John's *Daily News* are also strong supporters as well as several members of the Convention.

5. Apparently the League is assured the encouragement of religious organizations of all denominations including the Knights of Columbus.

I have etc.

A. E. L. CANNON

<sup>33</sup>Comparez avec la pièce jointe, document 1.

<sup>33</sup>Compare with enclosure, Document 1.

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PCO-CRF

*Mémorandum de la deuxième direction politique**Memorandum by Second Political Division*

MINUTE ON DESPATCHES NOS. 3 AND 5 OF JANUARY 3RD FROM THE ACTING HIGH COMMISSIONER IN ST. JOHN'S, NEWFOUNDLAND, REPORTING SPEECHES RECENTLY DELIVERED BY THE GOVERNOR AND THE HON. A.J. WALSH, NEWLY APPOINTED COMMISSIONER FOR JUSTICE AND DEFENCE

1. While stressing that there is every reason to look forward to 1947 with confidence, both speakers sounded a note of caution regarding the economic prospects of Newfoundland. The Governor referred to the prosperous condition of the pulp and mining industries, but said that "in the fishing industry everything is being done to prepare for what is generally believed may be a year of some difficulty."

2. Mr. Walsh remarked that Newfoundland has not yet secured a stable market for her mineral products and that, although an assured market for pulp products will exist for some years, it is probable that prices will in due course be forced downward. With respect to the fisheries he said that "with the return to normal production we shall have to face keen competition . . . and we may expect price reductions and possibly marketing difficulties."

3. Both speakers warned that Newfoundland is very sensitive to economic dislocations in outside countries.

4. Mr. Walsh discussed the proposal that Newfoundland should use the threat of a modification of the bases agreement as a lever to obtain tariff preference from the United States on Newfoundland's fisheries products. He pointed out that these bases "formed part of a plan of defence of the whole Western Hemisphere" and that the suggestion "that by unilateral action this agreement be reviewed is unusual as it entirely overlooks the wider international questions of inviolability of agreements and assumes willingness on the part of the other party." He also said that in his view it "would introduce a new factor in international arrangements, arising from a change from reciprocal agreements in trade matters."

5. He had something to say on the question of air rights, which some Newfoundlanders regard as a large potential source of revenue. He compared them to shipping rights, mentioning that "the states of the world will scarcely countenance being held to ransom for use of the air or of services existing on the ground below by ships of the air carrying on the commercial business of the world."

6. The Governor referred to the forthcoming committee of investigation into living costs and stated that this was proceeding, although he was not in a position to announce the personnel of the committee.<sup>34</sup>

7. Mr. Walsh concluded his speech with an interesting analysis of political opinion. He said "In this country there is a strong desire for return to full responsibility at least in local affairs. Many realize that assumption of dominion status,

<sup>34</sup>Voir le volume 1, chapitre III, partie 3.

<sup>34</sup>See Volume 1, Chapter III, Part 3.

which was not accepted by this country when the Statute of Westminster was passed, would impose on us obligations in external as well as internal affairs. Many hesitate about return to Responsible Government because of the economic uncertainty which I have mentioned and because they wish to be assured that capable men will interest themselves unselfishly in public affairs for some years at least, while others wish to delay a final decision until they can obtain a clearer view as to the probable future. Many have in mind a form of government which is likely to assure them economic security without interfering with their fundamental liberties. Others feel that the country is too small to be a separate entity. All are aware that at the present time any Government would be able to carry on the affairs of State with the high public revenue now obtained and with a large surplus saved during the past five years. There is also a great deal of concern about the substance of good government rather than the form of government."

P. A. B[RIDLE]

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*Extraits d'un télégramme du secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Extracts from Telegram from Secretary of State for External Affairs  
to High Commissioner in Great Britain*

TELEGRAM 14

Ottawa, January 4, 1947

IMPORTANT. TOP SECRET. Following for Robertson from Pearson, Begins:

1. My telegram No. 2197 of December 23rd. Your meeting with Machtig.
2. I have had further talks with Clutterbuck and have told him of considerations which underlie our submission to Cabinet. I have explained to him the viewpoint of this Department and have undertaken to let him know the Cabinet decision when it is received.
3. Clutterbuck has had some correspondence with Machtig about Newfoundland and on the occasion of his latest visit on December 30th he left me a copy of a secret and personal telegram which he had sent to Machtig on December 24th. The telegram is a reply to one from Machtig in which the latter appeared to find difficulty in understanding Canadian position and raised certain objections to procedure suggested by Clutterbuck.
4. The following is a summary of Clutterbuck's telegram:<sup>35</sup>  
...
5. For your information the procedure referred to by Clutterbuck in paragraphs (f) and (g) above has not so far received consideration here and I have no idea at the moment as to whether or not the Canadian Government would feel that it would facilitate their making a concrete offer to Newfoundland. The procedure which has been most seriously discussed by the Interdepartmental and Cabinet Committees is association with the discussions of United Kingdom rep-

<sup>35</sup>Voir le document 239.

<sup>35</sup>See Document 239.

representatives, if possible on the suggestion of Newfoundland. However, no final conclusion on this point has been reached. The Cabinet Committee is of the opinion that in the first instance discussions with a Newfoundland delegation should be purely exploratory in nature and that, pending further consideration, it would not be desirable to establish detailed procedure for discussions or negotiations with a Newfoundland delegation.

6. Macdonald now considers it unlikely that the way will be clear before some time in February for a motion that a delegation be sent to Ottawa. He says it is becoming less and less probable that the referendum will be held next Spring. It appears likely that any delegation to Ottawa would be composed of the members of the Steering Committee of the Convention. Macdonald says that Bradley and Smallwood, who are members of this Committee, would be favourably disposed to Confederation and that of the remainder some would be of an open mind and others would be opposed or lukewarm. He feels that, taken as a whole, the delegation is likely to be skeptical about Confederation. He says that at present only about half a dozen members of the Convention definitely favour Confederation but that it enjoys substantially greater support among the people. Clutterbuck tells me that information he has received from the Dominions Office indicates that reports reaching them from Newfoundland are to the effect that Confederation is a long way from being a popular issue.

7. On no account should Machtig become aware that we have seen a copy of the telegram under reference.

8. See my immediately succeeding telegram.

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*Extraits du procès-verbal de la dixième réunion du Comité interministériel sur les relations entre le Canada et Terre-Neuve*  
*Extracts from Minutes of Tenth Meeting of Interdepartmental Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, January 6, 1947

The meeting was held at 11:00 a.m. on Friday, December 20th, 1946, in Room 123, East Block. The following were present:

Mr. J. S. Macdonald — High Commissioner for  
 Canada in St. John's, Newfoundland  
 Mr. R. A. MacKay — Department of External Affairs  
 Mr. P. A. Bridle  
 Mr. M. W. Sharp — Department of Finance  
 Mr. A. B. Hockin  
 Mr. A. L. Neal — Department of Trade and Commerce  
 Mr. G. S. Watts — Bank of Canada  
 Mr. G. B. Urquhart — Department of National Revenue  
 Mr. A. W. Brown

2. Mr. MacKay was in the chair. He distributed for the information of the Committee copies of a memorandum entitled "Suggested Basis for Special Financial Terms with Newfoundland."<sup>36</sup> He explained that this memorandum represents his personal views on the subject and that he hoped that it might provide a useful basis for discussion.

3. Mr. Neal then made a report on the work which he and Mr. Brown and Mr. Urquhart, assisted by the Dominion Bureau of Statistics, had been doing on the administrative aspects of the proposed interim import tax. [ . . . ]

5. Mr. Macdonald was of the opinion that the introduction of an interim import tax would kill any prospect of union and that the temporary protection it would afford local merchants would have no effective value. [ . . . ]

6. There was some tentative discussion of the possibility of making an arrangement with Newfoundland whereby they would retain local responsible government and whereby at the same time the Canadian Government would both guarantee their deficits and exercise control over their expenditures. No definite conclusions on this point were reached.

8. The chairman said that the question of when the Committee would next meet depends to some extent upon the results of the Saturday meeting with Mr. St. Laurent and Mr. Claxton. He said that the Committee would be advised as soon as possible as to when further meetings are to be held.

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*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 12

St. John's, January 8, 1947

SECRET

Sir,

I have the honour to report that, in conformity with your instructions, I had an informal conversation, on my return from Canada last evening, with the Honourable Gordon Bradley, K.C., Chairman of the National Convention, and with Mr. J. R. Smallwood, member for Bonavista Centre, the advocate in the Convention of Confederation with Canada.

2. They gave me a short outline of the developments that have taken place during the recess and were obviously somewhat perturbed at the launching of a

<sup>36</sup>Une version révisée de ce memorandum fut présentée le 13 février 1947. Voir le document 258.

<sup>36A</sup>A revised version of this memorandum was circulated on February 13, 1947. See Document 258.

new party whose objective is the immediate restoration of Responsible Government. A meeting of the executive of the new party under the leadership of F. M. O'Leary, Esq., one of the younger and more aggressive merchants of Water Street, was taking place the same evening and they rather feared the introduction into the Convention, at an early date, of a resolution sponsored by the new organization, demanding that a single question only be put to the electorate, namely, the restoration of Responsible Government. About half a dozen members of the Convention are known to favour such a move and, as a number of Water Street merchants are actively identified with the new party, there seems to be a strong probability that if, at the request of the Convention, such a question is put to the people, the campaign in its favour will be well organized and amply financed.

3. Later in the evening I had a further and more extended conversation with Mr. Smallwood. I talked with him alone, as I felt it prudent not to leave the Chief Officer of the Convention open to any possibility of being criticised for discussing with me matters before the Convention or which might come before it. The same objection, I felt, did not extend to Mr. Smallwood, a private member and an avowed supporter of Confederation known to be seeking at all times to improve his knowledge of conditions in Canada. I told him that in the course of my vacation I had stopped off at Ottawa to renew acquaintances in the Department of External Affairs and while I found a general air of optimism at the improving prospects for international understanding and at the rapid progress being made in the rehabilitation of industry and trade in the Dominion, the difficulties that had been experienced in working out a satisfactory division of the field of taxation with the Provinces were giving the authorities considerable anxiety and would tend, I thought, to make it more difficult than it would otherwise be to deal generously with a delegation from the Convention if one should arrive before the problem was resolved.

4. I suggested to him that, from his point of view, there would be a good deal to be gained if the despatch of a delegation, assuming that the Convention will agree to it, could be postponed for three or four months. Mr. Smallwood was disappointed but apparently not very much surprised. He had been following the discussions on the subject in the press of Canada and readily agreed that it would be more difficult for a Canadian Government to give favourable terms to Newfoundland while negotiations with existing Provinces were still unsettled. He stated that he would use all his influence to prolong the present discussions and postpone raising the question of sending a delegation to Canada. At the same time he pointed out that the feeling among the members of the Convention, as they reassembled after the recess, was very definitely in favour of pushing on and coming to a conclusion as to the questions which should be recommended for submission to the people of Newfoundland. A postponing device he mentioned was the encouragement of a mission to the United States to discuss the possibility of securing tariff concessions on Newfoundland fish in return for the cession of the bases. This, however, is a matter in which the initiative would have to be left to others and there was no guarantee, and indeed little likelihood, that it would be taken. Some extension might, however, be secured by raising points that had not hitherto been covered in the reports that had been presented. He also agreed with my suggestion that the task of correlating the economic and financial information

contained in the various reports was a very important and intricate one and might well require some technical assistance and prolonged consideration. In this way it might be possible to keep the discussion going in the Convention until perhaps the beginning of March, though that would be the best that could be hoped for in the circumstances. A Resolution might then be put forward that an enquiry be addressed to the Government of the United Kingdom to ascertain whether, and if so to what extent, that Government might be prepared to continue to make itself responsible for the finances of Newfoundland in the event that the country retained the Commission form of Government, or, alternatively, adopted Responsible Government. If it could be arranged that nothing be done pending a decision on this basic question, a further period could be gained and perhaps the matter of sending a delegation to Ottawa postponed till after Easter. He did, however, feel that it would be most difficult to keep members of the Convention from forcing the pace and coming to definitive decisions before that date and in this I must say that, knowing something of the present feeling of members, I share his apprehension.

5. I feel satisfied, however, that I have succeeded in conveying as clear an outline of the situation as is necessary to prevent genuine supporters of Confederation from undertaking any premature initiative, while at the same time maintaining their interest in the ultimate success of the project they have in mind. In doing so we must, of course, take the risk that the initiative will be taken in favour of decisions that will exclude the question of Confederation from further consideration in the National Convention. This is a matter, however, that in present circumstances is largely beyond our control and I feel you will agree that decisions respecting the policy to be followed must be left in the final analysis to the members of the Convention themselves as representatives of the people of Newfoundland.

I have etc.

J. S. MACDONALD

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PCO-CRF

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 20

St. John's, January 10, 1947

SECRET

Sir,

Last evening I had dinner at the home of Mr. C. C. Pratt, Managing Director of Steers, Limited, one of the larger Water Street firms. The other guests included Mr. Phillip Gruchy, the recently appointed General Manager of the Anglo-Newfoundland Development Company, manufacturers of pulp and paper at

Grand Falls; Mr. Goodyear, Secretary of the Company; Mr. Herbert Russell, General Manager of the Newfoundland Railway; Mr. David Thistle, King's Printer; Dr. Will Roberts, a leading medical practitioner active in politics; and Mr. Charles E. Hunt, K.C., a prominent local barrister and former member of the House of Assembly. In the course of the evening a long and at times spirited discussion took place on the economic and political future of Newfoundland and, while it was an entirely social and private gathering, I think the discussion may be of sufficient interest as an indication of trends of thinking here to make it worth while sending a brief summary for your information.

2. All of the gentlemen present were, in principle, in favour of the restoration of Responsible Government, provided Newfoundland is found to be self-supporting in the sense of being able to balance its budget without curtailing the present public services. All of them, however, felt there was no clear evidence that Newfoundland could, over an extended period of years, hope to be in a position to raise, without confiscatory taxation, revenues sufficient to maintain the present level of expenditure.

3. There was a long and rambling discussion on the economic situation and how it would likely develop. Mr. Pratt and Mr. Gruchy, both practical business men, tended to stress the low productivity of labour and held that it is essential to raise the level of production by technical training and the inculcation of a greater interest on the part of labour in its job. In this connection Mr. Gruchy cited the high standard of workmanship and application in Switzerland and Sweden, small countries which are no better provided with material resources than Newfoundland, but which nevertheless enjoy a much higher standard of living. Dr. Roberts thought too much was being spent on the establishment of hospitals. Others expressed the view that Newfoundland was entitled to help from Britain in developing a more diversified economy. I felt it important that these men, all quite influential in the formation of opinion, should understand more clearly than they appeared to do the basic reasons why Newfoundland had a financial problem. The present prosperity, I pointed out, was based on quite fortuitous circumstances of a temporary character — the expenditure of more than half a billion dollars over a period [of] three or four years by the United States and ourselves and a war-time demand, at very high prices, for Newfoundland's chief product, fish. While there was no likelihood, due principally to the establishment of a flourishing pulp and paper industry, the permanent employment offered by the existence of the bases in Newfoundland, and the measures being taken at the international level to stabilize trade and employment, of a return to the depressed conditions of the early thirties, or even of the situation after the war of 1914-1918, it was not to be expected that the present prosperity, with attendant high revenues, could continue beyond another year at the most. Moreover, due to the vulnerability of the country — tied so largely to a single product — and the fact that the bulk of the working population could, even under the best conditions, find no productive employment for nearly one-half of the year, the standard of living would, almost inevitably, be lower than in countries more favourably situated. Consequently Newfoundland could not hope to have a North American standard of living without some outside assistance. There was general agreement with this view and the consensus of opinion appeared to be that Newfoundland



could not carry on satisfactorily alone once normal conditions were re-established.

4. Mr. Hunt, however, dissented from this view. He held that no man can tell whether or not Newfoundland in the years to come will continue to enjoy the present measure of prosperity or something approaching it, and that in any case the low, or as he called it, the simple standard of living prevailing in the outports offered at least equal opportunities for happiness with the more highly productive but more exacting conditions that are part of the life of an industrial community. Newfoundlanders, he held, must have confidence in the future of the country and boldly undertake to run their own Government.

5. At the request of the group he outlined, in a good deal more detail than has yet been done publicly, the organization and aims of the new political party of which he is one of the founders. He stated that a group of local citizens had been meeting at intervals over the past few weeks and had agreed upon a common programme. The new movement, he explained, has, as its basic objective, the immediate restoration of responsible government. The following are the planks of the platform on which it will make its appeal to the people:

Existing social services to be retained unimpaired;

Natural resources to be more aggressively developed;

Maintenance of the merit system in the Civil Service and the provision of more efficient administration;

Provision of a more equitable basis for revenue than the present system of taxation;

The standard of living to be raised;

Examination of all commitments entered into during the war with the United States and Canada with a view to obtaining compensation for the rights given away without the consent of the people of Newfoundland;

Examination of all constitutional alternatives that may be feasible with a view to determining if there is any course other than Dominion status which will better further the interests of the people.

6. After he had outlined the aims of the new party, Mr. Hunt was questioned as to its relationship to the National Convention. What he had said, if taken literally, would mean that the new party aims at taking upon itself the responsibility vested in the Convention for it has no intention of being influenced by the country's economic position or of elaborating a number of alternative forms of Government for submission to the decision of the people. I am inclined to think that, in actual practice, the new movement will not be as revolutionary as it sounds and that its real object, as was fairly evident from the discussion, is to set up a counter-propaganda to the propaganda being carried on daily by Mr. Smallwood in favour of Confederation. The new party, indeed, does not rule out the possibility of Confederation, maintaining merely that it is a matter which should be taken up, if at all, only by a duly elected Government.

7. The sponsors of the new movement, apart from Mr. Hunt, were not divulged at the gathering but I have learned from other sources that their names are as follows: Mr. F. M. O'Leary, Chairman; Hon. Harold Macpherson; Hon.

Harold Mitchell; James S. Ayre; Louis Ayre; C. R. Bell; Roy Mercer; R. Steel, all Water Street merchants; J. S. Currie, owner, and Albert Perlin, Contributing Editor, *Daily News*; Professor Allan Fraser, Memorial College; and W. R. Dawe, President, War Veterans' Association. They are a fairly strong group but the predominance of Water Street will be sufficient to damn them in the eyes of the fishermen.

8. A Committee is at present engaged in endeavouring to recruit prominent citizens in other parts of the Island and as soon as this is completed it is planned to hold public meetings, get out printed propaganda explaining the aims and objectives of the movement and endeavour to arouse public support.

9. I gathered the impression — indeed there was no doubt about it — that this group, representative of solid business and professional elements, tended, with the exception of Mr. Hunt, to lean toward maintaining the Commission of Government as their best hope. And it is still the general feeling that, unless the United Kingdom cuts them off pretty completely, the bulk of opinion remains in favour of the Commission.

I have etc.

J. S. MACDONALD

249.

243

*Mémorandum de la deuxième direction politique au  
sous-secrétaire d'État aux Affaires extérieures*  
*Memorandum from Second Political Division to  
Under-Secretary of State for External Affairs*

SECRET

Ottawa, January 16, 1947

Enclosed herewith is an interesting despatch (No. 12)<sup>37</sup> from Mr. Scott Macdonald, in which he reports conversations with Mr. Bradley and Mr. Smallwood.

As the High Commissioner refers to instructions which must, I think, be those given verbally by you, I am rather doubtful about the advisability of circulating this despatch even to members of the Interdepartmental Committee without some explanation regarding the nature of those instructions.

Paragraph 4 of this despatch reports the suggestion made by the High Commissioner to Mr. Smallwood that the sending of a delegation should be postponed.

I should be grateful if you could advise me with regard to the circulation of this despatch and the advisability of adding an explanatory memorandum.

G. L. MAGANN

<sup>37</sup>Document 247.

250. 243

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
à la deuxième direction politique*<sup>38</sup>

*Memorandum from Under-Secretary of State for External Affairs  
to Second Political Division*<sup>38</sup>

SECRET

Ottawa, January 17, 1947

I think that the "instructions" mentioned by Mr. Macdonald in the first paragraph of his despatch, attached, must be the telephone conversation I had with him on the eve of his return to Newfoundland. I do not recall, however, giving him instructions; rather I made certain suggestions to him as to the line he might best take when he returned. We agreed that he should merely state that he had been in Canada on holidays during which he had had the opportunity of seeing some of his old friends in Ottawa; also that he should not in any circumstances give the impression to his Newfoundland friends that the Canadian Government had altered its views that if Newfoundland desired to join Confederation, she would be welcomed. However, on the matter of tactics, it was agreed that he should do nothing to encourage the early arrival in Ottawa of a Newfoundland delegation in view of the current negotiations with the provinces, which should, if possible, be completed before discussions with Newfoundland began. In his talk with Mr. Smallwood Mr. Macdonald seems to have been a little more specific in his comments than I had expected, but he, no doubt, with his knowledge of the local circumstances, is the best judge as to the wisdom of such candour.

If you circulate the attached despatch, I think this note had better go with it.

L. B. P[EARSON]

251. 2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 47

St. John's, January 29, 1947

SECRET

Sir,

With reference to my despatch No. 45 of January 27th<sup>†</sup> and earlier correspondence respecting the work of the National Convention, I have the honour to report that a small group of members under the leadership of the Honourable R. B. Job, member for St. John's East, is giving renewed consideration to a project, frequently adumbrated by Mr. Job over the past year or two, that an endeavour be made to secure economic and financial compensation from the United States

<sup>38</sup>G. L. Magann.

(and also from Canada and the United Kingdom) for the military, naval and air bases secured in Newfoundland. Mr. Job has drafted a motion and is planning to give notice of it when the Convention resumes its sittings on February 3rd asking that the Commission of Government receive a delegation from the Convention to discuss what practical steps it may be possible to take to arrange for discussions with each of these Governments for the purposes mentioned.

2. While Mr. Job, who is a leading fish exporter, has mainly in mind securing reduced duties on fish entering the United States, he would not turn down, if it were offered, economic concessions or financial remuneration from the United Kingdom and Canada.

3. Mr. Job's proposed motion is giving some concern to supporters of Confederation. They have been taking the line since my conversation of January 8th that the question of discussions with outside Governments and particularly with Canada should be deferred until the Convention has received and studied the reports of all the various Committees investigating the economic and financial position of Newfoundland and come to some definite conclusions respecting the present position and prospects for the future. They may find it difficult, however, to oppose a motion of this kind and some of them are trying to get Mr. Job to broaden his motion to include not compensation from Canada for bases but general discussions with Canada on the possibility of union.

4. With this general object in view the Chairman of the Convention has informally and confidentially suggested that Mr. Job amend his proposed motion to read as follows:<sup>39</sup>

...

5. If the motion is adopted in this form there would still be a considerable period of discussion before any concrete question of sending a delegation would arise. It may be difficult, however, to secure the co-operation of Mr. Job and his group to the extent suggested. They are getting impatient at the slowness of the progress being achieved in the Convention and we will probably have to wait till early next week for a clear decision on the stand they will take.

I have etc.

J. S. MACDONALD

252.

B.C./Vol. 114

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 56

St. John's, February 4, 1947

CONFIDENTIAL

Sir,

I have the honour to refer to my communication No. 47 of January 29th and to inform you that the Honourable R. B. Job, Member for St. John's East, has given

<sup>39</sup>Voir le document suivant.

<sup>39</sup>See following document.

notice that he will introduce, at the next session of the Convention, a resolution along the lines of that set forth in my despatch under reference.

2. The proposed resolution will read as follows:

WHEREAS it is the duty of this National Convention to ascertain all important facts bearing upon the financial and economic position of this country, and upon all possible and suitable forms of government to be laid before the people:

BE IT THEREFORE RESOLVED that it is essential that this Convention take immediate steps to ascertain

1. What steps, if any, can be taken for establishing improved economic or fiscal relationships between the United States of America and Newfoundland particularly bearing in mind the present occupation of certain Newfoundland territory by the said United States of America and the fact that free entry is accorded to the United States for its importations into Newfoundland;

2. What financial and fiscal relationships could be expected between the Government of the United Kingdom and Newfoundland

(1) Under a continuation of Commission Government in its present form,

(2) Under a revised form of Commission Government with elected representatives thereon,

(3) Under Responsible Government in approximately its previous form,

(4) Under any other suitable form of Government.

3. What would be a fair and equitable basis for Federal Union of the Dominion of Canada and Newfoundland, or what other fiscal, political, or economic arrangements may be possible.

BE IT FURTHER RESOLVED that His Excellency the Governor in Commission be informed that this National Convention desires to appoint a committee of its members to confer with His Excellency the Governor in Commission on ways and means of determining the matters hereinbefore enumerated, and that in the event of His Excellency the Governor in Commission being agreeable to conferring with such a committee, the Chairman of this Convention in consultation with the Steering Committee shall thereupon select a delegation of members of this Convention who with the Chairman of the Convention shall constitute the committee referred to in this Resolution and which shall report to this Convention the results of their conferences before being in any way committed to the despatch of any delegation outside of Newfoundland.

3. The resolution, it will be noted, has been improved in several respects over the original form set forth in my despatch. At the suggestion of the Chairman of the Convention precedence is given to the question of improved economic relationships with the United States and the matter tied up specifically with the cession of the bases. Financial and fiscal relationships with the United Kingdom are spelled out in more detail. The question of ascertaining whether a fair and equitable basis exists for federal union with Canada was put last at the suggestion of the Chairman, the Honourable Gordon Bradley, and a clause added to provide for ascertaining what other fiscal, political or economic arrangements may be possible. This clause, I understand, was appended in order to make the section relating to Canada more palatable to Mr. Job and his supporters who are,

it must be frankly stated, officially not interested in union with Canada and I think are privately hostile to it.

4. While the proposed resolution does not provide for, or even seek authority for the despatch of, a delegation outside of Newfoundland it represents an important step forward. For if it is passed, and there appears to be no doubt that it will receive support from all sections of the Convention, it will, for the first time, bring the subject of sending a delegation to Canada for the purpose of ascertaining whether a fair and equitable basis for federal union can be found to the point of concrete consideration. Moreover, it is put forward in a form and context that make it probable it will secure the support of the Convention.

...

7. Mr. Bradley has, I think, shown excellent political judgement in getting behind, and modifying to his advantage, an initiative he could not, in the present temper of the Convention, arrest or avert. In setting forth in detail the information required from the Government of the United Kingdom he has raised questions that may take a considerable time to answer and in asking what help may be expected in the event of Confederation he has opened the way to a discussion of debt adjustment if it should prove desirable to explore it. If he can prevail on the Convention to take up the subjects outlined not concurrently but in the order in which they have been put down in the resolution, much time will necessarily elapse before there can be any question of an approach to Canada. All in all the present move may fairly be regarded as ending happily the impasse created by the defeat of Mr. Smallwood's motion of last autumn and as a development favourable to the consideration under satisfactory conditions of union with Canada.

I have etc.

J. S. MACDONALD

253.

R.A.M./Vol. 2

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 60

St. John's, February 4, 1947

Sir,

With reference to my despatch No. 51 of January 31<sup>st</sup> concerning the possibility of Major Peter Cashin, member for St. John's City West, launching a demand for Responsible Government and making a bitter attack on the group favouring Confederation, I have to report that he took the floor at yesterday's public session of the Convention, making a vehement speech but avoiding the injection of personalities.

2. He contended that on different occasions United Kingdom officials including the Secretary of State for the Dominions put themselves on record to the

effect that Newfoundland is self-supporting and consequently anything else than the restoration of Responsible Government, as agreed to in 1932, is a breach of faith on the part of the British Government. He reiterated his charge that the Convention is a clever method of the Dominions Office for keeping the Newfoundland people from regaining control of their own affairs. Indeed, he went further, and declared that self-government was being kept out of the reach of Newfoundland so that "time may be afforded those in power to complete their campaigning [*sic*] of sabotage."

5. Turning to the question of Confederation Major Cashin charged that a campaign of propaganda was under way designed to injure Newfoundland by misrepresentation of facts and went on to suggest that if the Canadian Government desired to secure Newfoundland it must be for what they can get out of it. "If Canada," he said, "is prepared to accept us in Confederation then be assured it is only because she wants something we have, and that she wants it very very much. If she wants us, she wants us for her benefit not for ours. And if she offers us one dollar, you can be certain that she counts on getting two or three dollars of ours in return. Then remember this, to any such deal Great Britain must be a party and so it would all boil down to a clever game between Canada and Great Britain in which they would take the winnings and Newfoundland would be the pawn. As common sense people, I ask you to remember this, when you are being deluged as you will be and are being, with the gilded story of the lovely things Canada is going to do for us. Of how grand we will live with two chickens in every pot and every man a millionaire. Let us remember that this is simply a repetition of the Siren Song that has lured many an unlucky country to its doom. It is the sugar on the pill — the bait in the trap."

6. The speech, however, was weaker and less inflammatory than had been expected. The explanation for his somewhat more restrained attitude may lie in the fact that he is not rallying as many supporters to his cause as he had counted on. Indeed, he finds himself in a curious political position. The earliest and most ardent champion of responsible government he is now being ignored, as too wild and irresponsible, by the group being organized to fight for the return of Responsible Government. In any case the speech has had little effect except perhaps to reduce the Major's stock somewhat further.

I have etc.

J. S. MACDONALD

254.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 14

St. John's, February 5, 1947

IMMEDIATE. My telegram No. 13 of February 4th.<sup>†</sup>

Mr. Job's Resolution, incorporating a minor amendment providing for election

of Committee to consult Commission of Government rather than its selection by the Chairman of the Convention, was passed by the Convention last evening by vote of 30 to 8.

255.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 74

St. John's, February 8, 1947

SECRET

Sir,

I have the honour to refer to my despatch No. 67 of February 5th<sup>†</sup> respecting a proposed meeting between the Commission of Government and a Committee of the Convention on the questions raised in the Honourable R. B. Job's resolution and to inform you that the meeting was held late this afternoon. The meeting was held *in camera* but I am given to understand that the discussion was on the lines set forth in the following paragraphs.

2. The Commission, apparently acting on the views of the Governor as outlined in my despatch under reference, took the ground that the question of securing tariff advantages in the United States was outside the terms of reference of the Convention and that, in any case, steps to discuss reduced tariffs were already being taken through the International Tariff Conference which meets next month and at which Newfoundland will be represented. The matter of securing financial compensation for the territory ceded to the United States was really a question to be taken up, if at all, with the Government of the United Kingdom who made the Bases Agreement with the United States.

3. The members of the Convention, baulked in their desire to send a delegation to Washington, urged strongly the view that it would be desirable to send a delegation to London to secure full information on what financial assistance they might be able to count on from the United Kingdom under the various alternative forms of Government that might be adopted.

4. When the third section of the resolution — the obtaining of information as to what would be a fair and equitable basis for union with Canada — was reached, the Governor, as Chairman of the Commission, brought up, without, of course, making any reference to our conversation, the two points I had mentioned to him privately, namely, the need greater precision in the resolution and that the Commission could hardly be expected to ask the Government of Canada whether they would receive a delegation until the Convention had indicated that they desired to send one. The representatives of the Convention readily agreed. The Commission thereon advised them that, in their view, the best method of ascertaining what would be a fair and equitable basis for federal union would be to ask the Government of Canada to receive a delegation to discuss it and that they



should strike out the concluding part of the section dealing with other fiscal, economic or political arrangements which were really outside the Convention's terms of reference in any case.

5. Consideration was then given to the question of procedure. It was pointed out that since matters of such importance would require the approval of the Dominions Office, the best procedure would be to submit both requests through the Dominions Office. It was thought that, if they approve, the Government of the United Kingdom will then transmit that part of the Convention's request relating to Confederation to the Canadian Government through the United Kingdom High Commissioner in Ottawa and in due course the Canadian Government, in accordance with the usual diplomatic procedure, would send its reply to the Government through this Office. The contingencies against which I thought it would be desirable to have further instructions have therefore been safely passed.

6. The next step will be to report back to the Convention. It was agreed the Commissioner for Justice will meet with the Chairman of the Convention on Tuesday, February 11th, to draft a joint report on the discussions between the Commission and the Convention. This report will be tabled in the Convention on Wednesday or the day following. It will then be for the Convention to decide whether it wishes to take the further step and pass resolutions requesting the Commission of Government to ask London and Ottawa to receive delegations.

7. In the meantime an effort will be made, behind the scenes, to induce Mr. Job to introduce a single resolution authorizing delegations to both countries on the understanding that he would be placed on the delegation to the United Kingdom and that, once in London, he could use his position on the delegation to raise with the British Government the question which is to him of paramount importance, namely, compensation for the cession of Newfoundland territory for the United States bases. The earliest, and for a long time, the only advocate of such a step, he is now quite obsessed with the idea. Indeed, he is now prepared to go further and to envisage the idea of a British, United States and Canadian condominium in Newfoundland, each Government making annual financial grants to Newfoundland and being accorded a voice in the Government of the country. A feature of the scheme would be that Newfoundland products be given free access into the United Kingdom, Canada and the United States. In any case, if Mr. Job agrees to sponsor the new resolution requesting the Commission of Government to ascertain whether the United Kingdom and Canadian Governments will receive delegations to discuss the questions indicated, it will probably pass without much opposition by the end of next week or early in the week following.

I have etc.

J. S. MACDONALD

256.

243

*Extraits d'un memorandum du secrétaire, le Comité interministériel  
sur les relations entre le Canada et Terre-Neuve*

*Extracts from Memorandum by Secretary, Interdepartmental Committee  
on Canada-Newfoundland Relations*

SECRET

Ottawa, February 12, 1947

NOTE OF CERTAIN POINTS RAISED DURING MEETINGS OF THE  
FINANCIAL SUB-COMMITTEE HELD FEBRUARY 8TH AND 10TH, 1947

The above meetings were held in Room 123, East Block.

Present on 8th February:

Mr. R. A. MacKay — Department of External Affairs  
Mr. P. A. Bridle  
Mr. J. E. Coyne — Bank of Canada  
Mr. G. S. Watts  
Mr. J. E. Howes  
Mr. A. B. Hockin — Department of Finance

Present on 10th February:

Mr. R. A. MacKay — Department of External Affairs  
Mr. P. A. Bridle  
Mr. G. S. Watts — Bank of Canada  
Mr. J. E. Howes  
Mr. M. W. Sharp — Department of Finance  
Mr. A. B. Hockin

The Committee<sup>40</sup> further considered the reports of Mr. Howes and Mr. Neal which it had referred back to the sub-committees concerned at its meeting of January 22nd. [ . . . ]

2. Mr. Howes volunteered to amend his report in accordance with the suggestions agreed upon by the meeting and it was accordingly agreed to accept his report and the secretary was instructed to have it circulated to the members of the Interdepartmental Committee concerned.

3. An interim report from Mr. Newman, who had taken over as active chairman of Mr. Neal's sub-committee, was considered and accepted by the meeting. It was generally agreed that any of the schemes for an import tax or a sales tax which Mr. Neal's committee had been asked to investigate would be politically undesirable and should only be regarded as a last resort. [ . . . ]

...

7. The Committee then considered Mr. MacKay's memorandum on "Basis for Special Financial Terms with Newfoundland."<sup>41</sup> [ . . . ]

...

<sup>40</sup>Le sous-comité des Finances.

<sup>41</sup>Voir le document 258.

<sup>40</sup>Financial Sub-Committee.

<sup>41</sup>See Document 258.

10. Mr. MacKay agreed to amend his memorandum in the light of changes which had been agreed upon by the meeting and it was agreed to accept the memorandum so amended as a basis for further consideration by the general committee with a view to making a recommendation to higher authorities at the appropriate time. It was thought that it would be better not to make any submission to the Deputies concerned at this time and probably not until an approach should be made to the Canadian Government by the Newfoundland authorities. It was agreed, however, that Mr. MacKay, as Deputy Chairman of the Interdepartmental Committee, should make a report of the progress made by the Financial Sub-committee to Mr. Pearson in his capacity as Chairman of the Interdepartmental Committee. The secretary was instructed to have Mr. MacKay's memorandum circulated in its amended form to the members of the Interdepartmental Committee concerned.

257.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 81

St. John's, February 12, 1947

SECRET

SIR,

I have the honour to refer to my despatch No. 74 of February 8th respecting the meeting between a Committee of the Convention and the Commission of Government on Mr. Job's motion, and to state that some delay has taken place in implementing the conclusions reached at the meeting.

2. I have been informed, confidentially, by the Chairman of the Convention that Mr. Job was so chagrined at the action of the Commission in turning down the approach to the United States to seek compensation for the grant of the bases, that he refused to have anything further to do with the resolution unless this section were restored. As it was most important, from the point of view of securing a majority in the Convention, to have the resolution authorizing the sending of delegations to London and Ottawa moved by Mr. Job, rather than by someone known to favour Confederation, a further effort was made to persuade the Commission to agree to the restoration of Section one, though in a modified form. The Commission, however, felt that even this would be going farther than they would be justified in going without consulting the Dominions Office. The matter has therefore been referred to the Secretary of State for Dominion Affairs and the tabling of the Joint Report will be deferred until his views are known. This procedure will have the advantage of deferring consideration of the resolution for a further period.

3. The Chairman, on his part, is doing what he can to proceed as leisurely as possible and, taking advantage of the inability of the Committee on Agriculture to present its complete report, has adjourned the Convention for a few days. He is also planning to secure a further adjournment by returning to his home in Bonavista to take part in a celebration there.

I have etc.

J. S. MACDONALD

258.

243

*Extraits d'un mémorandum du conseiller spécial du sous-secrétaire d'État aux Affaires extérieures*<sup>42</sup>

*Extracts from Memorandum by Special Assistant to Under-Secretary of State for External Affairs*<sup>42</sup>

SECRET

Ottawa, February 13, 1947

PROPOSED BASIS FOR FINANCIAL TERMS WITH NEWFOUNDLAND

(Expansion of Memorandum of December 20th, 1946, in the light of the tax agreement offer to the provinces of January 25th, 1947 and of discussions of the Financial Subcommittee of the Interdepartmental Committee on Canada-Newfoundland Relations on February 8th and 10th, 1947.)

1. *Estimated "Provincial" Budget for Newfoundland:* Assuming that Newfoundland would be relieved of its sterling debt, its expenditure as a province for remaining services at existing cost levels would appear to be of the order of \$13.2 million. Remaining revenues at existing rates and levels of productivity (less income, corporation, and inheritance taxes, but including mining and logging taxes, as proposed under the tax agreement offer to the provinces) would appear to be about \$3.4 million. To this might be added about \$400,000 in gasoline taxes, assuming rates similar to those in force in the Maritime Provinces. The gap remaining between expenditures and revenues would appear to be about \$9.4 million.

2. *Effect of the Tax Agreement Offer of January, 1947:* The new tax agreement offer to the provinces would raise estimates for basic payments to Newfoundland over those of the previous offer by the amount of "statutory subsidies" (i.e. on the basis of the second option, a *per capita* payment of about \$4.7 million minimum and \$5.1 million on 1947 basis, plus statutory subsidies).[ . . . ] It remains to consider whether any valid basis can be found.

3. *Debt Allowance:* Arrangements for debt allowances to existing provinces were as follows: The Dominion took over all provincial debt, allowing each province a stated amount. If the actual debt was less than the allowance, the Dominion was to pay interest at 5% on the difference; if more, the Dominion was to deduct from other subsidy payments to the province interest at 5% on the difference.

...

<sup>42</sup>R. A. MacKay.

5. It would appear to be extremely difficult to get a satisfactory formula for equating the *per capita* debt of the two countries without giving Newfoundland quite unnecessary funds or without giving the existing provinces grounds for reopening the whole question of debt allowances. If Newfoundland were allowed a debt on the existing *per capita* debt of Canada and given the interest rate which applies to all the other provinces — namely, 5% on the difference, this would mean, if the base were the funded gross debt of Canada, an interest payment to Newfoundland of over \$17.0 million annually, and \$10.7 million if the base were the net debt. Even the non-war debt of both countries (if this could be satisfactorily estimated) would be an unsatisfactory basis. Canada's non-war debt would appear to be of the order of \$5,000.0 million and that of Newfoundland of the order of \$55.0 million or about \$416 *per capita* for Canada and \$142 for Newfoundland. Interest payments on the difference would be of the order of \$4.3 million, an amount so greatly in excess of that now paid to any province that other provinces might object on the grounds of discrimination. In view of the above considerations it would appear to be preferable to avoid the question of debt allowance if at all possible.

6. *Special Statutory Subsidy*: As pointed out above the recent tax agreement offer includes special statutory subsidies. The grounds on which special subsidies have been awarded various provinces from time to time are scarcely applicable to Newfoundland. Moreover, the amounts are much less than would be required to meet the prospective gap in the Newfoundland budget. Some of the gap might be filled by taking the statutory subsidies awarded the Maritime Provinces as a base. Moreover, this formula could hardly serve as a precedent for further demands from existing provinces. Such a formula would moreover avoid the embarrassing question of a debt allowance. It is suggested, therefore, that as a provisional measure the *per capita* statutory subsidies (which would include subsidies under the B.N.A. amendment Act of 1907, the Duncan and White Commission's awards and interest on excess debt allowance) be taken as a temporary formula for statutory subsidies to Newfoundland under a tax agreement.

7. *Could the Gap be Closed by New "Provincial" Taxation?* There would still appear to be a prospective gap of more than \$3.0 million between revenues and expenditures. It has been suggested that Newfoundland should be expected to raise new revenues to fill at least part of the gap. Two possible alternatives were examined: (a) a local customs tariff or special import tax decreasing yearly over a period of, say, 10 years while new revenue sources were being developed; and (b) a sales tax to be instituted at union. On the basis of a special report from a sub-committee representing the Departments of Trade and Commerce and National Revenue, it was generally felt that considerable administrative difficulties would be involved in the first plan, even if such a tax would be compatible with international engagements. It appeared that a sales tax might be administratively more feasible and a report prepared by the Dominion-Provincial Secretariat estimated that a 2% — 4% retail sales tax collected at the source should produce about \$1.0 million. It was noted, however, that the levying of such a tax would present certain special problems. It would appear, moreover, to be politically unwise to propose that Newfoundland as a province should resort at the outset to substan-

tial new taxation, particularly taxation affecting the general level of prices. Most Newfoundlanders who favour Confederation are swayed more by the belief that it would mean considerably lower living costs than by any other single factor. It may also be noted that in no case has a province been compelled at union to resort to substantial additional or new taxation. Every province has been started off with an anticipated balanced budget.

8. *Rental or Purchase of Labrador:* It is suggested that the rental or purchase of Labrador might be a convenient formula for meeting Newfoundland's remaining prospective deficit without endangering existing tax agreement arrangements with the provinces. Outright purchase for a capital sum left at the disposal of Newfoundland would be undesirable, both because of the unduly high value Newfoundlanders are likely to place on Labrador and because a large capital reserve might be a temptation to financial extravagance by a Newfoundland government. Purchase for an annual payment in perpetuity (as in the case of the railway lands of B.C.) or rental would appear to be preferable. The rental formula might, however, raise legal difficulties to administration of the area by the Dominion. Purchase for a minimum annual payment with an escalator clause providing for payment to Newfoundland of any net revenues over expenditures (including annual payments) by the Dominion would appear to be a useful formula. Provision for re-examination of the terms at the end of, say, ten years with a view to a final settlement would appear to be desirable in view of the impossibility at this stage of predicting the revenue that may be raised from Labrador. A provisional annual payment of \$2.0 million is suggested. Such a scheme would (a) give the Dominion control of an important defence area, (b) provide for proper development and administration of Labrador and (c) compensate Newfoundland for the cession of Labrador and assist her to balance her provincial budget.

9. *Transitional and Permanent Subsidy Arrangements:* In view of the impossibility of forecasting with certainty Newfoundland's financial future as a province because, among other reasons, economic readjustment would inevitably occur as a result of federation, and in view of the undesirability of offering terms which might prejudice the acceptance by other provinces of the Dominion's recent tax agreement offer, there is a strong case for transitional arrangements with Newfoundland which might be modified at the end of, say, a ten-year period. Such an arrangement would allow the Dominion during the transitional period to give Newfoundland special assistance for developmental purposes in order to raise the level of productivity and services in Newfoundland, without opening the door to complaints from the existing provinces of unfair discrimination. Special assistance would also justify a measure of Dominion control over Newfoundland's expenditures during the period, as, for example, prevention of borrowing except with approval of the Dominion Government. Moreover, Newfoundland would be enabled to develop other sources of revenue over the transitional period, and should be given an incentive to do so.

10. *The Accumulated Surplus:* It is anticipated that at the end of the present fiscal year Newfoundland will have remaining an accumulated surplus of close to \$30.0 million. Although this might be taken over and credited against the debt

(as were the assets of the original provinces), the great need of Newfoundland for public investment for developmental purposes and the possibility of deficits on current account would appear to make this course inexpedient. It is suggested that the surplus be held in trust during the transitional period to meet deficits on ordinary account as necessary, and for developmental purposes. It would be important that Newfoundland should be provided with an incentive to reserve the surplus for approved developmental purposes, and to develop her own revenues to meet current expenditures. This might be done by an offer on the part of the Dominion to match expenditure by Newfoundland out of her surplus on approved developmental projects. Such an arrangement would have the effect of encouraging Newfoundland to spend the surplus on such projects and not to rely on it as a means of balancing her budget. This, in turn, would require the development of a certain amount of new provincial revenue.

11. *Joint Development Board:* It is suggested that, in order to stimulate sound developmental policies, a Joint Development Board on which each government would be equally represented should be established for the transitional period. The Board should have power to initiate studies on developmental policies, to recommend on its own initiative to either government appropriate developmental projects, and to examine and report upon projects or policies proposed by either government. In the case of provincial projects approved by the Board and by both governments, the Dominion should match contributions by Newfoundland. Newfoundland would be entitled to withdraw funds from the accumulated surplus for developmental purposes.

...

259.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 85

St. John's, February 15, 1947

Sir,

I have the honour to transmit herewith for your information a clipping<sup>†</sup> from the St. John's *Evening Telegram* of February 13 which is of some interest as an evidence of the kind of propáganda which Mr. J. R. Smallwood is beginning in favour of Confederation.<sup>43</sup> He made no mention of this to me himself, but I learned from someone to whom he has spoken that this is the first of several such letters which he hopes to get published in the course of the next few months.

<sup>43</sup>La coupure était une lettre au rédacteur signée par 75 habitants du village de Lawn. La lettre demanda l'envoi d'une délégation à Ottawa par la Convention nationale.

<sup>43</sup>The clipping was a letter to the Editor signed by 75 residents of the village of Lawn. The letter demanded that the National Convention send a delegation to Ottawa.

Lawn, ironically so-called, is a fishing village on a promontory of the Burin Peninsula on the rugged south coast of Newfoundland, about 200 miles from St. John's. Its population is between five and six hundred persons.

I have etc.

J. S. MACDONALD

260.

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*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*<sup>44</sup>

*Secretary of State for External Affairs to High Commissioner in Great Britain*<sup>44</sup>

TELEGRAM 319

Ottawa, February 25, 1947

SECRET. Following for Robertson from Pearson, Begins:

1. My telegram No. 279 of February 18th,<sup>†</sup> political developments in Newfoundland.

2. Macdonald tells me that Convention, which has been in short recess, re-assembled February 24th. Group favourably disposed toward Confederation hope to defer action on Job's resolution until further reports from committees have been considered. However, majority will probably favour introduction of motion early this week requesting the Commission of Government to send delegations both to London and to Ottawa.

3. It appears that a tentative plan is to send two separate delegations but to have Chairman of Convention act on both, thus making it possible to defer an approach to Ottawa until the delegation to the United Kingdom has returned. However there is apparently a faction in the Convention which wishes to have the delegations complete their work as early as possible in order that the Convention may turn its attention to the question of Responsible Government. There is, therefore, no certainty that the Convention will not decide in favour of the despatch of delegations simultaneously to London and to Ottawa.

4. In our view this would be an undesirable development. We would prefer to see the same delegation proceed to both countries because this would provide the Convention with readily comparable reports. Separate delegations from such an inexperienced body as the Convention would almost inevitably differ both in quality and in the balance between political points of view represented.

5. In any case we would certainly prefer, as I suggested in paragraph nine of my telegram No. 278 of February 18th,<sup>†</sup> that any discussions we might have with a Newfoundland delegation should take place after the Convention has received answers to the questions it wishes to direct to the United Kingdom authorities. I feel that discussions with a Newfoundland delegation would be far more likely to

<sup>44</sup>Le texte de ce télégramme fut communiqué à l'ambassadeur aux États-Unis.

<sup>44</sup>The text of the telegram was communicated to the Ambassador in United States.



be fruitful under these circumstances than if they took place concurrently with discussions between Newfoundland representatives and the United Kingdom authorities.

6. The question is, of course, essentially one for the National Convention to decide. However, if you agree with me, I should think it would be helpful if, when you have your meeting with Machtig, you were informally to let him know our views on this point.

261.

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*Mémorandum de la deuxième direction politique*

*Memorandum by Second Political Division*

MINUTE ON DESPATCH NO. 100 OF FEBRUARY 25TH, WITH  
ENCLOSURE, AND TELEGRAM NO. 24 OF FEBRUARY 26TH,  
FROM THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S,  
REPORTING POLITICAL DEVELOPMENTS IN NEWFOUNDLAND

1. The report of the Committee of the National Convention, which met the Commission of Government on February 8th, in accordance with the resolution passed by the Convention on February 4th, was tabled in the National Convention on February 26th.

2. The report states that, if the Convention requests the Commission of Government to obtain from the Canadian Government information relating to a basis for federal union of Canada and Newfoundland, or to ascertain whether a delegation of Convention members would be received, the Governor will enquire and inform the Convention, following the same procedure as that outlined in paragraph 4 below.

3. The Commission of Government, the report states, advised the Committee that the words, "or what other financial, political or economic arrangements may be possible," which appear in the clause of the resolution of February 4th referring to relations with Canada, should not be included in any enquiry or in the terms of reference of any delegation to Canada as these are matters entirely for discussion between governments.

4. The report states that the Governor undertook to forward to the United Kingdom Government any enquiries from the Convention respecting financial and fiscal relationships between the United Kingdom and Newfoundland, and, if the Convention requests discussion of the question with the United Kingdom Government, to enquire and inform the Convention whether a delegation will be received.

5. The Commission of Government, the report states, advised the Committee that it would not be practicable to take steps to implement the section of the resolution of February 4th referring to economic and fiscal relationships between the United States and Newfoundland. The Commission also pointed out that if this question should be raised during discussions between a Newfoundland delegation and the United Kingdom Government, it would be for the United Kingdom Government to decide whether or not this matter should be discussed.

6. The report states that if either or both Governments (i.e. the United Kingdom and Canadian Governments) should intimate willingness to receive a delegation, the Commission of Government will give all possible assistance in making transport and other arrangements for the delegates.

7. The Hon. R. B. Job, who moved the resolution of February 4th, is unwilling to move a resolution implementing the report of the Committee. Consequently, Mr. J. R. Smallwood has given notice of a motion recommending that delegations be sent to the United Kingdom and to Canada.

8. The motion will probably come up for discussion on February 27th or 28th. It is generally believed that it will not be strongly opposed except by Mr. P. J. Cashin and others favouring the outright restoration of responsible government.

P. A. B[RIDLE]

262.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 27

St. John's, February 27, 1947

My telegram No. 24. Text of Smallwood's motion is as follows:

"Resolved, that National Convention desires to send a delegation consisting of Chairman and six of its members to London for the purpose of ascertaining from His Majesty's Government in the United Kingdom what financial or fiscal relationship is possible between that Government and Newfoundland under Responsible Government or Commission of Government, modified or unmodified, or under any other form of Government; and desires to send a delegation consisting of Chairman and six other of its members to Ottawa to ascertain from the Government of the Dominion of Canada what fair and equitable basis may exist for the federal Union of Newfoundland and Canada; and resolved that Steering Committee be requested to prepare a detailed statement of questions to which National Convention would request His Majesty's Government in the United Kingdom to furnish replies, such statement of questions to be submitted to the National Convention for confirmation before being delivered to His Majesty's Government in the United Kingdom; and resolved, in the event of His Majesty's Government in the United Kingdom declaring they will receive such a delegation, then both delegations shall be elected forthwith by secret ballot, and delegation to London shall proceed there, transact its business and return to Newfoundland and thereupon other delegation may proceed to Ottawa; and that reports of both delegations shall be laid before the National Convention simultaneously; and in the event that the Government of the United Kingdom will not receive a delegation, but prefer to furnish desired information otherwise than through the instrumentality of a delegation of the National Convention, then delegation to Ottawa shall be elected by secret ballot and authorized to proceed

to Ottawa immediately after the replies of the Government of the United Kingdom have arrived in Newfoundland, and replies of the Government of the United Kingdom and report of the delegation to Ottawa shall be laid before the National Convention together."

Notice of a motion to send a delegation to the United Kingdom only has been given by Mr. Hollett, one of Cashin's supporters, but Smallwood's motion has precedence and will probably be discussed tomorrow. I am forwarding text of Hollett's motion in a separate telegram.

263. 2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 28

St. John's, February 27, 1947

My telegram of February 27th, No. 27. Text of Hollett's motion is as follows:

"WHEREAS, it has been intimated to this Convention by His Excellency the Governor that he is prepared to forward to the Government of the United Kingdom any enquiries from this Convention respecting financial and fiscal relationship to be expected in the event that the people of this country at the proposed forthcoming referendum to be held in Newfoundland should the people decide on any of following forms of Government:

1. Commission of Government in its present form.
2. A revised form of Commission of Government.
3. Responsible Government.
4. Any other suitable form of Government.

AND WHEREAS His Excellency has further informed us that should the Convention request discussion of question with the Government of the United Kingdom by a delegation from the Convention members, His Excellency will enquire and inform the Convention whether such a delegation would be received.

WHEREAS, Commission of Government, in the event of such a delegation being received by the Government of the United Kingdom, will give all possible assistance in making transport and other arrangements for the delegates;

AND WHEREAS, this Convention, in view of the importance of the matter hereinunder outlined to the Convention, in their disposition of terms of reference to them outlined under the Convention Act, are of opinion that such a delegation should be despatched.

BE IT THEREFORE RESOLVED that this Convention avail itself of this opportunity and request His Excellency the Governor to acquaint His Majesty's Government in the United Kingdom of their desire to have a delegation consisting of five members proceed to the United Kingdom at the earliest possible moment to discuss with the said United Kingdom Government the various mat-

ters set forth hereunder, and be it further resolved, so soon as His Excellency informs us of the willingness of His Majesty's Government to accede to our request, said delegation be appointed or selected in such a manner as the Convention may decide."

264.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 29

St. John's, February 28, 1947

My telegram No. 28 of February 27th. Please add following to text of Hollett's motion:

"Matters to be discussed by the delegation with the United Kingdom Government:

1. National debt.
2. Military, naval and air bases in this country.
3. Gander Airport.
4. Interest-free loan.
5. Letters Patent 1934.
6. Any matters relating to future economic position of Newfoundland."

265.

243

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*  
*Secretary of State for External Affairs to High Commissioner  
in Great Britain*

TELEGRAM 344

Ottawa, February 28, 1947

SECRET. Following for Robertson from Pearson, Begins: Paragraph ten of my telegram No. 343 of February 28th,<sup>†</sup> political developments in Newfoundland.

Following just received from Macdonald: "There is little likelihood of anyone proposing that delegations proceed to London and Ottawa simultaneously, nor is there any probability that the Convention could be persuaded to elect same set of men to both delegations. The important thing at this stage is that the United Kingdom Government agree to receive a delegation and not head them off by an offer to reply to any questions they may wish to raise by correspondence. While it is confidently expected they will agree to receive a delegation, anything that could be done to ensure this result would be worth while." Ends.

266.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 31

St. John's, February 28, 1947

My telegrams No. 27 and No. 28 of February 27th.

Smallwood has agreed to give Hollett's motion precedence, to delete from his own all reference to the United Kingdom and to strike out requirement that reports of both delegations shall be laid before the Convention simultaneously. This compromise will materially enhance the chance of adoption of the motion to send delegation to Ottawa. In any case, we can now be assured matter is coming up for decision under the most favourable conditions that can be brought about in the circumstances.

267.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 32

St. John's, February 28, 1947

My telegram No. 31 of February 28th. Hollett's motion requesting Governor to ask United Kingdom Government to receive delegation from the Convention has passed unanimously.

268.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 110

St. John's, February 28, 1947

Sir,

I have the honour to inform you that, following the decision to ask the Commission of Government to ascertain if the Government of the United Kingdom would receive a delegation to discuss the financial relationship of Newfoundland to the United Kingdom under various alternative forms of Government, Mr. J. R. Smallwood, delegate from Bonavista Centre, introduced the following Resolution this afternoon in the National Convention:

"RESOLVED that the National Convention desires to send a delegation consisting of the Chairman and six other of its members to Ottawa to ascertain from the Government of Canada what fair and equitable basis may exist for federal union of Newfoundland and Canada; and

RESOLVED that the National Convention requests His Excellency the Governor in Commission to ascertain whether the Government of Canada will receive such a delegation for the purpose stated; and

RESOLVED that should the Government of Canada be willing to receive such a delegation, then the said delegation shall be elected forthwith by secret ballot, and shall proceed to Ottawa as soon as possible after the return of the delegation elected pursuant to the Resolution proposed by Mr. Hollett and adopted by this Convention on this date and not before."

2. This is the definitive text, a small verbal change having been made in the last half-dozen lines, with the consent of the Convention, to bring it more into conformity with the terms of Mr. Hollett's resolution asking for the despatch of a delegation to the United Kingdom.

3. Mr. Smallwood, contrary to his custom, contented himself with a few brief introductory remarks and thereby did much to advance the prospects of his motion for many of the members have become not a little irritated at the length and frequency of his speeches.

4. The opposition, as was expected, came mainly from the group of which Major Cashin is the leading spokesman, though not in any sense the recognized leader, that want the restoration of the system of Government they had up to 1933 and nothing else. They were joined on this occasion by seven or eight others who considered that the only way to secure the best terms would be by negotiations between duly constituted Governments and that any such negotiations should be deferred until Newfoundland had itself such a Government.

5. Though the discussions went on into a night session with about half of the members taking part, no new ground of importance was broken. The proceedings were orderly and the vote, taken without any evidence either of tension or of enthusiasm, resulted in the adoption of Mr. Smallwood's motion by twenty-four to sixteen.

I have etc.

J. S. MACDONALD

269.

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*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 380

London, March 4, 1947

SECRET. Following for Pearson from Robertson, Begins: Reference your telegram No. 343, March 1st,<sup>1</sup> Newfoundland.

1. I had an opportunity this afternoon of putting to Machtig the point of view outlined in paragraph 5 of your telegram under reference.<sup>45</sup> He would prefer that the delegation nominated by the Newfoundland National Convention should first formulate in writing the questions it wishes to address to the United Kingdom Government, pay its visit to Canada, and then, if it feels that the United Kingdom answers, which by that time should be available, require further elucidation, pay its visit to the United Kingdom.

2. The gist of the matter is that the Dominions Office do not wish to be placed in the position in which we wish to put them. People I have talked to are prepared to concede that the entry of Newfoundland into Confederation would be the best solution of a difficult problem, and they recognize that Newfoundlanders would be more ready to take this course if they knew that they could not hope for further financial assistance from the United Kingdom. They hope, however, that Confederation, if and when it comes, may be the result of the pull of Canada and not of a push from England. They do not wish to be put in a position of telling Newfoundland that it can expect no further aid from this country. In fact, if a plain question was put to them by a Newfoundland delegation, they would probably produce the White Paper<sup>46</sup> and other relevant documents to show the weakness of the United Kingdom's external position, shortage of dollars, etc., and would then say that the little that they have would probably be shared with the oldest Colony if it once more found itself in serious straits. This, I think, is probably the general Governmental attitude, though the Treasury would perhaps like to see the Government take a tougher line. The Dominions Office fear that the presence of a Newfoundland delegation in London might provoke a demand from both sides of the House of Commons for assurances of assistance and support comparable to the Colonial Development Fund Scheme, which might be difficult to resist.

3. For reasons such as these, Machtig is inclined to argue that the prospect of Newfoundland actively seeking entry into Confederation would be impaired if the delegation came to London first, and to suggest for your consideration that our ultimate interest might be better served if the delegation went first to Canada, received there a picture of the practical implications of Confederation in terms of social services, transport facilities, employment opportunities, etc., and then came to the United Kingdom, if they felt they had to, with Canadian welfare and administration standards in mind, against which they could measure and discount the kind of assistance which in the last resort they might hope to get from the United Kingdom if they decided to stand alone.

4. Machtig fully appreciates that his Government will have to consider procedure in respect to Newfoundland developments in close concert with ours and take Canadian advice before determining what further instructions are to be given to the Governor. He suggested, and I agreed, that it would be helpful if he could give Clutterbuck a full statement of United Kingdom hopes and worries in the matter, so that he could discuss with you the next steps which will have to be taken. Ends.

<sup>45</sup>Voir les paragraphes 5 et 6, document 260.

<sup>46</sup>Grande-Bretagne, *Economic Survey for 1947*. Cmd. 7046. London: His Majesty's Stationery Office, février 1947.

<sup>45</sup>See paragraphs 5 and 6, Document 260.

<sup>46</sup>Great Britain, *Economic Survey for 1947*. Cmd. 7046. London: His Majesty's Stationery Office, February 1947.

*Mémorandum de la deuxième direction politique*<sup>47</sup>  
*Memorandum by Second Political Division*<sup>47</sup>

SECRET

Ottawa, March 8, 1947

MEMORANDUM ON CONVERSATION WITH SIR ALEXANDER CLUTTERBUCK  
 REGARDING NEWFOUNDLAND, MARCH 5TH, 1947

1. On March 5th, Sir Alexander Clutterbuck, who had recently returned from England, informed Mr. Reid and Mr. Bridle of the Dominions Office attitude toward discussions with delegations from Newfoundland. They feel that:
  - (a) It would be unwise for the United Kingdom Government to receive a delegation from Newfoundland unless strongly pressed to do so. The delegates would inevitably meet Labour M.P.'s who would endeavour to persuade them that Newfoundland's only acceptable course is to resume Responsible Government;
  - (b) It would be hazardous for Canada to contemplate as Sir Alexander had suggested, that after initial exploratory discussions, a Newfoundland delegation should return to St. John's to seek authority from the National Convention to return to Canada with representatives of the Commission of Government who would assist them in their negotiations. This might easily lead to the discussions being broken off after the initial stage;
  - (c) Members of the Commission of Government and delegates from the National Convention could not work together effectively as representatives of Newfoundland;
  - (d) The Newfoundland delegation should not be accompanied by officials of the Government. The D.O. is very anxious that no delegation from the Convention should assume the stature of a negotiating body. The Canadian authorities might secure any more detailed information they require through their High Commissioner's Office in St. John's;
  - (e) Canadian ministers might be prepared to receive a Newfoundland delegation and to outline their terms to them on paper in as concrete a form as possible. They would make every effort to impress the Newfoundland delegation with the benefits confederation would bring to Newfoundland apart from any details it might be necessary to leave outstanding. Should the latter include the "gap" in the "provincial" budget, a formula in general terms guaranteeing Newfoundland adequate revenues to carry on as a province might be utilized;
  - (f) Final and detailed terms could be worked out between the Dominion Government and the new "provincial" government after confederation had taken place;
  - (g) The question of the Newfoundland debt would have to be left in abeyance until after confederation had taken place. At this stage, the United Kingdom government could be counted on to agree to assume the Newfoundland sterling

<sup>47</sup>P. A. Bridle.



debt. They will not, however, commit themselves in advance of confederation because there would immediately be demands that they should perform the same service for Newfoundland under Commission of Government or Responsible Government. They would then be in a very embarrassing position because they have no intention of assuming the Newfoundland debt under these circumstances, since it represents a source of Canadian dollars amounting to more than three million dollars annually. It is very important that both the United Kingdom and Canada preserve an attitude of strict impartiality on the question of the debt until the political issue is settled. It is suggested that when the Newfoundland delegation raises this question, Canadian ministers might reply that, in the event of confederation, the Canadian government would be prepared to take the matter up with the United Kingdom government.

2. Sir Alexander said that, when replying to the National Convention, the United Kingdom government will say that under Responsible Government Newfoundland would be on her own, but that under Commission of Government she would be entitled to whatever assistance the United Kingdom might be able to afford. They would stress their shortage of Canadian dollars and their consequent inability to be of much help.

271.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 127

St. John's, March 10, 1947

Sir,

I have the honour to refer to my despatch No. 120 of March 6th, 1947,<sup>†</sup> and to inform you that the Convention met this afternoon and confirmed the statement drawn up by the Steering Committee of the questions to be submitted to His Majesty's Government in the United Kingdom. The questions which differ but slightly from those suggested in Mr. Hollett's original Resolution are as follows:

1. The Public Debt
  2. The Interest-free Loan
  3. Development Loans
  4. The position arising out of the various Base Deals
  5. The financing and control of Newfoundland Airports
  6. Trade and Tariffs
  7. Any other matters relative to Newfoundland affairs which the delegation may raise and His Majesty's Government in the United Kingdom be willing to discuss."
2. There was some scattered criticism based chiefly on the contention that the statement merely enumerated a list of subjects and did not make clear exactly

what questions it was proposed to ask. The Chairman pointed out, however, that the list of subjects must be read in conjunction with the original Resolution which provided and still provides for discussion with the United Kingdom Government by the delegation of what financial and fiscal relations there might be in the future between Great Britain and Newfoundland under Responsible Government, Commission of Government or any other form of Government. The opposition was not pressed and the report was adopted without a recorded vote.

3. The Resolution will now go to the Governor for transmission to the Secretary of State for Dominion Affairs.

I have etc.

J. S. MACDONALD

272.

243

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*<sup>48</sup>

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*<sup>48</sup>

TELEGRAM 430

London, March 11, 1947

SECRET AND PERSONAL. Following for Pearson from Robertson, Begins: Your telegram No. 402, March 7th.<sup>†</sup>

1. I gather from the Dominions Office that the United Kingdom Government have come to the conclusion that they cannot do other than receive a Newfoundland delegation in London and that they will shortly so inform the Governor. They will not press for the delegation to go first to Canada, but will make it clear that it cannot be received here until after the Easter recess, i.e. not before the latter part of April. They have been hoping that the Newfoundland Convention would choose the same delegation to go to the United Kingdom and Canada, but recognize that the principle of one man one trip may be hard to circumvent.

2. My own judgment, for what it is worth, is that there is a good deal of force in Machtig's argument, summarized in my telegram No. 380, March 4th, that the prospects of a cheerful entry into Confederation would be enhanced if the Newfoundland delegation went to Canada before coming to London. I feel we may be making a mistake in tactics in counting too heavily on inter-governmental financial relationships to determine the political and constitutional future of Newfoundland. Our High Commissioner in Newfoundland, to whom I take it these messages are being repeated, has always been inclined to accept the economic interpretation of history and policy a little quickly. This is the only point on which I differ from his judgment as to how the union of Newfoundland with Canada can be furthered.

3. My inclination would be to welcome an early visit from the Newfoundland delegation; encourage them to get the feel of the country with which they are

<sup>48</sup>Ce télégramme fut signalé au Premier ministre.

<sup>48</sup>This telegram was referred to the Prime Minister.

thinking of throwing in their lot; give them each a copy of Bruce Hutchison's book and a trip to the Pacific Coast; explain that we cannot talk terms of union at this time while negotiations with the Provinces are still incomplete; let them see for themselves what a good country Canada would be to belong to; then, with no offers made or even hypothetical terms<sup>2</sup>discussed, let them come to this country on a similar voyage of discovery. The basic facts and possibilities of Newfoundland's economic relationship with Canada and the United Kingdom would gradually make themselves felt, and might in retrospect appear to the student to have been the decisive factor in determining the future of Newfoundland. In the meantime, however, the people's choice will have been a political one influenced by all sorts of other than strictly economic or financial considerations. Such a choice would be a much stronger basis of real political unity than anything that would be achieved by dollar diplomacy. Ends.

273.

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*Mémorandum de la deuxième direction politique*

*Memorandum by Second Political Division*

MINUTE ON DESPATCH NO. 132 OF MARCH 13TH<sup>†</sup> FROM THE  
CANADIAN HIGH COMMISSIONER IN ST. JOHN'S REPORTING  
REACTION OF NEWFOUNDLAND PRESS TO RESOLUTION RE  
DESPATCH OF DELEGATION TO OTTAWA

1. It should be noted that control of most Newfoundland newspapers is in the hands of persons or groups unsympathetic to union with Canada.
2. The resolution aroused relatively little press comment.
3. There was general agreement that the terms of Confederation should be sought at some time or other.
4. The two St. John's dailies argued that terms could be discussed only between responsible governments and that the views of the Canadian Government could be obtained at this stage by correspondence.
5. A further objection was that the despatch of a delegation at this time is premature because the Convention has not yet completed its factual investigations in Newfoundland.
6. The *Daily News* emphasized that a number of declared anti-Confederates had voted in favour of the resolution in order to get the affair dealt with and so enable the Convention to proceed with other business. The High Commissioner points out that it is true that at least three of those who voted for the resolution are unalterably opposed to Confederation, but that most of the others would probably accept Confederation on favourable terms.

P. A. B[RIDLE]

274.

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*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*<sup>49</sup>

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*<sup>49</sup>

TELEGRAM 39

St. John's, March 13, 1947

IMMEDIATE. SECRET. Your telegrams No. 35, No. 36 and No. 37 of March 11th<sup>t</sup> setting forth the views of Machtig, Robertson and Clutterbuck on the question of union of Newfoundland with Canada and asking for my views.

The weakness in the programme they advocate is that it disregards the facts of the situation. The decision of the National Convention taken on February 28th is that a delegation should go to the United Kingdom first to ascertain what financial and other assistance they may hope to receive in the future from the United Kingdom and that no delegation shall go to Ottawa until delegation from United Kingdom has returned and reported its findings to the Convention. In face of this decision, which represents the considered opinion of the Convention, it is idle to speculate on the desirability or otherwise of having a delegation go to Canada before going to the United Kingdom. The logic of the whole position is that a delegation go to the United Kingdom first and, in any case, any attempt to exercise pressure in the other direction would only defeat its object.

Similarly, it is quite beside the point to suggest to the Convention a study of *Canada, the Unknown Country* or a trip to Ottawa. The Convention is not interested in sending a delegation on a tour of Canada. Their desire, set forth in the Smallwood Resolution, is to send a delegation to Ottawa, if the Canadian Government will agree to receive it, to ascertain whether Canada is prepared to offer a fair and equitable basis of union. If the Canadian Government is prepared, after discussions that could extend over several weeks but could not be unduly protracted, to offer terms considered favourable by the delegation and the Convention, they will be submitted to the people of Newfoundland as part of the national referendum. If the Canadian Government is not prepared to offer favourable terms, the referendum will be held in early autumn in any case, but there will be no reference to confederation with Canada.

Years or decades hence a further opportunity may arise to bring Newfoundland into the Dominion. But it is not likely. For reasons I have outlined many times — the growth of further vested interests; the development of Labrador; the increase of American influence through the presence of large naval and air bases on the Island (the United States Commander has just informed me that they are going to spend 12 million dollars extending runways and facilities at Harmon Field this summer) and many similar developments — make union with Canada yearly more difficult. Moreover, the present favourable political situation in which confederation with Canada would rally both those who are apprehensive of

<sup>49</sup>Ce télégramme fut signalé au Premier ministre.

<sup>49</sup>This telegram was referred to the Prime Minister.

Newfoundland's ability to stand alone and those who genuinely desire an elected Government, but fear that, as of old, it would abuse its power if it possessed plenary authority, will pass with this summer. There is no likelihood that I can foresee of Canada and Newfoundland growing gradually closer together over the years and, in any case, Newfoundland could not be secured on more favourable terms later than it can now.

In my view, the setting has been arranged in a way that gives us the greatest possible prospect of success and nothing should be done to disturb it.

275.

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*Extraits d'une lettre du haut commissaire à Terre-Neuve  
au sous-secrétaire d'État aux Affaires extérieures*

*Extracts from Letter from High Commissioner in Newfoundland  
to Under-Secretary of State for External Affairs*

St. John's, March 15, 1947

Dear Mr. Pearson,

I have read with interest Dr. MacKay's memorandum on a proposed basis for financial terms with Newfoundland. It contains much useful information on this difficult subject and I note it represents the agreed views of the Financial Subcommittee.

My own views differ rather widely from those set forth in the memorandum. If and when Newfoundland, on terms to be agreed, unites with the Dominion, Labrador automatically becomes an integral part of Canada. There would be no logic in buying it a second time. It is stated that the scheme outlined would give the Dominion control of an important defence area. But the Dominion would have complete control of the area for defence in any case. As for development and administration it must be kept in mind that the Fisheries, Navigation, Aviation and the Geological, Geodetic and Topographical surveys would be handled by the Dominion without the necessity of any special arrangements. The only other services that would require development would be mining, trapping and possibly lumbering. Small royalties or fees might be secured from these activities. They would, however, not be important for many years at least. They would be developed in any case exclusively by private enterprise and quite as well if Labrador were administered from St. John's as from Ottawa.

In my view the best procedure, for it is sound in principle and gives satisfactory results in practice, would be to follow the solution adopted in the case of the existing Provinces and make Newfoundland a debt allowance. [ . . . ] It wouldn't cost Canada any more than the dubious device of buying Labrador a second time and — what is of vital importance — would be infinitely more popular in Newfoundland. Newfoundlanders are strongly attached to Labrador and place a higher value on it both sentimentally and financially than we ever would.

A further advantage of this procedure is that the subsidy arrangement would be a permanent and not a transitory one. Nothing would be more fatal to the

campaign for union than to give opponents an opportunity to argue that Newfoundland was being called upon to make an irrevocable decision on the basis of an arrangement that could be radically altered at the end of ten years.

...

Yours sincerely,

J. S. MACDONALD

276.

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*Extrait d'une lettre du conseiller spécial du sous-secrétaire d'État  
aux Affaires extérieures à la deuxième direction politique*

*Extract from Letter from Special Assistant to Under-Secretary  
of State for External Affairs to Second Political Division*

SECRET

Halifax, March 16, 1947

Dear Mr. Bridle,

I refer to your letter of March 12th.<sup>†</sup>

I note that Mr. Coyne has raised strong objections orally to the plan proposed in my memorandum of Feb. 13th, on suggested financial terms with Newfoundland. It is unfortunate that Mr. Coyne was not present at the meeting of the financial subcommittee preceding the drafting of my memorandum, which I felt, although purely personal, generally reflected the views of those present.

In the first place, Mr. Coyne seems to assume that Newfoundland is anxious to come in, and that the Canadian Government is therefore in a position to bargain on terms. This assumption is hardly warranted. Indeed, confederation appears to be running at least second, and perhaps third, in Newfoundland opinion. A safer assumption would be that unless the Canadian Government is prepared to offer generous terms, confederation has little chance of being accepted.

Secondly, Mr. Coyne assumes that the question of the tax revenues to be raised by Newfoundland should be settled by a statistical measurement of increased capacity to pay. It may well be that confederation would bring benefits to Newfoundland by way of transfer payments and reduced customs taxes, but such advantages might be more than offset in popular opinion, if Newfoundland were required to resort to new taxation at the outset. It should not be forgotten that a historic argument in Newfoundland against federation is that it would increase taxes. Terms requiring new taxes at the outset would give opponents of federation the kind of ammunition they would like to have.

Thirdly, Mr. Coyne's strong views serve to underline what has been repeatedly stated, that failing a further directive on policy, the committee has gone as far as it profitably can in examining the problem. The real question is whether the admission of Newfoundland is regarded as a matter of major national importance. So long as this question of policy remains unsettled there is bound to be wide divergence of views among the members of the Interdepartmental Committee as to suitable terms, each member's measure of suitability of terms depending

partly on departmental bias and partly on his personal estimate of the national interest involved. No agreement among the committee about terms can be expected under these circumstances.

Pending a decision on policy, I think it would be inexpedient to circulate my memorandum to the various deputies, since in fairness Mr. Coyne's criticism would need to be circulated as well. This material might only serve to develop attitudes which might prejudice the decision on policy which should be made on other than financial grounds.

I gather that the Newfoundland Convention has decided to send a delegation to Canada after the delegation returns from the United Kingdom. I suggest that this decision might be made the occasion for a request for a directive on policy. The question, as I suggested above, is whether the admission of Newfoundland is regarded as a matter of major national importance. If so, I suggest that we shall have to be prepared to offer, after exploratory conversations with a Newfoundland delegation, terms sufficiently generous to give reasonable prospect of acceptance by a large proportion of the Newfoundland electorate. How generous would be a matter of policy, and could probably not be decided until after exploratory discussions. But I suggest that in any event Canada could not afford to appear niggardly to the Newfoundland people. My memorandum of Feb. 13th should be regarded as a personal estimate of the amounts which might be involved and personal suggestions regarding a formula which could not easily be used by other provinces as a precedent for upsetting existing subsidies or tax agreements.

If the decision on policy is that only minor national interests are concerned and that financial considerations are uppermost, I suggest that an effort should be made to head off a delegation from Newfoundland, since to send them back without generous terms might be politically undesirable, both within Canada, and in Canada's relations with Newfoundland.

Yours sincerely,

R. A. MACKAY

277.

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*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures<sup>50</sup>*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs<sup>50</sup>*

TELEGRAM 469

London, March 17, 1947

Your telegram No. 462 of March 15th.<sup>†</sup>

Opinions expressed in my telegram No. 430 of March 11th were certainly belated and perhaps would not have worked out the way I thought they would. In

<sup>50</sup>Ce télégramme fut signalé au Premier ministre.

<sup>50</sup>This telegram was referred to the Prime Minister.

any case, we now appear to be committed to an alternative approach and procedure which may bring satisfactory results. The High Commissioner in Newfoundland may be correct in thinking that because of the financial and economic relations obtaining between Canada, the United Kingdom and Newfoundland, there is a better chance of Newfoundland entering into confederation at this time by the route he recommends than would be the case if we were to follow the course I suggested. I must confess I was trying to take a long view and to see what we could do to give them a sense of responsible partnership from the beginning, in the hope, probably vain, that if they did come in, they would not feel it necessary to fight every provincial and federal election for the next fifty years on the question of whether the terms of union in retrospect had been both fair and profitable.

278.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 42

St. John's, March 19, 1947

Convention in private session this afternoon, Wednesday, received communication from the Governor of the willingness of the United Kingdom Government to receive delegation and elected the following, with the Chairman of the Convention, to constitute the delegation:

Messrs. Hollett, Cashin, Crosbie, Fudge, Keough and Butt.

279.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*<sup>51</sup>

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*<sup>51</sup>

DESPATCH 146

St. John's, March 20, 1947

SECRET

Sir,

I have the honour to transmit, herewith, for your consideration the text of a communication dated March 20th, from Sir Gordon Macdonald, Governor of Newfoundland, incorporating a resolution of the National Convention asking him to ascertain whether the Government of Canada will receive a delegation,

<sup>51</sup>Cette dépêche fut signalée au Premier ministre. La traduction de la lettre du gouverneur est reproduite à la fin du texte original.

<sup>51</sup>This despatch was referred to the Prime Minister.



consisting of the Chairman and six other of its members, desiring to ascertain what fair and equitable basis may exist for federal union of Newfoundland and Canada.

I have etc.

J. S. MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

*Le gouverneur de Terre-Neuve au haut commissaire à Terre-Neuve*  
*Governor of Newfoundland to High Commissioner in Newfoundland*

SECRET

St. John's, March 20, 1947

Sir,

I desire to bring to your notice a Resolution passed at the National Convention of Newfoundland now in session:

"RESOLVED that the National Convention desires to send a delegation consisting of the Chairman and six other of its members to Ottawa to ascertain from the Government of Canada what fair and equitable basis may exist for federal union of Newfoundland and Canada; and

RESOLVED that the National Convention requests His Excellency the Governor in Commission to ascertain whether the Government of Canada will receive such a delegation for the purpose stated."

I should be most obliged if you would please ascertain whether the Canadian Government would be prepared to receive the proposed delegation, and if so, at what date.

I am asked by the Chairman of the National Convention to intimate that any date following May 12th, 1947, would be suitable to the proposed delegation. Furthermore, he stated that it would meet the convenience of the National Convention, providing the reply of the Canadian Government should be favourable, for it to be received in time for the proposed delegation to be elected at the Convention prior to the recess which may commence on or about April 12th, 1947.

I have etc.

GORDON MACDONALD

[TRADUCTION]

Monsieur le Haut Commissaire,

Je désire porter à votre connaissance une résolution adoptée par la Convention nationale de Terre-Neuve, actuellement en session:

"IL EST RÉSOLU que la Convention nationale désire envoyer à Ottawa une délégation formée de son Président et de six autres de ses membres, afin d'examiner, de concert avec le Gouvernement canadien, la possibilité de trouver une base juste et équitable d'union fédérale de Terre-Neuve et du Canada; et

IL EST RÉSOLU que la Convention nationale prie Son Excellence le Gouverneur en commission de s'informer si le Gouvernement canadien recevrait à cette fin une telle délégation."

Je vous serais infiniment obligé de bien vouloir vous informer si le Gouvernement canadien serait disposé à recevoir la délégation projetée et, le cas échéant, à quelle date.

Le président de la Convention nationale me prie de vous indiquer que toute date postérieure au 12 mai 1947 conviendrait à la délégation projetée. Il m'informe, d'autre part, que la Convention nationale aimerait à recevoir la réponse du Gouvernement canadien, pourvu qu'elle soit favorable, assez tôt pour pouvoir élire la délégation avant l'intersession qui commencera vers le 12 avril 1947.

J'ai l'honneur etc.

GORDON MACDONALD

280.

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*J. R. Smallwood au secrétaire d'État aux Affaires extérieures*

*J. R. Smallwood to Secretary of State for External Affairs*

St. John's, March 21, 1947

Dear Mr. St. Laurent,

I had the honour of meeting you at Ottawa last August, when you were acting Prime Minister. We discussed Newfoundland. You may recall the occasion.

I take the liberty of writing you to repeat what I said then. You may remember that I said that of all the possible forms of government Commission Government was the most popular. The reason for this was that Commission Government was regarded by most of the people as representing a helping hand from the United Kingdom in case of need. For this reason also the people dreaded the thought of a return of Responsible Government with Dominion status, for this would represent launching out upon the uncertainties of independent national existence. Confederation interested a growing number of people, as witness the fact amongst other facts that I had been elected in one constituency on that platform, with the largest majority in the election.

Since then Responsible Government has faded even more, and Commission Government has lost fairly heavily. Confederation has made very important gains in the public estimate, and is growing rapidly.

A delegation of seven Convention members is going to London for a conference commencing on April 29th, for the purpose of ascertaining what if anything the British Government would do for Newfoundland under (a) Commission, (b) Responsible or (c) any other form of government.

It is very important that this delegation come back to Newfoundland with a clear-cut official statement by the British Government of exactly what they are prepared to do for Newfoundland. If the British Government is not willing to do anything for Newfoundland it will destroy utterly any pro-Commission strength here.

The danger is that the British Government will state that they would not welcome an indefinite continuation of Commission Government but would be

prepared to countenance it for a limited period of say five years. This would be fatal. If they state any maximum that maximum is bound to become an *idée fixe* in the Newfoundland people. They will seize upon it, for it would have all the mesmerizing effect of a slogan; "We'll keep Commission Government for five years and then see what we'll do after." ~

This idea would save people all necessity for further thinking. Commission Government would win by a substantial majority over all other forms.

Whatever I might think of Confederation — and given suitable terms it would be incontestably the best thing for Newfoundland — I must say frankly that in my view a continuation of Commission Government, especially for a fixed period, would be disastrous for Newfoundland. At the end of such a period our accumulated surplus would be gone, our public finances and our trade would have become greatly weakened, and our country [would] generally be in a very precarious position.

It would be very unfair to Newfoundland for the British Government to suggest anything in the nature of continued Commission Government. The fairest thing they could do would be to say frankly that even under a continued Commission Government they could not give us any financial help.

I do not know any member of the British Government well enough to write him, so I write you. I do so in the hope that somehow the British Government can be made to realise the true position.

If the British Government say that they cannot help us, even under Commission Government, then it is very doubtful whether the National Convention would feel justified in recommending that Commission Government be submitted to the people in the forthcoming National Referendum. In that case there would be only two forms on the ballot — Responsible Government and Confederation. With satisfactory terms Confederation would carry overwhelmingly.

I trust that you will understand my anxiety in this matter and forgive me for intruding upon your attention.

Faithfully yours,

J. R. SMALLWOOD

281.

2828-40

*Extrait d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extract from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 151

St. John's, March 22, 1947

SECRET

Sir,

I have the honour to inform you that it has been announced that His Excellency the Governor and Mr. A. J. Walsh, Commissioner for Justice and Defence,

will accompany the delegation from the Convention and take part in the discussions with the Government of the United Kingdom which are scheduled to open in London on April 29th. The announcement came as a considerable surprise and members of the delegation and of the Convention generally are rather puzzled as to what significance they should attach to it, more especially as the Dominions Office has been endeavouring to get the delegation to indicate in greater detail than was done in the Hollett resolution, not only the questions they wish to discuss but also what particular propositions they wish to put forward.

2. The Chairman of the delegation, whose opinion was not asked in the matter, seems apprehensive that the Governor may be planning to try to induce the Dominions Office to agree to extend its present commitments with respect to guaranteeing the service of the national debt and to meet any deficits that may occur, not for an indefinite period, but for a period of five years only. For some months past, as I have already indicated, I have sensed the development of some such general idea in the Governor's mind. I am inclined to believe that his views are now crystallized and that, as appetite comes with eating, he has persuaded himself that if he were given control of Newfoundland for five years he could revivify the Commission and could promise, by using the surplus, to avoid any cost to the Treasury of the United Kingdom and at the same time give the country a more progressive government.

3. In this connection I think I should report that the Chairman of the delegation and Mr. Smallwood came to my room in the hotel and stressed the danger that would arise if the United Kingdom authorities should listen to advice of this kind. They strongly urged me to bring the situation to the attention of the Government at Ottawa in the hope that they would take steps to prevent it developing unfavourably. I pointed out to them that it scarcely seemed probable that the Government of the United Kingdom, in view of the heavy burden of taxation, the immense sacrifices made in the war and the necessity of re-establishing its economy, would find it practicable to extend further financial aid or guarantees to Newfoundland. I made it quite clear to them, however, that the Canadian Government takes the position that relations with the United Kingdom and the future form of Government in Newfoundland are entirely matters for the people of Newfoundland to decide and that I could not undertake to transmit any such request to the Government at Ottawa.

4. While I feel sure that no other answer could properly be made to them or to any group in Newfoundland, I feel convinced in my own mind, as I have already made clear in my despatch No. 106 of February 28th<sup>1</sup> and earlier correspondence, that if the Government of the United Kingdom extends financial aid to Newfoundland there would be no point in considering further the question of encouraging the country to enter the Dominion or even of permitting the question of federation to appear on the ballot.

...

I have etc.

J. S. MACDONALD

282.

2828-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs  
to Secretary of State for External Affairs*

Ottawa, March 22, 1947

I am enclosing herewith a memorandum from Mr. Baldwin on Newfoundland. This matter has been brought to a head by the despatch of March 20th from the Governor of Newfoundland to our High Commissioner in St. John's, informing him of a Resolution passed by the National Convention of Newfoundland as follows:

"RESOLVED that the National Convention desires to send a delegation consisting of the Chairman and six other of its members to Ottawa to ascertain from the Government of Canada what fair and equitable basis may exist for federal union of Newfoundland and Canada; and

RESOLVED that the National Convention requests His Excellency the Governor in Commission to ascertain whether the Government of Canada will receive such a delegation for the purpose stated."

The Governor then asked Mr. Macdonald whether the Canadian Government would be prepared to receive the proposed delegation on some date after May 12th, 1947.

I agree with Mr. Baldwin that we should not postpone the date beyond the early part of June or we will run the risk of giving Newfoundland the impression that we do not wish to receive a delegation at all.

I am also inclined to agree with the procedure outlined by Mr. Baldwin, though I am not convinced that it might not be desirable for the Newfoundland delegation to be accompanied by officials who would be in a position to supply information as desired.

I think that it would be useful if you could have a word with the Prime Minister about this matter before he leaves for the Easter recess. In any event, there should be a meeting of the Cabinet Committee on Newfoundland some time next week to give consideration to the reply to be returned to the Governor of Newfoundland.

L. B. P[EARSON]

[PIÈCE JOINTE/ENCLOSURE]

*Extraits d'un mémorandum du secrétaire adjoint du Cabinet*  
*Extracts from Memorandum by Assistant Secretary to the Cabinet*

SECRET

Ottawa, March 24, 1947

DISCUSSIONS WITH NEWFOUNDLAND DELEGATION

...

## PROCEDURE

The suggestion has been made that Canada's willingness to make a firm offer, designed to bring Newfoundland in, should now be put squarely up to the Cabinet for decision. I am not sure that this action is either desirable or necessary for the moment. It will be much easier for us to assess the position after the Newfoundland delegation has visited the United Kingdom in early May; moreover, two or three months may make a difference in our Dominion-Provincial relations situation. If we receive a delegation and discuss the present position with them without having reached decision on the question of any special offer, particularly on financial matters, this need not be injurious, although the Canadian government should be aware that some special financial assistance of an interim character will be required and that the Canadian representatives will be asked what Canada will offer in this connection.

The Interdepartmental Committee has already prepared a substantial amount of material which would permit full explanation of expected federal programmes and expenditures in Newfoundland. These would be a satisfactory starting point for discussions. [ . . . ]

The suggestion has also been made that since more factual data on Newfoundland may be needed for the discussions, we should tell Newfoundland that we would like some Newfoundland officials to come up in advance for exchange of information with Canadian officials. I am dubious about this; it is hard to foresee the exact consequences of such a meeting at the official level. If further information on Newfoundland is going to be needed and the delegation cannot provide it they can send for their experts; even though this means that progress of the discussions would be slowed down, it might be useful rather than harmful.

...

J. R. BALDWIN

283.

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*Le secrétaire d'État aux Affaires extérieures au haut commissaire*  
*à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner*  
*in Newfoundland*

TELEGRAM 47

Ottawa, March 24, 1947

IMMEDIATE. SECRET. Your telegram No. 43 of March 20th,<sup>†</sup> communication from Governor re delegation.<sup>52</sup>

<sup>52</sup>Voir la pièce jointe, document 279.<sup>52</sup>See enclosure, Document 279.

2. We are a little puzzled as to why the delegation to Ottawa would be prepared to leave any time after May 12th, only two weeks after the delegation to London is to be received there. We assume that, in accordance with Smallwood's resolution, the delegation to Ottawa will not proceed until the delegation to London has returned. If this procedure is to be adhered to, it would appear that their stay in London is expected to be relatively short. Would appreciate your views as to whether this interpretation of the situation is correct.

3. Is there any possibility of the same members, in addition to the Chairman, being elected to both delegations?

4. Your despatch No. 146 of March 20th enclosing the Governor's communication was received here Saturday.

284.

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*L'adjoint administratif des gouverneurs, la Banque du Canada,  
au secrétaire, le Comité interministériel sur les relations  
entre le Canada et Terre-Neuve*

*Executive Assistant to Governors, Bank of Canada, to Secretary,  
Interdepartmental Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, March 24, 1947

Dear Mr. Bridle,

I have your letter of February 28<sup>1</sup> enclosing a copy of Mr. R. A. MacKay's memorandum on "Proposed basis for financial terms with Newfoundland,"<sup>53</sup> which you say "it is felt represents in general the agreed views of the financial sub-committee."

I do not think that is a correct way of summing up the views of the sub-committee. I doubt if, in fact, the members of the sub-committee are in agreement on these matters — certainly I myself do not agree with the views expressed in the memorandum in question. The committee's discussions to date have been very valuable; but they have, I think, shown that it would be a serious mistake for the sub-committee to attempt to reach any definite conclusions at this early stage.

We have had some discussions about "procedure" or "tactics" in which some members of the committee indicated their view that Canada should decide on "terms" and proceed to make an "offer" to Newfoundland. As you know, I am strongly of the opinion that that is not the best way, indeed not at all a practical way, of going about this matter. I think we should engage in exploratory talks with the Newfoundland representatives, exchange information, discuss all aspects of the various problems involved in a project of union, and endeavour to avoid the crystallization of any issue, or the making of a specific offer. It may well be that agreed conclusions will emerge from such talks, conclusions as to what arrangements would be fair, reasonable, equitable and above all practicable.

<sup>53</sup>Document 258.

without there ever having to be anything in the nature of an "offer." At any rate, we should commence these talks with that end in view.

Dr. MacKay's memorandum, however, is implicitly if not explicitly based upon the contrary opinion. It represents an attempt to decide, prematurely as I think, what the terms of union should be, with a view to having definite terms available before the talks begin. I believe some other members of the committee share my view that it is as a rule a mistake for a government in such circumstances to make specific proposals.<sup>54</sup> Such a course merely determines the minimum that will be demanded, provokes a demand for much more, and makes the terms of the proposals — which are bound to become public quickly — a subject of premature domestic controversy in two arenas. Moreover, it is literally not possible to prepare realistic proposals in advance of some discussions with the other people concerned, not merely because of paucity of factual information, but because a lot depends on the other fellow's views.

The memorandum rests on another major assumption which in my view has not yet been shown to be justified, namely, that Newfoundland will be in a hopeless financial situation if it becomes a province of Canada, and will be incapable of finding other sources of revenue to replace — in part — those which will be transferred to the federal government. It is apparently taken for granted that there is no economic or political possibility that the province of Newfoundland would do anything — with the single exception of imposing a gasoline tax — to increase the revenues which would be available to it, but would have to rely for 75% of its total budget on various kinds of payments from the federal treasury to the provincial treasury. I think this is a non-constructive and indeed defeatist approach. It assumes the worst, namely, that Newfoundland will be quite incapable of operating in the ordinary way as a province of Canada. One effect of the propositions outlined in the memorandum would be that the people of Newfoundland would be by far the least heavily taxed of all Canadian citizens. At any given income level, the total burden of taxation in Newfoundland would be far lower than in any other province in Canada. I do not deny the *possibility* that in the light of further information and further discussions such an arrangement may ultimately prove necessary as the only way of persuading Newfoundland to enter confederation, nor would I deny the possibility that it might be right and justifiable for the federal government to make such an arrangement. Indeed it is possible, but certainly not yet proved, that Newfoundland's over-all *per capita* income would be so low, even under the improved conditions that would result from confederation, that only a very low level of local taxation would be bearable. My point is that neither the necessity nor the rightness of such an approach to the question has yet been demonstrated. I do not believe assumptions of this character should be made in advance.

The alternative approach is, I think, more normal and natural, and much more practical as likely to produce more fruitful discussion and lead to greater likelihood of ultimate agreement, namely, that within the usual federal-provincial

<sup>54</sup>La lettre fut signalée à L. B. Pearson qui a écrit la note marginale suivante:

<sup>54</sup>The letter was referred to L. B. Pearson who wrote the following marginal note:  
not intended



arrangements, including the latest taxation agreements, it is to be expected that each province will be able to finance itself. The question then is to ascertain what methods of raising adequate revenue would be open to Newfoundland as a province, and what are the prospects of the adoption and successful administration of such methods as would be available. Discussions in the committee have, I think, carried us to the point of realizing that some form of tax on sales or imports of goods may be found necessary. There are many possible variants of such a tax, and there is room for considerable flexibility in choosing the items to be taxed or exempted, and the rates of tax. It would, of course, be desirable to have the tax bear as lightly as possible on low incomes, to the extent that adequate revenue could be raised from high incomes. However, it is clear that high incomes in Newfoundland are not so numerous as to be able to provide the necessary funds, and in any case the most appropriate methods of taxing wealth and high incomes, namely, the income tax, both personal and corporation, and succession duties, would be transferred to the federal government in accordance with the taxation agreements. A further major source of revenue, namely, real estate taxes, is not yet of importance in Newfoundland. If the recent rather encouraging progress toward development of local government organization can be continued and expanded, it should be possible in due course for certain local expenditures and education costs to be financed out of local revenues, such as real estate taxes, and thereby reduce the size of the provincial government budget. At the outset, however, (i.e. when union takes place) some form of tax on consumption may well prove to be the only available alternative.

This would be less objectionable as a practical proposition than might be thought on *a priori* grounds. The reason, of course, is that if Newfoundland enters confederation there will immediately be a very substantial *drop* in taxes on consumption, owing to the elimination of customs duties on imports from Canada and the reduction in many cases of the customs duties on imports from other countries. Some form of substitute tax on consumption at lower rates than have hitherto prevailed could therefore be inaugurated quickly and without adding to the burden of taxation as previously experienced. In fact the over-all level of taxes on consumption would still be substantially lower after confederation than before. Moreover capacity to pay would be greater, for the Dominion Government would be adding substantially to the *per capita* incomes of Newfoundland, both by reason of its ordinary expenditures and by reason of certain special additions to personal incomes, e.g. by way of family allowances, which have not hitherto been provided in Newfoundland.

As a matter of principle, therefore, and without going into details of the various alternative possible methods of taxation, it would seem, on the basis of our present information, only reasonable to approach the problem of union in the first instance on the assumption that Newfoundland could raise sufficient local revenues to balance its own budget as a province without any special grant from the Dominion Government. This is the basis on which Canadian and Newfoundland representatives should commence their joint exploration of the problem.

As the discussions with Newfoundland representatives proceed, the availability of further information and further consideration of these matters *may* indicate that such an approach is not feasible, and justify either on grounds of equity

or of expedience the development of a different approach. But we should start out by trying to see how Newfoundland could replace, in part, its lost revenues, and see what ideas the Newfoundland people themselves have on this subject.

There are a number of individual points dealt with in the memorandum which I could not definitely agree with at this stage. A preliminary consideration of some importance is the treatment to be accorded to the debt allowance argument. I think the memorandum concedes too much, is too fearful of the argument, and attempts to justify certain other arrangements as a *quid pro quo* for not satisfying the debt allowance claim. To my mind the claim for debt allowance, if it is made at all, should be attacked very sharply on the ground that no basis whatever exists for the making of any debt allowance. There are two main reasons for this. The first is that the whole idea is outmoded and quite out of touch with the realities of the finances of modern states. The second and more concrete is that in the present case Newfoundland would in fact enjoy a higher national income and a lower burden of taxation under confederation, without any debt allowance whatever, than it would if it remained independent. The fact that the *per capita* debt of Canada is greater than the *per capita* debt of Newfoundland is irrelevant. The memorandum speaks of "a request to raise the debt allowance in order to equate the debt burden." In fact, however, the *burden* of debt for Newfoundland will be less after confederation than before.

With regard to the treatment of Labrador, I would suggest that the question of purchase or leasing should be regarded as quite an open one. One way to achieve the object in view without making it necessary to go into the question of ownership would be for the Dominion to undertake, alone or through a joint board, the development of Labrador, including the administration of its natural resources — and guarantee Newfoundland an annual revenue therefrom. This would presumably be considerably greater than the actual revenue which the Dominion would obtain, but as a safeguard it could be stipulated that if the actual revenues exceeded the guaranteed minimum the surplus would be turned over to Newfoundland.

Indeed the same idea could be extended with a view to having the Dominion administer the entire natural resources of Newfoundland, including the island as well as Labrador. I believe this is in effect what was done in the case of the prairie provinces for some years.

I do not think the proposal to prohibit Newfoundland from borrowing, except with the approval of the Dominion Government, would achieve any useful object, and it is objectionable as appearing to be imposing a rather dictatorial rule over the provincial government. I imagine other provinces would object on principle to such a proposal. I doubt if Newfoundland would be able to find a lender, but if it could do so and borrow money on its own credit I do not see why it should be prevented. What is considerably more important is that there should be some effort to see that capital moneys, however obtained, are wisely spent. Some sort of board for this purpose and some arrangement for a Dominion Government contribution to the extent that the board certified certain capital expenditures as desirable would, I think, be one method of approaching this problem. The suggestions made in this regard in the memorandum might perhaps be amended or

amplified in the light of the agreement which has recently been made public between the Dominion Government and Alberta. I believe this provides for a joint board to administer the natural resources in a certain area on the eastern slope of the Rockies, particularly the water resources. The board consists of three members, two nominated by the Dominion Government and one member nominated by the provincial government. Both governments are to contribute towards the expenditures that may prove necessary in the course of administering these resources. Revenues go to the provincial government.

The memorandum also "assumes that Newfoundland would be relieved of its sterling debt." In view of the fact that this is largely held in the United Kingdom and has been guaranteed by the United Kingdom Government, it is at least a possibility that in one way or another Newfoundland, as a province of Canada, would be relieved of all or a substantial part of its present debt. If any such development should occur, however, it would lend greater emphasis to the possibility that the rest of a normal provincial budget ought *prima facie* to be within the means of a provincial government.

The memorandum does not mention the disposition of the Newfoundland railway, at present owned by the Newfoundland government, the capital value of which is presumably nil, and which involves a heavy annual deficit to be met by somebody, particularly if proper allowance is made for annual depreciation, and it will also require very substantial capital expenditures in the future. There has been a general tendency in the committee to assume that the railway would in some way be taken over by Canada and future expenses met by the federal government. This probably requires further consideration. It is scarcely possible, for example, that the C.N.R. would be willing to take over the Newfoundland railway as a commercial proposition. On the other hand, it is not a present function of the Canadian Government, as a government, to own or operate railways. If it were to be maintained by the federal government for the benefit of the people of Newfoundland with, in effect, subsidized freight rates, not to mention passenger rates, there would be still further reason for holding the view suggested in the concluding words of the preceding paragraph.

The foregoing is by no means a comprehensive discussion of the many points involved in the project of union with Newfoundland. I am writing merely to point out some of the issues on which agreement does not exist, indeed should not and cannot exist, at this stage. Every uncertainty interacts with all the others. I think the Committee has now gone as far as it can, before the preliminary talks with Newfoundland representatives.

Yours very truly,

J. E. COYNE

285.

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*'Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 49

St. John's, March 25, 1947

IMMEDIATE. SECRET. Your telegram No. 47 of March 24th.

Members of Convention generally are strongly of opinion that work should be speeded up and it is in defence of this view that the delegation wish to make their visit to London as brief as possible. Inclusion of the Governor and the Commissioner for Justice and Defence, however, will probably have the effect of broadening discussions. I should doubt if the United Kingdom Government can give immediate verdict. Paragraph five of my despatch No. 151 of March 22nd (probably held up en route by recent bad flying weather) sets forth the position in detail.

There is no likelihood of some members, in addition to Chairman, being elected to both delegations.

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*Extrait de The Mackenzie King Record<sup>55</sup>*

*Extract from The Mackenzie King Record<sup>55</sup>*

...  
[ . . . ] On March 25 Mackenzie King had "had a talk with Mr. St. Laurent about the answer to be given the Newfoundland Government which is planning to have a delegation come to Ottawa regarding having Newfoundland come into Canadian federation. I told St. Laurent I thought we ought to be very careful in what was said; that we would be raising questions with the provinces as to their right as to what was to be done; also that the other parties in the House would have to be considered. We could not regard this as a party matter but [it] must be regarded as a national one. I said I thought we ought to get our own provincial affairs straightened out before attempting anything else. Indeed, I can see only trouble ahead in having to deal with this question at this time. Newfoundland is certain to be a great financial responsibility. . . . I warned Abbott later as to being on the watch about any commitments."

The Prime Minister raised the problem in Cabinet the next day and said he "thought it was all important that we should see clearly the factors that had to be considered in advance. I pointed out first that we could not, as a Liberal party, seek to bring another country into Canada as part of the Dominion. That we would have to take other parties in the House into our confidence and have them

<sup>55</sup>Volume 4, pp. 49-50. Les crochets sont dans l'original sauf ceux au début et à la fin de l'extrait.

<sup>55</sup>Volume 4, pp. 49-50. The square brackets are in the original except those at the beginning and at the end of the extract.

work with us. They must realize that will not be an easy situation. Second, and more important, is the fact that they could be perfectly sure that other provinces of Canada would want to have their say in the matter, as well, inasmuch as Newfoundland would be brought in as a liability, and that the provinces of Ontario and Quebec would be sure to take exception to ours — as a central Government — because of taxation, increasing their liabilities, without consulting them.

"I repeated these thoughts over the phone to Pearson this afternoon. He told me that the B.N.A. Act provides for the Canadian Parliament bringing Newfoundland into the Confederation by resolution of both Houses so that we had the constitutional right. I said that would not meet the situation at all. That what we were attempting with provinces now, over taxation agreements, was certainly within the rights of the Constitution but that did not make any difference. We had run counter to a feeling generally in the provinces, that we were taking away some of their rights. This [to bring Newfoundland into Confederation by resolution] would only emphasize all of that kind of reasoning and would be very dangerous. Third, the thing was that there was that question of what it would involve later in having added that liability to others that we have in Canada at the present time. That Macdonald, of Nova Scotia, was not friendly. McNair was a difficult man. Jones, a crazy man. These Maritime provinces would all want their say; unless we were pretty sure we would get a solid backing with them, we better not raise a Maritime issue. That it would hurt us there. I could see from Pearson's eagerness and have seen from St. Laurent's presentation that External Affairs will want to have Newfoundland brought in at once. Every effort made to have Newfoundland brought in at once.

"Pearson said we will have to watch to see that the United States do not get too great a control through what they have in there of airfields in Newfoundland. To that I replied I was not at all sure that, having regard to the future, we would gain rather than lose in having the United States assume a certain military responsibility for the protection of this Continent rather than our taking on the whole thing ourselves in that Island. I agreed, of course, that all this would have to be carefully studied." [ . . . ]

...

287.

R.A.M./Vol. 2

*Le sénateur A. N. McLean<sup>56</sup> au Premier ministre*

*Senator A. N. McLean<sup>56</sup> to Prime Minister*

CONFIDENTIAL

Ottawa, March 26, 1947

Dear Mr. King,

As you are probably aware, the company I am interested in have built a very large and modern fish cannery in Newfoundland.

<sup>56</sup>Un sénateur de Nouvelle-Écosse.

<sup>56</sup>A Senator from Nova Scotia.

The last year or so I have made several trips to the Island and have spent considerable time travelling around over there, meeting all classes of citizens. I find the people throughout the country districts favourable toward confederation. They greatly appreciate what your Government has done for the people of Canada through social security legislation, such as Old Age Pensions and Children's Allowances. The opposition to confederation chiefly comes from certain business interests centering around St. John's who do a great deal of the importing and exporting of the Island. As you know, Newfoundland depends on customs duties for the major portion of their revenue. It is a case of tariff for revenues as they have little or nothing to protect. Such a policy throws a heavy burden on the ordinary man as food, clothing and shelter are taxed quite heavily under their tariff policy. A number of the younger generation favour closer relations with the United States. I think this is on account of the latter country having quite a large defence force there. Many young Americans and their wives are stationed at the defence bases which the United States Government maintain in Newfoundland under ninety-nine year leases. Recreation centres are also maintained in several towns for American defence personnel.

Newfoundland is rich in natural resources such as fish, pulpwood and minerals, but they are very weak regarding transportation and somewhat lacking in the "know-how" as far as the scientific development of some of their resources are [*sic*] concerned.

They are very large customers of Canada at the present time, and I feel this trade could be greatly increased under confederation. While in St. John's I was invited to attend the Fisheries Committee of the Convention, which has been set up to gather information with regard to the kind of government the Island will have in the future. They wanted my views on what I thought conditions were going to be with regard to the fish trade of the world during the next two or three years. The present Chairman of the Convention told me, confidentially, that he had not declared himself yet but that he was in favour of confederation with Canada and also there were quite a number of other delegates of the same view. I am sure if the delegation they are sending here to discuss possible terms of confederation are treated generously, it will make a fine impression on the citizens of the Island and when the plebiscite is held, I would think confederation would carry. I understand the ballot is likely to have three alternatives:

1. To go on as they are under Commission Government,
2. To confederate with Canada,
3. To set up a responsible Government of their own.

If the latter is adopted I feel sure they will seek closer economic relations with the United States. The people of Newfoundland are English, Scotch and Irish and are vigorous, hardy, good-type citizens.

I know many of the delegates, but when in Newfoundland said nothing to them that would influence them one way or another, except that I considered Canada a very fine and well governed country with a wonderful future. I expect to be in Ottawa when the delegation that has been appointed to come here arrives, and will try and help toward their entertainment.

If there is any other information about Newfoundland you would like to have, I will endeavour to obtain it for you in a quiet way, as promptly as possible.

Very sincerely yours,

A. N. MCLEAN

288.

R.A.M./Vol. 2

*Le ministre de la Défense nationale au sous-secrétaire d'État  
aux Affaires extérieures*

*Minister of National Defence to Under-Secretary of State  
for External Affairs*

Ottawa, March 27, 1947

Dear Mr. Pearson,

This will acknowledge receipt of your letter of March 20th,<sup>†</sup> with copies of memorandum and telegram relating to Newfoundland.

This is being dictated at home and I haven't got the file with me.

It does seem to me, however, that we should say at once that we will receive the proposed delegation but suggest that since the delegation would not have power to negotiate, it might be a good thing if the talks began by both sides putting forward all the facts so that they could examine the advantages and disadvantages. This would be necessary to lead up to a definite proposal that might be put before the people of Newfoundland in a referendum. This course was, I understand, the one recommended by the Interdepartmental Committee and agreed to by the Cabinet. It may be even more desirable because of the way in which our discussions with the Province of Nova Scotia are hanging fire.

If this procedure is acceptable to the National Convention, then the Committee could come to Canada and would report to the Convention and secure further authority to negotiate a definite proposition which might be put before the people.

It seems to be apparent that at some stage the United Kingdom Government will have to say that it doesn't want to continue supporting Newfoundland and, unlike Sir Alexander [Clutterbuck?], I would think that this indication should best be given before we put forward a definite proposition. If our discussions are carried out in two stages, this indication by the U.K. might very well come in between.

I do not see how the people of Newfoundland could decide one way or the other until they know what is going to happen about the debt, and some arrangement about this would have to be put forward at the same time as the referendum. From the point of view of dollars and cents, I do not see that it matters very much whether we take over the debt and offset either the principal or carrying charges against what the U.K. owes us or whether the U.K. waives payment. Politically, however, I don't see that the U.K. would find it easy to waive the debt today, and our appearing to add to its burdens at the same time as the U.K. was appearing to

be "liquidating the Empire" would not be popular in the U.K., U.S., Newfoundland or in some sections in Canada. Consequently, while our taking over the debt would not be politically popular in some sections of Canada, I believe that there is more to be said for it than against and conceivably it might impress the people of Newfoundland.

Yours sincerely,

BROOKE CLAXTON

289.

10300-E-40

*Rapport du sous-comité juridique du Comité interministériel  
sur les relations entre le Canada et Terre-Neuve*  
*Report by Legal Sub-Committee of Interdepartmental Committee  
on Canada-Newfoundland Relations*

SECRET

Ottawa, March 28, 1947

REPORT OF THE LEGAL SUB-COMMITTEE ON THE CONSTITUTIONAL  
POSITION WITH RESPECT TO POSSIBLE CONSULTATION WITH THE  
EXISTING PROVINCES IN THE MATTER OF THE ADMISSION  
OF NEWFOUNDLAND

1. On the documents available to us at the moment, there is no evidence that the then existing provinces were consulted before B.C. and P.E.I. were admitted into Canada, nor is there any evidence that the provinces were consulted before the 1871 amendment to the B.N.A. Act authorizing the Parliament of Canada to establish new provinces out of the western territories.
2. Section 146 of the original B.N.A. Act provides for the admission of Newfoundland and sets forth a procedure which makes no mention of consultation with existing provinces. Even if it should now be decided to use a legal procedure different from that specified in S. 146 (i.e. to get a United Kingdom statute instead of using the Address and Imperial Order in Council method) it would nevertheless be clear that the admission of Newfoundland was not a departure from the scheme of the original B.N.A. Act.
3. We do not mean to imply that, if the admission of Newfoundland were a departure from the B.N.A. Act, there would be any constitutional obligation on the Canadian Government to consult the provinces. As this highly controversial question does not properly arise, we do not propose to debate it.

C. STEIN  
M. H. WERSHOF



290.

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*Extraits d'un rapport du sous-comité des finances du Comité  
interministériel sur les relations entre le Canada et Terre-Neuve<sup>57</sup>*

*Extracts from Report by Financial-Subcommittee of Interdepartmental  
Committee on Canada-Newfoundland Relations<sup>57</sup>*

SECRET

Ottawa, March 28, 1947

REPORT OF THE FINANCIAL SUBCOMMITTEE SET UP ON OCTOBER  
16TH ON AN AD HOC BASIS TO PREPARE A REPORT FOR THE  
INTERDEPARTMENTAL COMMITTEE IN PREPARATION FOR ITS  
ESTABLISHMENT. THE FINANCIAL SUBCOMMITTEE CONSISTED  
OF REPRESENTATIVES OF THE FOLLOWING: DEPARTMENT OF  
EXTERNAL AFFAIRS, DEPARTMENT OF FINANCE, BANK OF CANADA  
BUDGETARY IMPLICATIONS OF UNION WITH NEWFOUNDLAND

I DOMINION REVENUES AND EXPENDITURES

As careful an estimate as can be made without direct access to Newfoundland sources of information indicates that the cost to the Dominion Government of extending ordinary Canadian services to Newfoundland in a typical year would be approximately \$25,900,000. This figure includes a payment of \$5,000,000 by the Dominion to the provincial government on the basis of \$15 *per capita*. The most recent Dominion proposals to the provinces have been extended to cover statutory subsidies as well, but since no definite precedent exists upon which to base such an additional payment to Newfoundland, it is impossible to give an exact estimate of the total payment to be expected under the tax proposal though it will undoubtedly be larger than \$5,000,000. Total revenues accruing to the Dominion Government as a result of union with Newfoundland, based on the 1946-47 Canadian tax structure (which was in effect when the original estimates were made) and the present high level of income and economic activity in Newfoundland, are estimated at about \$24,000,000. These figures indicate a deficit on ordinary Dominion Account of approximately \$1,900,000. This, however, is a minimum figure. It is unrealistic to assume that Dominion revenues, estimated on the basis of 1946-47 taxes and incomes will be sustained even in a "good" year, (1947-48 tax rates are lower than 1946-47 rates and there may be further cuts in the 1947 budget). In a business recession the excess of Dominion expenditures in Newfoundland over additional revenues is likely to be several times greater than \$1,900,000.

Furthermore, these figures do not include initial expenditures of setting up Canadian services in Newfoundland, expenditures on capital account, necessary to bring existing services up to Canadian standards, or developmental expenditures by Canada, such as main highway building. Over the period of the first few years of union these expenditures might total from \$12,250,000 to \$35,000,000

<sup>57</sup>Le premier projet de ce rapport avait été préparé au mois de novembre. Voir le document 209.

<sup>57</sup>The first draft of this report had been prepared in November. See Document 209.

or \$40,000,000, depending upon the extent of a possible road-building program in Newfoundland.

On the basis of a *per capita* comparison of ordinary Dominion expenditures in Canada as a whole with estimated expenditures in Newfoundland, excluding payments under the tax agreements, pensions, family allowances, federal debt service, railway deficit, and payments to veterans, the Secretariat of the Cabinet Committee on Dominion-Provincial relations is of the opinion that the estimates of the cost of extending Canadian services to Newfoundland may be a little high. More careful study of the situation by the various Departments, when more information is available, may result in a slight reduction in the total.

## II PROVINCIAL REVENUES AND EXPENDITURES

The annual expenditures (excluding debt service) necessary by Newfoundland as a province if existing services are to be maintained at their present standards have been estimated to be approximately \$14,750,000, including \$1,550,000 capital expenditure. A subsequent investigation taking into account probable capital or reconstruction expenditures, has generally confirmed this estimate. If additions were made to this program to allow Newfoundland "reasonably good provincial services," the total would be increased by approximately \$3,300,000, half of which would be on capital account.

It has been pointed out by the Secretariat of the Cabinet Committee on Dominion-Provincial relations that some of the items in this budget, on a *per capita* basis, appear high in comparison with the Maritime Provinces. However, it was recognized that conditions peculiar to Newfoundland (her lack of effective municipal organizations, and the cumulative effect of inadequate public services) might explain any differences which appear through a *per capita* comparison of expenditures.

The revenues which Newfoundland could expect to collect from existing sources and under present favourable conditions would total approximately \$3,400,000 to which would be added the Dominion payment mentioned above of at least \$5,000,000. Heretofore unexplored or under-developed fields of taxation, might bring in additional revenue but total revenue, even under favourable conditions, cannot be expected to reach more than \$10,000,000 or \$11,000,000 annually, unless taxes are levied directly or through municipalities on real property, and some form of consumption tax is levied.

## III NEWFOUNDLAND'S DEBT

The present direct debt of Newfoundland, payable chiefly in sterling and largely guaranteed by the British Government is approximately \$73,900,000 at present exchange rates. The annual carrying charge of this debt to Newfoundland including statutory sinking fund payments, is roughly \$3,700,000. In addition, the Newfoundland Government has guaranteed as to principal and interest certain stock of Bowater's Newfoundland Pulp and Paper Mills, Ltd., and the debt of the Newfoundland Railway to the Defense Supplies Corporation of the United States, etc., totalling approximately \$8,900,000.

In the above estimates of additional Dominion expenditures and receipts in respect of Newfoundland and of Newfoundland's expenditures and receipts as a

province, no account is taken of the cost of servicing this debt, because of uncertainty as to its ultimate disposition.

#### IV NEWFOUNDLAND'S SURPLUS

During the war high levels of income and public revenue made it possible for the Newfoundland Government to accumulate a surplus which in March, 1946, totalled slightly more than \$30,000,000.

#### ESTIMATE OF NEWFOUNDLAND'S EXPENDITURE AS A PROVINCE

Two independent estimates have been made of the probable expenditures by Newfoundland as a Province of Canada. The first estimate is set out in detail below, followed by the overall figure arrived at independently in the second estimate. It should be noted that the overall figures from the two sources tend to confirm one another. It should also be noted that it is likely that if Newfoundland were to become a province there would be a rearrangement of the departments of Government.

In comparing these estimates with those of other provinces two important differences should be noted. In the first estimate there is a very limited provision for servicing the Public Debt and in the second estimate nothing is provided on this account. These estimates must, therefore, be increased to the extent that Newfoundland retains all or a portion of her present debt.

The second important difference is that the Newfoundland Government now provides, and may for some time to come continue to provide, services which would in other provinces be provided by municipalities. There are only sixteen organized municipalities in Newfoundland.

#### I. (A) ESTIMATE OF MINIMUM TOTAL BUDGET CARRYING EXISTING SERVICES

|  | 000's omitted | Capital<br>expenditure included in<br>foregoing |
|--|---------------|---|
| Consolidated Fund Services   | 322           |   |
| Department of Finance  | 210           |   |
| Department of Assessor   | 10            |   |
| Department of Home Affairs   | 124           |   |
| Department of Education  | 3,538         | 500<br>(Grants to assist school<br>rebuilding)  |
| Department of Justice (including<br>Constabulary & Fire Departments) | 990           |   |
| Department of Natural Resources                                      | 1,411         | 50<br>Improvement of Bait<br>Depots, etc.       |
| Department of Public Works   | 3,214         | 1,000<br>(Buildings and roads)                  |

|   |          |         |
|---|----------|---------|
| Department of Public Works<br>(Supply Division)                             | 25       |         |
| Department of Public Health and<br>Welfare                                  | 4,700    |         |
| Board of Liquor Control   | 110      |         |
|   | <hr/>    |         |
|   | \$14,654 |         |
| Increase in clerical salaries<br>(committed) spread over all<br>Departments | 96       |         |
|   | <hr/>    | <hr/>   |
|   | \$14,750 | \$1,550 |

N.B. Capital expenditure included is minimum regarded as necessary to effect general improvements and replacements which are inevitably required irrespective of major plans; except the \$500,000 for Education, which will decline but may be balanced by other capital expenditure under consideration.

The estimate for Department of Public Health and Welfare has been loaded with maintenance costs of \$750,000 per annum to take care of new hospitals, etc. to the maintenance of which Newfoundland is already committed, e.g., new sanatorium on West Coast, extension (naval hospital) at St. John's, Botwood Hospital, etc. Some reduction could be made if special Federal grants for maintenance of Tuberculosis institutions were available.

(B) ADDITIONS TO ABOVE TO ALLOW NEWFOUNDLAND  
REASONABLY GOOD PROVINCIAL SERVICES  
000's omitted

| Department                | Annual Recurring<br>Expenditure, say in five<br>years' time | Annual Capital<br>Expenditure (averaged over<br>next ten years)                               |
|---------------------------|---|---|
| Education                 | 500   | 150   |
| Natural Resources         | 70  | 50  |
|                           |   | Agricultural<br>development and part<br>cost of aerial surveys                                |
| Public Works              | 750   | 1,000   |
|                           |   | Roads   |
|                           |   | 40  |
|                           |   | Half cost of Labrador<br>Survey   |
| Public Health and Welfare | 200   | 250   |
|                           |   | Grants to local<br>authorities special<br>(capital) and<br>maintenance (dollar for<br>dollar) |
|                           | 100   | 200   |
|                           |   | Extension of mental<br>hospital and other<br>services   |
|                           | <hr/>   | <hr/>   |
|                           | \$1,620   | \$1,690   |

N.B. These figures are based on present price levels. It is extremely difficult to determine the extent of expenditure required to establish "reasonably good provincial services;" in comparing with Canadian levels it is necessary to have regard to circumstances peculiar to Newfoundland, e.g., long coastline and isolated communities; it cannot be expected, for example, that roads could be built to all of them. Until local authorities are more widely established, various local services will not be of a high standard and will vary considerably; the central Government will remain responsible for providing the balance of services at a level which may be improved, though the extent of such improvement cannot well be foreshadowed. In the main the figures given in (b) relate to reconstruction schemes already under consideration.

**II. ESTIMATE OF PROBABLE OVERALL  
EXPENDITURES IN A TYPICAL YEAR \$17,048,000.00**

N.B. These expenditures are gross; on the revenue side are offsetting items totalling approximately \$660,000.00

**ESTIMATE OF NEWFOUNDLAND'S REVENUES AS A PROVINCE**

According to the 1946-47 estimates, Newfoundland will derive \$17,526,660.00 from import, export and excise duties and excise licences. These items account for 57% of total Newfoundland revenues. Income and excess profits taxes and death duties account for another \$9,525,000.00 or 31%.

As a province Newfoundland would not have access to revenues from import or export duties or to excise duties in their present form and would, presumably, accept the Dominion's offer to provinces which agree to give up personal income and corporation taxes and succession duties.

Acceptance of provincial status would therefore involve a revolutionary change in Newfoundland's sources of revenue leaving her dependent on taxes which, to date, have accounted for a very limited fraction of her revenue.

The following table shows the revenues which would remain to Newfoundland out of present sources in the year 1946-47 after the change to provincial status.

|  |                       |
|--|-----------------------|
| Revenue from quasi-income taxes remaining with the province under the provincial offer, say, ..... | \$700,000.00          |
| Fines and Forfeitures .....  | 155,000.00            |
| Public Domain .....  | 26,000.00             |
| Motor Vehicle Licences .....   | 180,000.00            |
| Liquor Profits .....   | 1,500,000.00          |
| Other Revenue .....  | 295,000.00            |
| Revenues to be offset against Expenditures .....   | 570,000.00            |
| <b>Total .....</b>   | <b>\$3,426,000.00</b> |

Acceptance of the Dominion Government's offer to the provinces in its present form would give Newfoundland additional revenues in 1946-7 of approximately \$5,250,000.00 and say \$5,000,000.00 in a typical year. (The guaranteed amount would be approximately \$4,700,000.00) These figures would be increased by any payment in lieu of statutory subsidy.

It is probable that under provincial status revenue from liquor would be somewhat larger than in the past and that Newfoundland would impose a provincial gasoline tax and perhaps other consumption taxes of a similar kind. (Revenues for the recently rescinded Dominion Gasoline Tax of 3¢ per gallon, if it had applied to Newfoundland, were estimated at \$400,000.00.) It is difficult, however, to find additional revenues which would bring the total higher than \$10,000,000. or \$11,000,000. unless Newfoundland decides to throw a portion of the cost of services onto real property either through municipalities or directly.

...

291.

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*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, March 28, 1947

NEWFOUNDLAND; NEGOTIATIONS RESPECTING POSSIBLE  
 ENTRY INTO CONFEDERATION

At the meeting of the Cabinet on March 28th approval was given to a reply to be sent to the official communication from Newfoundland.

It was agreed that the leaders of the other Parties in the House of Commons be informed of the request received from Newfoundland and the proposed reply thereto.

292.

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*Mémorandum du secrétaire adjoint du Cabinet au*  
*sous-secrétaire d'État aux Affaires extérieures*  
*Memorandum from Assistant Secretary to the Cabinet to*  
*Under-Secretary of State for External Affairs*

SECRET

Ottawa, March 29, 1947

COMMUNICATION WITH NEWFOUNDLAND  
 RE DELEGATION VISIT TO OTTAWA

Mr. St. Laurent telephoned me this morning to say that subsequent to Cabinet clearance of the proposed reply to the Newfoundland request, he had in accordance with the Cabinet decision, shown the draft reply to the Leaders of the Opposition Parties in the House, namely Mr. Gordon Graydon, Mr. Coldwell and Mr. Low, informing them that this was the action which the government proposed to take in reply to the Newfoundland request. All expressed agreement with the proposed reply.

Accordingly, the communication to our High Commissioner in Newfoundland giving the text of the reply which is to be sent to the Governor can now go forward.

J. R. BALDWIN

293.

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*Le haut commissaire à Terre-Neuve au gouverneur de Terre-Neuve*<sup>58</sup>  
*High Commissioner in Newfoundland to Governor of Newfoundland*

No. 6

St. John's, April 1, 1947

Sir,

In your Note of March 20th you brought to my notice the Resolution passed by the National Convention of Newfoundland regarding the sending of a delegation to Ottawa to ascertain from the Canadian Government what fair and equitable basis may exist for federal union of Newfoundland and Canada. I have the honour to inform you that the Canadian Government will be happy to receive the delegation at a mutually convenient date.

We assume that the National Convention desires that the visit of its delegation to Ottawa should take place after the Convention has received replies to the enquiries which it proposes to direct to the Government of the United Kingdom. For our part, the conduct of discussions with the delegation from the National Convention would be much easier once the present sitting of Parliament has come to an end. If the session should end in June we would like to have discussions take place immediately after the close of the session. On the other hand it is impossible to tell at this time how long the present session may continue. Should it appear likely to continue much beyond the month of June we would not, of course, wish to suggest postponing discussions until after the close of the session. We would propose, therefore, that the exact date of the delegation's visit to Ottawa be left for decision early in May, at which time it should be possible, on basis of progress made by Parliament, to determine a mutually satisfactory date. We trust that this suggested course will be satisfactory to the National Convention.

The Canadian Government is of the opinion that the questions to be discussed with the delegation are of such complexity and of such significance for both countries that it is essential to have a complete and comprehensive exchange of information and a full and careful argument<sup>58a</sup> by both parties of all issues involved so that an accurate appreciation of the position may be gained on each side.

The Canadian Government is confident that the friendship and co-operation which have marked the relations of our two countries should provide a firm basis for the discussions. The delegation from the National Convention will be warmly welcomed in Ottawa.

Accept etc.

J. S. MACDONALD

<sup>58</sup> La traduction de cette lettre est reproduite à la fin du texte original.

<sup>58a</sup> See Document 296.

[TRADUCTION]

Monsieur le Gouverneur,

Par votre note du 20 mars, vous portiez à ma connaissance la résolution adoptée par la Convention nationale de Terre-Neuve au sujet de l'envoi à Ottawa d'une mission chargée d'examiner de concert avec le Gouvernement canadien la possibilité de trouver une base juste et équitable d'union fédérale de Terre-Neuve et du Canada. J'ai l'honneur de vous informer que le Gouvernement canadien sera heureux d'accueillir cette délégation à une date convenant aux deux parties.

Nous supposons que la Convention nationale préférera n'envoyer sa délégation à Ottawa qu'après avoir reçu réponse aux demandes qu'elle se propose d'adresser au Gouvernement du Royaume-Uni. Pour notre part, il nous serait beaucoup plus facile d'avoir des entretiens avec la délégation de la Convention nationale après la session actuelle du Parlement. Si la session prend fin en juin, nous aimerions que les entretiens aient lieu immédiatement après la prorogation. D'un autre côté, il est encore impossible de prévoir jusqu'à quelle date la session pourra durer. Si elle semblait devoir se poursuivre encore longtemps après juin, il ne saurait évidemment être question de différer les entretiens jusqu'à la prorogation. Nous proposerions donc que la date précise de la visite de la délégation à Ottawa soit arrêtée au début de mai, car il devrait alors être possible, d'après les travaux accomplis jusque-là par le Parlement, de fixer une date qui conviendra aux deux parties. Nous espérons que la Convention nationale trouvera satisfaisante cette manière de procéder.

Le Gouvernement canadien est d'avis que les questions à étudier avec la délégation sont d'une telle complexité et d'une telle importance pour les deux pays qu'il est indispensable de procéder à un échange complet de renseignements ainsi qu'à un examen approfondi de toutes les questions en jeu, par les deux parties, de manière que l'une et l'autre puissent se former une idée nette de la situation.

Le Gouvernement canadien a confiance que l'amitié et la coopération qui ont marqué les relations de nos deux pays fourniront une base solide aux entretiens. La délégation de la Convention nationale sera cordialement accueillie à Ottawa.

Veuillez agréer etc.

J. S. MACDONALD

294.

243

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 59

St. John's, April 1, 1947

SECRET. My telegram No. 58 of April 1st.†

Governor saw the Chairman of the Convention early this afternoon and gave him statement sponsoring [sic] paragraphs (a), (c) and (d) of our reply. They



discussed paragraph (b) respecting the question of date but considered it was a matter of detail that could be arranged by correspondence later. The Chairman hopes to bring reply to attention of the Convention at today's session.

295. 243

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 60

St. John's, April 1, 1947

IMMEDIATE. Chairman read following statement to Convention this afternoon, Begins:

His Excellency the Governor has been informed by the High Commissioner for Canada in Newfoundland that the Canadian Government will be happy to receive a delegation from the National Convention of Newfoundland at a mutually convenient date. The Canadian Government is of the opinion that the questions to be discussed with the delegation are of such complexity and of such significance for both countries that it is essential to have a complete and comprehensive exchange of information and a full and careful argument<sup>59</sup> by both parties of all issues involved so that an accurate appreciation of the position may be gained on each side. The Canadian Government is confident that the friendship and cooperation which have marked the relations of our two countries should provide a firm basis for the discussions. The delegation from the National Convention will be warmly welcomed in Ottawa. Ends.

The following delegates were elected to constitute, with the Chairman, the delegation that will proceed in due course to Ottawa: Higgins, Ashbourne, Smallwood, Job, Burry and Ballam.

296. 243

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*  
*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

TELEGRAM 55

Ottawa, April 2, 1947

MOST IMMEDIATE. SECRET. Your telegram No. 60 of April 1st, statement read to Convention by Chairman yesterday.

2. Word after quote careful unquote in second sentence of statement was transmitted from here as quote exploration unquote. Please pass correction to the

<sup>59</sup>Voir le document suivant.

<sup>59</sup>See following document.

Governor and the Chairman of the Convention, explaining that the mistake was apparently due to an error in transmission. We consider it important that the members of the Convention, and particularly the members of the delegation which has been elected, should be informed of the correct version. If the statement has been or is to be made public we would appreciate your endeavouring to have the correct version publicized.

297.

*Extrait des Débats de la Chambre des Communes*<sup>60</sup>

*Extract from Debates of the House of Commons*<sup>60</sup>

...

## TERRE-NEUVE

LE CANADA RECEVRA DES DÉLÉGUÉS  
DE LA CONVENTION NATIONALE

Le très hon. L. S. ST. LAURENT (secrétaire d'État aux Affaires extérieures): Je désire annoncer à la Chambre que la Convention nationale de Terre-Neuve a, récemment, adopté une résolution exprimant le désir d'envoyer une délégation à Ottawa, afin de demander au gouvernement canadien sur quelle base juste et équitable pourrait reposer l'union fédérale du Canada et de Terre-Neuve. La résolution priait le gouvernement de Terre-Neuve de demander au gouvernement canadien s'il recevrait une délégation à cette fin.

Par l'intermédiaire du haut commissaire du Canada à Saint-Jean, le Gouvernement a reçu ce message du gouverneur de Terre-Neuve. Nous avons répondu que nous serons heureux de recevoir, à une date mutuellement acceptable, une délégation de la Convention nationale de Terre-Neuve. Le gouvernement canadien, avons-nous ajouté, est d'avis que les questions à étudier avec la délégation sont si complexes et si importantes pour les deux pays qu'elles nécessitent, si l'on veut, de part et d'autre, mesurer exactement la situation, un échange de renseignements détaillés et complets, ainsi qu'un examen attentif et approfondi, pour un pays comme pour l'autre, de tous les éléments en jeu.

Hier, en apprenant que le gouvernement canadien était disposé à recevoir une délégation, la Convention nationale a choisi six de ses membres, en plus de son président, pour faire partie

<sup>60</sup>Canada, Chambre des Communes, *Débats*, 1947, volume 2, pp. 1957-8. Le débat a eu lieu le 2 avril. Les crochets étaient dans l'original.

...

## NEWFOUNDLAND

DELEGATION FROM NATIONAL  
CONVENTION TO VISIT  
OTTAWA CANADA

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I should like to inform the house that the national convention of Newfoundland recently passed a resolution expressing a desire to send a delegation to Ottawa to ascertain from the Canadian government what fair and equitable basis may exist for federal union of Canada and Newfoundland. The resolution requested the Governor of Newfoundland to inquire whether the Canadian government would receive a delegation for this purpose.

Through our high commissioner in St. John's, the government has now received this communication from the Governor of Newfoundland. We have replied that we shall be happy to receive a delegation from the national convention of Newfoundland at a mutually convenient date. We said that the Canadian government is of the opinion that the questions to be discussed with the delegation are of such complexity and of such significance for both countries that it is essential to have a complete and comprehensive exchange of information and a full and careful exploration by both parties of all the issues involved, so that an accurate appreciation of the position may be gained on each side.

Yesterday, upon being informed that the Canadian government is willing to receive a delegation, the national convention elected six of its members in addition to its chairman to serve on

<sup>60</sup>Canada, House of Commons, *Debates*, 1947, Volume 2, pp. 1963-4. The debate took place on April 2. The square brackets were in the original.

de la délégation qui, le moment venu, se rendra à Ottawa. Le président de la Convention nationale est l'honorable F. G. Bradley, K.C. et, sauf erreur, les autres membres qui ont été désignés sont: M. T. G. W. Ashbourne; M. C. H. Ballam; le révérend L. Burry; M. G. F. Higgins, K.C.; l'honorable R. B. Job, et M. J. R. Smallwood.

La Convention nationale a également choisi une délégation qui se rendra en Angleterre afin de discuter avec le gouvernement du Royaume-Uni la question des relations financières et fiscales susceptibles d'exister à l'avenir entre le Royaume-Uni et Terre-Neuve sous l'un des divers régimes possibles de gouvernement. Cette délégation doit arriver à Londres le 29 avril. Nous croyons savoir que la Convention nationale désire que la visite de ses délégués à Ottawa ait lieu après que la convention aura reçu les réponses aux demandes de renseignements qu'elle se propose d'adresser au gouvernement du Royaume-Uni. Nous nous attendons donc que nos pourparlers avec la délégation de la Convention nationale aient lieu à une date mutuellement convenable, après les entretiens qui doivent avoir lieu à Londres.

Le Gouvernement a confiance que l'amitié et l'esprit de collaboration qui ont marqué nos relations avec Terre-Neuve assureront une base solide à nos entretiens avec la délégation choisie par la Convention nationale. Je suis sûr que la délégation sera chaleureusement accueillie à Ottawa. Je m'efforcerai, à l'occasion, de tenir la Chambre au courant des événements.

[Plus tard]

#### AVIS DE MOTION RETIRÉ

A l'appel de l'ordre du jour.

M. L. E. BAKER (Shelburne-Yarmouth-Clare): Monsieur l'Orateur, le *Feuilleton* de ce jour renferme sous le N° 24, au chapitre des avis de motions, la motion suivante inscrite à mon nom:

"La Chambre est d'avis que, si l'Assemblée constituante de Terre-Neuve désire entamer des pourparlers avec le gouvernement du Canada sur les conditions auxquelles Terre-Neuve pourrait s'unir à la Confédération, le Gouvernement devrait en venir immédiatement à des pourparlers en vue de rechercher les conditions auxquelles Terre-Neuve pourrait entrer dans la Confédération."

J'ai écouté avec plaisir la déclaration du Secrétaire d'État aux Affaires extérieures et, comme elle vise tous les points de ma motion je demande la permission de retirer celle-ci. J'estime que, en

the delegation which, in due course, will proceed to Ottawa. The chairman of the national convention is the Honourable F. G. Bradley, K.C., and I understand that the other members elected are: Mr. T. G. W. Ashbourne; Mr. C. H. Ballam; the Reverend L. Burry; Mr. G. F. Higgins, K.C.; the Honourable R. B. Job; and Mr. J. R. Smallwood.

The national convention has also elected a delegation which is to proceed to England to discuss with the government of the United Kingdom the question of the financial and fiscal relationships which may be expected between the United Kingdom and Newfoundland under various possible forms of future government. This delegation is to be received in London on April 29. We understand that the national convention desires that the visit of its delegation to Ottawa should take place after the convention has received replies to the inquiries which it proposes to address to the government of the United Kingdom. It is therefore expected that our meetings with the delegation from the national convention will take place at a mutually convenient date subsequent to the conclusion of the discussions which are to take place in London.

The government is confident that the friendship and cooperation which have marked our relations with Newfoundland will provide a firm basis for discussions with a delegation from the national convention. The delegation will, I feel sure, be warmly welcomed in Ottawa. I will endeavour from time to time to keep the house informed of developments.

[Later:]

#### WITHDRAWAL OF NOTICE OF MOTION FROM ORDER PAPER

On the orders of the day:

Mr. L. E. BAKER (Shelburne-Yarmouth-Clare): Mr. Speaker, there appears on the order paper of today, as No. 24 under notices of motions, the following proposed resolution under my name:

"That, in the opinion of this house, if the constituent assembly of Newfoundland desires to enter into discussion with the government of Canada as to the terms on which Newfoundland might enter confederation, the government should at once proceed to enter discussions to explore the conditions on which Newfoundland might enter confederation."

I was delighted to hear the statement which the Secretary of State for External Affairs made to the house, and since the matter has been completely covered I would ask leave to withdraw the

fin de compte, cette union serait dans l'intérêt stratégique, économique et politique des deux pays.

M. GRAYDON: C'est là un discours. On m'a traité, hier, d'une toute autre façon.

(La motion est retirée.)

...

motion. Taking the long-term view, I consider that it will be in the strategic, economic and political interest of both countries if this union can be brought about.

MR. GRAYDON: That is a speech. That is not the way I was treated yesterday.

Motion withdrawn.

...

298.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 172

St. John's, April 2, 1947

Sir,

I have the honour to report, in elaboration of the information set forth in my telegram No. 60 of April 1, that when the question of electing a delegation was raised in the Convention, considerable opposition made itself evident. Mr. Edgar Hickman, member for St. John's East, moved that the election of the delegation be postponed. The reason for this proposal was twofold — first, to make it difficult for members favourably disposed to Confederation to attack strongly the Reports still to be brought before the Convention and particularly the Finance Report and, secondly, if the sending of a delegation could not be defeated, to arrange for the election of persons hostile to the idea. The motion, the Chairman tells me, on being put to the Convention was lost on a show of hands, but by a rather narrow margin. It was fortunate that the Governor saw fit to withhold the paragraph of our reply dealing with the difficulty of receiving a delegation at an early date, for it would undoubtedly have given the opposition strong ground on which to ask for the postponement of the election of the delegation. [ . . . ]

2. The vote for the delegation, taking place without organized opposition, was based principally on the personal popularity of the candidates and resulted in the election of Mr. G. F. Higgins, K.C., (St. John's City East), Mr. T. Ashbourne (Twillingate), Rev. L. Burry (Labrador), Mr. J. R. Smallwood (Bonavista Centre), the Hon. R. B. Job (St. John's City East), and Mr. C. Ballam (Humber).

3. This is an excellent delegation, incomparably better than the delegation named to the United Kingdom. It is thoroughly representative, a nice balance being maintained between St. John's and the outports, between the various religious denominations and the various economic classes. All of the delegates are well disposed toward Canada, and, with the exception of Mr. Job, would, I think, be prepared to accept Confederation if reasonable terms are offered. His opposition, in any case, would not be formidable because of his vulnerability by reason of his wealth and his position as a Water Street merchant.

4. Indeed, if we desire to take advantage of it, we have in this delegation the best opportunity we have ever had to bring Newfoundland into the Dominion. Mr. Ashbourne is a graduate of Victoria College, University of Toronto, served in the Canadian Army in World War I and has family connections in Canada. The Rev. Lester Burry, representing Labrador, is a graduate of Mount Allison University and very well disposed. While he has not said so publicly, I know that Mr. Bradley is convinced in his own mind that the best future for Newfoundland lies in union with Canada. He is an experienced politician with a fine record at the bar and in public life, a fighter by temperament and the best speaker in Newfoundland. Mr. Smallwood, who is collaborating closely with him, has never held public office, but has had considerable experience in politics, is aggressive and well informed and I should say the best organizer and propagandist in the country. With reasonably good terms these two, with or without the others, would and could wage a powerful campaign for Confederation. Confederation was beaten here in 1869 largely because under the credit system then prevailing men dependent on the merchants for food were compelled to exercise their franchise under a system of open voting. With reasonably good terms it could be a different story today.<sup>61</sup>

I have etc.

J. S. MACDONALD

299.

243

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 64

St. John's, April 5, 1947

IMMEDIATE. SECRET. My telegram No. 63 of April 3rd.<sup>†</sup>

Question of correction of word "argument" has arisen through publication this morning of editorial in *Daily News* emphasizing that Canadian message refers to complexity and significance of conference, and regards it as essential to have a complete and comprehensive exchange of information and a full and careful argument by both parties on all issues involved. The editorial further states "use of word argument seems to imply negotiations and we have been unable to find any authority for conduct of negotiations with another country by any body short of a Sovereign Government."

Had meeting with the Governor at 9:30 this morning. He considers, in altered circumstance,<sup>62</sup> it would be advisable to inform the Secretary of the Convention

<sup>61</sup>Cette dépêche fut signalée au Premier ministre.

<sup>61</sup>This despatch was referred to the Prime Minister.

<sup>62</sup>Le gouverneur avait précédemment conseillé de ne pas signaler l'erreur.

<sup>62</sup>The Governor had advised against making the correction.

of error in transmission and to request him, since original message was made available to press, to call their attention to corrected version. He is taking action accordingly.

300.

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*Le secrétaire d'État aux Affaires extérieures à J. R. Smallwood*  
*Secretary of State for External Affairs to J. R. Smallwood*

Ottawa, April 8, 1947

Dear Mr. Smallwood,

In your letter of March 21st you brought to my attention an aspect of the political question now being debated in Newfoundland which relates to the conversations which a delegation from the Newfoundland National Convention is shortly to have with the Government of the United Kingdom. Thank you for bringing your views on this matter to my attention. I hope to be in a position very shortly to make them known to the representative of the United Kingdom Government in Ottawa, though you will appreciate, as I do, that the matter is one to be settled between the Government of the United Kingdom and the representatives of the National Convention.

I note that since writing to me you have been elected to serve on the delegation which, in due course, is to come to Ottawa in accordance with the resolution which you introduced in the National Convention some weeks ago. I am looking forward with pleasure to seeing you at that time.

Yours sincerely,

LOUIS S. ST. LAURENT

301.

2828-40

*Mémoire de la deuxième direction politique*

*Memorandum by Second Political Division*

MINUTE ON DESPATCHES NOS. 180 AND 185 OF APRIL 7TH AND 9TH, 1947,<sup>†</sup> FROM THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S, NEWFOUNDLAND, ENCLOSED COPIES OF EDITORIALS ON THE FUNCTION OF THE DELEGATION TO OTTAWA, WHICH APPEARED RESPECTIVELY IN THE ST. JOHN'S DAILY NEWS ON APRIL 5TH AND THE ST. JOHN'S EVENING TELEGRAM ON APRIL 7TH, 1947

1. Both newspapers take pains to emphasize that there can in no sense be negotiations between the Canadian government and the delegation from the National Convention. At the same time, they also deny that there could be any detailed examination of Newfoundland's relations with Canada as they might be under federal union. The delegation, they assert, will only be empowered to request and receive formally the proposals regarding federal union which the Canadian government may have to make.

2. The *Daily News* (which, it may be noted, is more unalterably opposed to Confederation than the *Evening Telegram* and which published its editorial before the misunderstanding about the appearance of the word "argument" in our reply was cleared up) says that our reply seems to imply negotiations and that, in any case, it is evident from the terms of the reply that the Canadian government is prepared to treat the delegation as a body authorized to discuss in detail all questions arising out of a possible political relationship between Newfoundland and Canada. This, it says, is an astonishing position.

3. It expresses surprise that Canada, unlike the United Kingdom in its reply to the Convention, "sets no restrictions on the subjects to be discussed, asks for no specific topics and requires no explanatory memoranda."

4. The *Evening Telegram* leads off by quashing an even more radical apprehension than that expressed by the *Daily News*. It says that "some misgiving appears to be held that the delegation of the National Convention . . . may commit Newfoundland to Confederation with Canada." It points out that, because of the procedure under which the political issue will be put before the people in a referendum, such fears are groundless.

5. It goes on to express the opinion that "even if the delegation were offered terms that seemed to be sufficiently promising to warrant placing Confederation on the referendum . . . the terms of such a union would have eventually to be determined by negotiation between the constituted governments of the two countries."

6. This newspaper goes on to declare that the delegation "may bring back to the Convention a better conception of the system of taxation which applies in the provinces, so that it may be more intelligently compared with the system which obtains in this country. Regarding the suggestion that the Canadian Government assumes that the delegation is vested with authority to 'canvass the question of Confederation,' that is certainly reading into the Canadian communication something which it does not contain. The Canadian authorities must be credited with the elementary knowledge that any such issue as Confederation could only be discussed with a duly constituted Government of Newfoundland."

7. It interprets the Canadian Government's emphasis on a complete and comprehensive exchange of information and a full and careful exploration of all the issues involved simply as an indication that it "intends to be fully informed beforehand of the field to be explored."

P. A. B[RIDLE]

302.

PCO-CRF

*Mémoire du secrétaire adjoint du Cabinet au  
sous-secrétaire d'État aux Affaires extérieures*  
*Memorandum from Assistant Secretary to the Cabinet to  
Under-Secretary of State for External Affairs*

Ottawa, April 11, 1947

PREPARATION FOR MEETING WITH NEWFOUNDLAND DELEGATION

The members of the Cabinet Committee have received from the interdepartmental committee the reports of the financial sub-committee and of the legal sub-committee;<sup>63</sup> the former contains most of the basic material on the financial positions of federal government and provincial governments if Newfoundland should enter confederation; the latter reviews legal problems in connection with entrance into confederation and is being revised further.

The interdepartmental committee has considered at length methods by which the gap between Newfoundland's revenues and expenditures as a province might be closed, but has not yet agreed upon any recommendations. Some members of the committee believe that the federal government should now agree upon a firm proposal to close this gap which would be approved for presentation to the Newfoundland delegation; others believe that present activity should be limited to preparation of material on feasible methods of closing the gap so that during the discussions, if it appeared desirable, a proposal could be prepared quickly.

I have felt, as well, that any proposal should encourage Newfoundland to increase its own provincial revenues through some form of incentives and should also find some precedent in existing or past Dominion-Provincial agreements.

Under the circumstances, it seemed that the next thing to be done might be preparation of a report outlining the various schemes which have been considered by the official committee, but making no recommendation in regard to them. The drafting of this report is already under way in External Affairs and it should be ready in a few days. It might then be made available to the Chairman of the Cabinet Committee (Mr. St. Laurent), or to all members of the Committee, as a report from the Secretariat, not approved by the official committee, which summarized various schemes discussed by the officials. (I considered having the summary cleared by the official committee, but this would probably be just as difficult as getting the official committee to agree on recommendations).

The Cabinet Committee might then give some direction to the official committee indicating the type of proposals which the officials might explore with a view to having full information ready for the discussions. In other words, if the Cabinet Committee should agree that any proposal should offer an incentive to Newfoundland to raise its own revenues; should be consistent with or based on existing

<sup>63</sup>Voir le rapport du sous-comité des finances, document 290. Des extraits du rapport révisé du sous-comité juridique sont reproduits à la pièce jointe du document 344.

<sup>63</sup>See report of Financial Sub-Committee, Document 290. Extracts of the revised report of the Legal Sub-Committee are printed in the enclosure, Document 344.



precedents in Dominion-Provincial arrangements; and should also agree that no firm proposal need be decided upon by the federal government prior to the opening of the discussions, this would give the official committee a much clearer course to follow. It would be even better if the Cabinet Committee could, in the light of these principles, indicate which of the various courses reviewed deserve more detailed attention.

I shall be in touch with you further regarding the disposition of the memorandum referred to when it is ready.

J. R. BALDWIN

303. 243

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs  
to Secretary of State for External Affairs*

Ottawa, April 11, 1947

In connection with the forthcoming discussions with Newfoundland you have no doubt considered the advisability of including in the Canadian delegation to meet the Newfoundland representatives, representatives of the Opposition Parties, along the lines adopted in connection with representation of Canada at United Nations meetings. There is a good deal to be said, of course, for and against such a course, but I thought that I would bring the matter to your attention.<sup>64</sup>

L. B. P[EARSON]

304. 243

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 66

St. John's, April 11, 1947

IMMEDIATE. Notice has been tabled in the Convention of a motion that appropriate authority be advised that Convention desires to inform Government of the United States of Convention's wish to learn Government's attitude on the question of Federal union of Newfoundland with United States.

<sup>64</sup>La note suivante était écrite sur ce mémorandum: <sup>64</sup>The following note was written on the memorandum:

I think "pros" outweigh "cons." ST. L.[AURENT]

305.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 67

St. John's, April 11, 1947

My telegram No. 66 of April 11th. Motion respecting despatch of a delegation to Washington was defeated this afternoon after short debate by 37 to 3, with some abstentions.

306.

243

*Le haut commissaire à Terre-Neuve au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

St. John's, April 15, 1947

Dear Mr. Pearson,

I have been reading over again the two excellent memoranda prepared by the Department of Fisheries,† one setting forth an estimate of the cost to the Department of Newfoundland entering Confederation and the other giving an outline of the legal jurisdiction over the fisheries in the various Provinces.

In some respects the jurisdiction exercised by the Newfoundland Fisheries Board goes further than that exercised by the Dominion or the Provinces or both. This is particularly true with respect to the control of marketing. The view has become firmly established here among fishermen and the population generally that orderly marketing — where price, volume, quality, etc., are controlled by the Fisheries Board through a system of licensing exporters — has solid advantages. It would be most important from an electoral point of view that opponents of Confederation should not be able to claim that Confederation would mean the end of the Fisheries Board and the destruction of the system it has built up for the orderly marketing of Newfoundland fish. It would seem necessary, therefore, to go beyond the point reached in the memoranda under reference and work out, for incorporating in the draft terms of union, an Article that would safeguard the position and authority of the Newfoundland Fisheries Board.

As such an Article would require careful consideration both from the constitutional and the economic point of view, it would seem desirable that some consideration should be given it now for if it is left till the subject itself is raised in the forthcoming Conference there might not be sufficient time for full consideration of it.

Yours sincerely,

J. S. MACDONALD

307.

R.A.M./Vol. 2

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 203

St. John's, April 16, 1947

Sir,

The Report of the Finance Committee of the National Convention on the financial and economic position of Newfoundland<sup>1</sup> was presented to the Convention last evening by Major Peter Cashin, Chairman of the Committee. It comprises one hundred and fourteen typewritten pages and while it contains little that is new and is, as was to be expected, a pretty superficial examination of the financial situation of the country, it does bring together a good deal of more or less relevant information and is valuable as showing the general outlook and mentality of the Committee whose membership comprises nearly one-quarter of the Convention, for the most part men who are proponents of the restoration of Responsible Government.

2. The Committee felt that, in order to estimate, in accordance with its terms of reference, the changes which have taken place in the economic and financial position of the country since 1934, it would be necessary to examine the conditions which prevailed for a quarter of a century previously. Going back to 1909, when the budget was in balance and the total public debt of the Colony was only \$27,000,000, the report stresses the serious strain imposed on the economy of the Colony by the Great War and its aftermath, leaving a public debt of \$43,500,000 and an obligation for pensions to returned men of over \$600,000 per annum. In this early part of the Report the emphasis is on endeavouring to show that the Great War, the acquisition of the Railway, the high interest rates paid on the loans from Britain and the Great Depression, rather than maladministration on the part of the Government was responsible for Newfoundland's troubles and its loss of Responsible Government. However interesting and effective arguments of this kind may be for local purposes they are not of much interest from the Canadian point of view and may be passed over without detailed examination.

3. The emphasis changes with the appointment of the Commission of Government and no opportunity is lost to point out errors of commission or omission. It is stressed that while the United Kingdom appeared to be helping Newfoundland the fact of the matter was that the grants-in-aid, as well as the allocations from the Colonial Development Fund, were just sufficient to pay the interest on the debt to the United Kingdom bondholders.

4. Coming down to the outbreak of the Second World War the Report summarizes the steps leading to the establishment of the United States Bases in Newfoundland and makes the following comment:

"Whilst this Committee is of the opinion that Newfoundland and her people were prepared to make any sacrifice necessary to the winning of the War, at the

same time they are of the considered opinion that the Commission of Government and the Dominions Office had no right whatever to alienate Newfoundland territory to any foreign power without a reasonable *quid pro quo*. If such alienation were necessary to the winning of the War, the transfer of these territories should have been only for the duration of the War. Furthermore, the Committee feels that in view of the legislation of 1933-34, whereby Newfoundland merely suspended her constitution, the Commission of Government and the Dominions Office were acting merely as trustees of the assets of Newfoundland and that any transfer of such assets certainly called for recompense. The Committee feels that this recompense should have taken the form of the cancellation of the whole or a considerable portion of the National Debt of our country on the part of Great Britain and that the United States of America, in consideration of the acquiring of these bases should have granted a preferential tariff to the fishery products of Newfoundland."

5. The Committee was critical, also, of the action of the Commission in borrowing \$2,100,000 from the Defence Supplies Corporation of the United States at an interest rate of 2 1/2% for the purpose of purchasing railroad equipment and also censured the high cost of the Clarenville shipyard.

6. The report points out that Newfoundland stands to lose through the operation of the Gander Airport an amount in the vicinity of \$1,000,000 annually, and contends that foreign Airways Companies and outside nations are using Newfoundland's strategic position for their own advantage at the expense of the taxpayers.

7. Criticism is expressed also — and in this case it seems to be more justifiable — against the manner in which the accounts of the country are presented, no proper distinction being made between ordinary and capital expenditure. For example, loans aggregating 3 1/2 million dollars made to the Housing Corporation against the security of 250 houses and 10 apartment blocks are set down in the Accounts as expenditure though the amount is easily recoverable. Inclusion of the amount in actual expenditure misleads the public as to the actual loss of the administering the affairs of the country. [*sic*]

8. The Report includes, also, some interesting information difficult to summarize, on the financial operations of the railway, the dry-dock, the Newfoundland hotel, the Newfoundland Savings Bank. In discussing the question of Steamship communication the Report emphasizes that no subsidy has been paid by the Canadian Government for the Gulf Services since the railway and its subsidies were taken over by the Government in 1923.

"During the year 1930 negotiations were entered into with the then Government of Canada, and tentative arrangements were made for a subsidy of some substantial character; but this never came to any conclusion, as a new Government was installed in office in Ottawa in the early part of 1931 and the matter seems to have ended there. In view of our large purchases from the Dominion of Canada, it is not unreasonable to expect that a substantial subsidy for mails and other services should be paid by the Canadian Government — particularly in view of the fact that we understand that a private Steamship Company, operating from Canada and with its terminal at Corner Brook, has been largely subsidi-

dized by the Federal Government and is in competition with both our Railway and Gulf services.”

9. The gross public debt, based on figures supplied the Committee by the Department of Finance, is set forth as follows:

|                                  |                     |
|----------------------------------|---------------------|
| Trustee Securities               |                     |
| 872,528, equiv. dollars .....    | \$3,525,013         |
| Temporary Loan from U.K.         |                     |
| 400,000, equiv. dollars .....    | 1,616,000           |
| 3% Guaranteed Stock              |                     |
| 17,793,405, equiv. dollars ..... | 71,885,356          |
| Deferred Securities              |                     |
| 6,460, equiv. dollars .....      | 26,098              |
| 3% War Loan (Newfoundland) ..... | 1,500,000           |
| 3 1/4% First Victory             |                     |
| Loan (Newfoundland) .....        | 1,500,000           |
| 3% Second Victory                |                     |
| Loan (Newfoundland) .....        | 2,000,000           |
| Savings Certificates .....       | 1,935,470           |
| Sundry 250, equiv. dollars ..... | 1,010               |
|                                  | 4,100               |
| <b>TOTAL .....</b>               | <b>\$83,993,047</b> |

The total net debt as of December 31st, 1946, is set at \$75,678,209, though this figure excludes the contingent liability involved in the guarantee of Bowaters' stock amounting to somewhat less than \$7,000,000 and omits loans due from the St. John's Housing Corporation amounting to over \$3,000,000.

10. The Committee gives it [as] its considered opinion that at no time should the total expenditures of the country have exceeded the sum of \$21,000,000 annually, though they do not indicate in the same definite way the services they would dispense with in order to reduce expenditures to such a level and reaches the conclusion that despite abnormal expenditure during the past five years Newfoundland stands in the strongest financial position in her history.

11. The Committee intimates that further material on the economic side will be added when the delegation returns from the United Kingdom and additional information is available on the public debt, the strategic bases and the Airports.

12. A Supplementary Statement brings the Report down to the end of the fiscal year March 31st, 1946, and is of special interest. It shows that the total revenue collected amounted to \$37,247,132 the highest ever collected in the history of Newfoundland. The chief sources of revenue were as follows: Customs \$20,255,973; Income and Corporation taxes and Succession Duties \$10,972,916; Liquor Profits \$2,000,000; Royalties and Crown Land Fees, etc., \$1,058,412; and other taxes and fees \$2,959,831. Expenditure during the year amounted to \$37,141,138 leaving a surplus of revenue over expenditure of \$105,994. The total accumulated cash surplus, including the interest-free loans to the United Kingdom, now amounts to approximately \$32,000,000.

13. I enclose, herewith, for your information, two copies of the Report and Supplementary Statement.

I have etc.

J. S. MACDONALD

*Procès-verbal d'une réunion de la délégation à Ottawa  
de la Convention nationale de Terre-Neuve<sup>65</sup>*

*Minutes of a Meeting of the Delegation to Ottawa  
from the National Convention of Newfoundland<sup>65</sup>*

St. John's, April 19, 1947

Delegation met in Chairman's office.

Present: Messrs. Bradley, K.C., Higgins, K.C., Ashbourne, Ballam, Smallwood.

There was a general discussion. It was agreed that Smallwood act as Secretary of the Delegation.

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures<sup>66</sup>*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs<sup>66</sup>*

DESPATCH 208

St. John's, April 19, 1947

SECRET

Sir,

I have the honour to report that His Excellency the Governor, accompanied by the Honourable A. J. Walsh, Commissioner for Justice and Defence, left this afternoon by air for the United Kingdom. Prior to his departure, I had an hour's talk with the Governor in which he touched, among other things, on two points which I think I should mention to you.

2. The first concerns the attitude of the Commission of Government on the questions set down in Mr. Hollett's resolution for discussion with the United Kingdom authorities. The Governor reaffirmed the view that both he and the Commissioners consider it is "almost indecent" for the Convention to make any request to the United Kingdom, either for the cancellation of the sterling debt or

<sup>65</sup>A l'exception de ce document et des documents 314 et 316, aucun autre procès-verbal des réunions de la délégation n'a été trouvé, ni aux Archives provinciales de Terre-Neuve ni aux Archives publiques du Canada.

<sup>66</sup>Cette dépêche fut signalée au Premier ministre.

<sup>65</sup>With the exception of this document and Documents 314 and 316, no other minutes of meetings of the delegation have been found, either in the Newfoundland Provincial Archives or in the Public Archives of Canada.

<sup>66</sup>This despatch was referred to the Prime Minister.

for the payment of interest on the monies Newfoundland loaned to the United Kingdom during the war. They will also take a strong stand against the view of the delegation that tariff or other concessions should be sought from the United States in return for the grant of the bases. With respect to the Gander airport, they will take the position that an enquiry is proceeding and no decision as to the division of expenses can be reached until the report is received. They will further recommend that the concluding question "any matters relating to the future economic position of Newfoundland" is too vague to serve as a subject of discussion and that, in any case, they would not be prepared to discuss any question unless they had adequate notice of it. In all these matters, therefore, the Governor and the Commission are taking a stand, very favourable from our point of view, against the United Kingdom being asked to grant further financial assistance to Newfoundland.

3. With respect, however, to the question of whether the United Kingdom should continue to guarantee the principal and interest of the Newfoundland debt, the Governor takes the view that, while he will not urge them to do so, he will state, if they are prepared to do so, that he considers he could run the country for another ten-year period without in fact calling on the United Kingdom to implement its guarantee, using, if necessary, the surplus of \$32,000,000 to meet any deficits that might occur.

4. I would rather doubt that the United Kingdom Government would feel justified in extending its guarantee of financial assistance for a further ten years. If, however, the United Kingdom Government replies that it will be prepared to guarantee the payment of principal and interest on the Newfoundland debt and to meet any deficits that may arise if the Commission of Government is retained for a further period there is little doubt that, in the ensuing referendum, the great majority of the votes will be cast for maintaining the Commission of Government.

5. The other point which I think I should bring to your attention relates to timing. The Governor, and I understand the Dominions Office also, attaches great importance to having the discussions proceeded with as expeditiously as possible. Rather to the discomfiture of the delegation, the Governor has made reservations both for himself and for the delegation, to return on May 10th. I had rather been hoping that the discussions in London would be protracted but there now appears to be little possibility of this taking place.

6. The present programme is to call the Convention together following the return of the delegation to hear and discuss the report of the delegation. The best opinion I can get holds that this would not take more than ten days at the most and that, so far as Newfoundland is concerned, the delegation will be ready to leave for Ottawa the last week in May.

I have etc.

J. S. MACDONALD

310.

R.A.M./Vol. 2

*Le chef, la deuxième direction politique, au conseiller spécial  
du sous-secrétaire d'État aux Affaires extérieures<sup>67</sup>*

*Head, Second Political Division, to Special Assistant  
to Under-Secretary of State for External Affairs<sup>67</sup>*

PERSONAL AND CONFIDENTIAL

Ottawa, April 21, 1947

Dear Mr. MacKay,

Sir Alexander Clutterbuck has given Mr. Pearson a copy of the list of questions<sup>1</sup> (with explanatory memorandum) which the Newfoundland delegation have asked to raise with the United Kingdom authorities during their visit in London.

I enclose a copy of this document and should be grateful if you would treat it as very confidential.

Yours sincerely,

ESCOTT REID

311.

PCO-CRF

*Mémoire du secrétaire, le Comité du Cabinet sur Terre-Neuve,  
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Secretary, Cabinet Committee on Newfoundland,  
to Under-Secretary of State for External Affairs*

Ottawa, April 25, 1947

## DISCUSSIONS WITH NEWFOUNDLAND

In discussing this matter with Mr. St. Laurent, it may be desirable to concentrate upon the following two major points.

1. In the discussions with the delegation from Newfoundland it will be possible to spend a considerable time at first explaining the general economic and legal position in the event of Newfoundland becoming a part of Canada, i.e. federal expenditures, federal taxes, etc. At some point in the discussions, however, the visitors will raise the question of their own ability to balance the provincial budget. While, in view of the inability of the delegation to actually negotiate on this point, it will be undesirable for the Canadian government to either make any specific and detailed offer to cover any deficit or alternatively to attempt any bargaining on this point, nevertheless, if the visiting delegation is not to be sent back with an unfavourable impression, some general assurance would be required on this point. This is the first major feature which I think the Cabinet Committee will have to consider.

<sup>67</sup>R. A. MacKay était alors à Halifax à l'Université Dalhousie.

<sup>67</sup>R. A. MacKay was then in Halifax at Dalhousie University.



2. Reviewing the various alternative methods of financial assistance set forth in the long memorandum, it seemed to me that it might be useful to direct the Interdepartmental Committee to explore more fully the following:

1. Possibility of development of local revenues through increased consumption taxes (but not through maintenance of special customs duties).
2. Statutory subsidies.
3. Debt allowances (which might be amalgamated with statutory subsidies in some form).
4. Special arrangements regarding Labrador.

J. R. BALDWIN

312. C.D.H./Vol. 60

*Le secrétaire, le Comité du Cabinet sur Terre-Neuve, au ministre  
de la Reconstruction et des Approvisionnements*

*Secretary, Cabinet Committee on Newfoundland, to Minister  
of Reconstruction and Supply*

TOP SECRET

Ottawa, April 29, 1947

Dear Mr. Howe,

I am enclosing herewith copy of a memorandum on financial factors<sup>68</sup> to be taken into consideration in the forthcoming discussions with Newfoundland delegation. This memorandum has been prepared by the Secretariat of the Cabinet Committee, for the Chairman of the Interdepartmental Committee which has been working on this topic, and is being circulated to members of the Cabinet Committee for their information, at the suggestion of the Chairman of the Cabinet Committee, Mr. St. Laurent, and the Chairman of the Interdepartmental Committee, Mr. Pearson.

Sincerely yours,

J. R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du secrétaire, le Comité du Cabinet sur Terre-Neuve*

*Memorandum by Secretary, Cabinet Committee on Newfoundland*

Ottawa, April 28, 1947

BRIEF SUMMARY

DISCUSSIONS WITH NEWFOUNDLAND-DELEGATION; FINANCIAL  
PROBLEMS; SUMMARY OF ATTACHED MEMORANDUM

On the basis of the Interdepartmental Committee's calculations in the event of union with Canada, the Newfoundland provincial budget would probably fall some \$3,800,000 to \$4,800,000 short of balancing; this will likely be the crux of

<sup>68</sup>Seulement le sommaire est reproduit ici.

<sup>68</sup>Only the summary is printed here.

the discussions. The Interdepartmental Committee has made no recommendations on this point, but the attached memorandum is a personal summary of their discussions on this point.

(1) *The Exploratory Approach*

The Canadian approach should, for the discussions, assume that until demonstrated otherwise, Newfoundland could develop sufficient local revenues to balance its provincial budget without special financial assistance. Elimination of customs duties on imports from Canada will so lower the price level that new provincial consumption taxes could be imposed for this purpose. Accordingly, no "offer" regarding special financial assistance need be agreed in detail before the discussions; nor should such an offer be made unless development of discussions makes it necessary.

(2) *The "Special Offer" Approach*

On the other hand, while Newfoundland should be encouraged to develop its own revenues, this could not be done sufficiently rapidly and some sort of extra financial assistance from Ottawa will be needed in at least the early years. Adequate precedents can be found for such action in the treatment accorded other provinces on becoming part of Canada.

Moreover, the delegation from Newfoundland will have no power to negotiate and will expect an offer of some sort. Even though Canada makes no firm offer, the delegation will, on its return, announce the results of its visit in terms of an "offer."

(3) *A Transitional Period*

Some transitional arrangement with Newfoundland would be desirable in the first instance for a five to ten-year period, at the end of which some arrangements for joint review of the situation should be made.

(4) *Possible methods of providing financial assistance*

(a) *Development of consumption taxes* such as gasoline tax, real estate taxes, retail taxes, etc., as a means of increasing provincial revenues.

(b) *Debt allowances* — precedents exist for granting Newfoundland a special debt allowance; while the formula applied to other provinces would give Newfoundland too large a subsidy because of the much higher *per capita* Canadian debt, a new and reasonable formula could be worked out which could permit special payment to Newfoundland, should this be desirable.

(c) *Statutory Subsidies* — The B.N.A. Amendment of 1907, subsequent special Commission awards to the Maritime Provinces and the treatment given to statutory subsidies for the Maritimes in the recent Dominion offer to the provinces might be used as precedents for working out some statutory subsidies for Newfoundland.

(d) *Labrador* — Some arrangement might be agreed under which the federal government took over administration of Labrador in return for a rental or annual purchase payment or some guaranteed annual revenue to Newfoundland (on a sliding scale, should local revenues from Labrador develop).

(e) *Special defence arrangements* — The declaration of Newfoundland as a strategic defence area and consequent federal assumption of certain provincial costs was suggested but involves serious difficulties.

(f) *Special direct subsidy* — A special direct subsidy without regard to precedent could be worked out, including some form of incentive payment to Newfoundland such as matching increases in provincial revenues or provincial surpluses on ordinary account.

(g) *Newfoundland surplus* — The Newfoundland surplus of some \$30 million might be turned over in trust to the Dominion, which could pay interest at 2 1/2% thereon to Newfoundland, thus providing a small additional source of revenue to Newfoundland.

(5) *Development Expenditures*

Because of the backward stage of development, a special programme of resources development will be necessary and could be worked out jointly with Newfoundland, possibly on the basis of the 1945 public investment proposals to the provinces, or on some basis of matching expenditures up to a set figure.

(6) *Newfoundland Public Debt*

The Newfoundland Public Debt might be taken over by the United Kingdom which does not, however, wish to make any commitment on this point at this stage for fear of difficulties with Newfoundland which would claim that the U.K. could do the same in the event of return to Responsible Government or maintenance of Commission Government.

(7) *Extension of Federal Services to Newfoundland*

Special consideration will have to be given to the Newfoundland railway and its associated steamship services.

(8) *Possible Alternatives to Provincial Status*

While it will probably not be feasible, it would be desirable if Newfoundland would assume the status of a federal territory for several years or alternatively some such status as a "provisional province."

313.

PCO-CRF

*Le secrétaire, le Comité interministériel sur les relations entre  
le Canada et Terre-Neuve, à l'assistant administratif  
des gouverneurs, la Banque du Canada*<sup>69</sup>

*Secretary, Interdepartmental Committee on Canada-Newfoundland Relations,  
to Executive Assistant to the Governors, Bank of Canada*<sup>69</sup>

SECRET

Ottawa, April 29, 1947

Dear Sir,

The Chairman of the Cabinet Committee on Canada-Newfoundland Relations has directed that the Interdepartmental Committee should more fully explore the following topics:

<sup>69</sup>Des lettres semblables furent envoyées aux autres membres du Comité interministériel.

<sup>69</sup>Similar letters were sent to the other members of the Interdepartmental Committee.

1. The possibility of development of local revenues in Newfoundland through increased consumption taxes.
2. Statutory subsidies.
3. Debt allowances.
4. Special arrangements regarding Labrador.

It is felt that further work along these lines should be undertaken in the first instance by the Financial Sub-Committee and that it would be desirable to arrange to have any detailed work which remains to be done taken in hand by special sub-committees.

In order that arrangements may be made in this connection, the Chairman of the Financial Sub-Committee proposes that a meeting be held on Thursday, May 1st, at 2:30 p.m. in room 123, East Block.<sup>70</sup> He suggests that at this meeting the Sub-Committee should further consider the report of the sub-committee set up to examine certain revenue proposals, and the comments on Newfoundland budget estimates prepared by Mr. J. E. Howes.

The Chairman of the Financial Sub-Committee has invited Mr. Escott Reid to attend as a representative of the Department of External Affairs. He has also invited Mr. J. R. Baldwin, Mr. J. E. Howes and Mr. G. A. Newman to attend.

I would appreciate your letting me know by telephone if this time will be convenient for you.

Yours sincerely,

P. A. BRIDLE

314.

P.W.C./Vol. 1

*Procès-verbal d'une réunion de la délégation à Ottawa  
de la Convention nationale de Terre-Neuve*

*Minutes of a Meeting of the Delegation to Ottawa  
from the National Convention of Newfoundland*

St. John's, April 29, 1947

Delegation met at the House of Assembly Chamber.

Present: Messrs. Rev. L. L. Burry, Ballam, Ashbourne, Higgins, K.C., Smallwood.

Secretary tabled two documents which were read and discussed. Meeting adjourned at 5.30 p.m.

315.

*Extrait de The Mackenzie King Record<sup>71</sup>*

*Extract from The MacKenzie King Record<sup>71</sup>*

...

During a conversation with the Governor General on April 30, Mackenzie King "spoke about Newfoundland coming into Confederation. The Governor

<sup>70</sup>Voir le document 318.

<sup>70</sup>See Document 318.

<sup>71</sup>Volume 4, p. 50.

said of course it was plain that Newfoundland belonged to Canada. It would never do to have it a part of the United States. I told him I fully agreed as to this but that great care had to be taken with the timing and the method of approach. I thought our party should consider getting the goodwill of the other provinces and the other parties.

"I said I would like to clear up differences between the provinces and our Government before quitting my career and if that could be satisfactorily arranged to have the way prepared to bringing Newfoundland into Confederation. I did not want to create a fresh problem before others were satisfactorily settled. I said I might ask him later on to give us a hand when we might wish to bring all the Premiers together for conference purposes. He might be willing to have a dinner at which he might develop some matters in a friendly and informal way. This I could see met with his instant approval. He said he would be delighted to do anything of the kind."

...

316. P.W.C./Vol. 1

*Procès-verbal d'une réunion de la délégation à Ottawa  
de la Convention nationale de Terre-Neuve*

*Minutes of a Meeting of the Delegation to Ottawa  
from the National Convention of Newfoundland*

St. John's, May 1, 1947

Delegation met at the home of Hon. Mr. Job.

Present: Messrs. Job, Higgins, K.C., Ashbourne, Rev. L. L. Burry, Ballam, Smallwood.

It was agreed that the Secretary should compile a list of classes of information which the Delegation must obtain to take to Ottawa. This list to be presented to the Delegation at its next meeting for consideration. After being approved the list will be forwarded to the Government with a request that they appoint someone to assist the Delegation to obtain the desired information.

Meeting adjourned until 4 p.m. tomorrow.

317. 243

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 228

St. John's, May 5, 1947

SECRET

Sir,

In the absence in London of the delegation from the National Convention the delegation which has been elected to go to Ottawa is engaged in studying ques-

tions that might arise in connection with their discussions and have drawn up a list of the documentation which they think it would be desirable to take with them. I understand that at a meeting on Friday last they passed a Resolution instructing the Secretary to ask the Canadian Government through me whether the information outlined in the attached memorandum would be sufficient for the purposes of the discussion or whether there is any further information it would be desirable to bring with them.

2. I have not yet received a letter from the Secretary setting forth the enquiry but I think it would be undesirable for such an enquiry to be forwarded. I am, therefore, proposing to reply stating that the documentation he has brought to my attention appears to be comprehensive and to cover fairly well the ground that would have to be explored. I will add, however, that I do not think my Government would desire to pass any opinion at this stage on what documentation should or should not be assembled and that it is rather a matter for the delegation itself. I propose to point out, also, that it would be extremely difficult to indicate in advance all the documents that would be needed in such a discussion and that doubtless points will arise in the course of the discussions when it will be necessary to telegraph for further information.

3. I think it would be desirable for me to reply in this fashion not only because of the embarrassment it might cause to be asked to pass judgment on their proposed documentation but also because the Government here is extremely jealous of its authority and does not wish the delegation to take upon itself any dealings with the Canadian Government outside the strict terms of the Convention's Resolution.

4. I trust you will agree with my proposed action in this matter but would be glad to have your views should you think otherwise. I can withhold an answer till Friday or Saturday next without embarrassment.

I have etc.

J. S. MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

OUTLINE OF INFORMATION DELEGATION FROM  
NEWFOUNDLAND NATIONAL CONVENTION IS  
PROPOSING TO BRING WITH IT TO OTTAWA

PUBLIC DEBT

- a. sterling
- b. dollar
- c. interest rates
- d. when issued, when due
- e. where held
- f. are the British-guaranteed bonds U.K. or Nfld.?
- g. sinking funds
- h. government-guaranteed bonds, shares
- i. what assets are there against the Debt?

**RAILWAY SYSTEM**

- a. operating revenue 1923 to date
- b. operating expense 1923 to date
- c. capital expenditures 1923 to date
- d. mileage of railway
- e. mileages of boats
- f. inventory of assets
- g. number of employees, classified
- h. rates of pay in all classifications; total pay
- i. passenger, freight and express rates
- j. rolling stock agreements — special

**MARINE WORKS**

- a. No. of lighthouses
- b. No. of fog-alarms
- c. No. of buoys and other aids to navigation
- d. No. of public wharves
- e. No. of public breakwaters
- f. No. of public launchways, slipways
- g. No., size, capacity of dredges
- h. No., size, age, capital cost of all other vessels
- i. annual expenditure on all above, itemized, annually since 1934
- j. total personnel employed, classified, with rates of pay and total pay of all

**POSTS-TELEGRAPHS**

- a. total no. of buildings owned by Department and their capital cost, showing how many are occupied exclusively by the Department and how many are shared by others and by whom:
- b. total no. of buildings, or portions of buildings rented by Department, and total annual rent paid
- c. total physical assets of Telegraph Division, viz., miles of wires, no. of wireless or radio sets, etc.
- d. total no. of employees, classified, with individual rates of pay, and total pay of all
- e. total amounts of stamps sold, money orders handled, parcels handled, telegrams handled, together with values for each year commencing 1934
- f. rates of postage, money orders, parcels, telegrams
- g. total capital expenditures each year since 1934
- h. total revenue and expenditure yearly since 1934

**VETERANS**

- a. total no. of World War I veterans in receipt of pensions or other benefits
- b. total amount paid each year since 1934 under (a)
- c. rates of pension or other benefits paid
- d. total no. of World War II veterans in receipt of pensions;

- e. total amount estimated to be paid under (d) in 1947-48
- f. rates payable under (d)
- g. total expenditures estimated to be made, after 1947-48, on Civil Re-establishment;
- h. total no. of Veterans' Administration permanently employed, with total pay given

#### GANDER

- a. capital expenditure by Newfoundland to date and prospective capital expenditure to end of 1947-48
- b. capital expenditure by United Kingdom to date
- c. capital expenditure by Canada to date
- d. operating cost 1946-47; estimated 1947-48
- e. operating revenue 1946-47; estimated 1947-48
- f. total personnel employed, classified; rates of pay in each classification; total pay given 1946-47 and estimated 1947-48
- g. rentals received, classified, 1946-47 and estimated 1947-48, with classified rates
- h. landing fees, classified
- i. total landing fees received 1946-47; estimated 1947-48
- j. total revenue 1946-47, other than rentals and landing fees, classified; estimated 1947-48
- k. landings 1946-47

#### INCOME TAXES, ETC.

- a. total annual revenue since 1934 from Income Tax, Profits Tax, Succession Duty, classified
- b. total cost of Tax Assessor's Department annually since 1934, with rates of pay; no. employed
- c. sufficient data which, when examined by Canadian tax authorities, would enable them to estimate what the substitution of Canadian rates of such taxes for the Newfoundland rates would raise

#### CUSTOMS

- a. total personnel, classified, showing rates of pay and total pay of all
- b. total no. of boats and ships owned and/or hired by Department in preventive work, with their annual cost since 1938
- c. total capital cost of such boats or ships
- d. no. of ports of entry
- e. no. of buildings owned by Department stating which are exclusively occupied by Department and which are not
- f. total capital cost of such buildings
- g. total no. of buildings or portions of buildings rented by Department, and total rent of all
- h. all published Customs statistics since 1920
- i. Customs Act and Tariff



**PENITENTIARY**

- a. annual expenditure since 1934
- b. total personnel employed, classified, with rates of pay and total pay of all
- c. capital cost of penitentiary
- d. estimated cost of new building

**DEMONSTRATION FARM**

- a. capital cost to date
- b. annual operating cost since 1934
- c. area; area cleared; area cultivated
- d. inventory of stock, buildings, equipment and implements
- e. volume and value of products sold annually since 1934
- f. personnel employed, classified, with pay classified and total pay of all

**BASES AGREEMENT**

- a. copies of all Acts or Agreements (other than with Canada) between Newfoundland and other countries
- b. list of bases (other than Canadian) with area of each

**INDUSTRIAL COMPANIES**

Copies of Acts or Agreements between Newfoundland and

- a. Bowater's
- b. A.N.D. Company
- c. Buchans Mining Company
- d. Bell Island Company
- e. St. Lawrence Mining Companies
- f. United Towns Electric Company
- g. Labrador Mining & Exploration Company
- h. any other companies exempt from standard taxation

**JUDICIARY**

- a. annual cost of Supreme Court, exclusive judges' salaries
  - b. annual cost of Central District Court
  - c. annual cost of Stipendiary Magistrates; no. of such Magistrates; their classes of pay; total pay of all
  - d. total cost of stipendiary magistrates' courts
  - e. total fines and forfeitures of all Courts in Newfoundland
- all above information for period since 1938

**PUBLIC BUILDINGS**

Total annual maintenance cost of

- a. Postal-Telegraph buildings
  - b. Customs buildings
  - c. Lighthouses
  - d. Fog-alarms, beacons, buoys
  - e. Penitentiary
  - f. Court Houses
- since 1938

## MARINE HOSPITALS

- a. No. of marine or merchant seamen's hospitals
- b. capital cost of same
- c. annual maintenance cost of same
- d. annual operation cost of same
- e. no. of beds

## CENSUS

All available data from Census of 1945 to latest possible date

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*Extraits du procès-verbal d'une réunion du sous-comité des finances  
du Comité interministériel sur les relations entre le Canada  
et Terre-Neuve*

*Extracts from Minutes of a Meeting of Financial Subcommittee of  
Interdepartmental Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, May 8, 1947

The meeting took place at 10:00 a.m. in room 123, East Block.<sup>72</sup> The following were present:

Mr. M. W. Sharp (Chairman) — Department of Finance  
 Mr. A. B. Hockin  
 Mr. J. E. Coyne — Bank of Canada  
 Mr. G. S. Watts  
 Mr. J. E. Howes  
 Mr. E. Reid — Department of External Affairs  
 Mr. P. A. Bridle  
 Mr. J. R. Baldwin — Privy Council Office  
 Mr. G. A. Newman — Trade and Commerce

2. The meeting was called to consider ways and means of implementing questions from the Chairman of the Cabinet Committee with the Interdepartmental Committee and to further explore the following topics:

1. The possibility of Newfoundland, as a province, raising additional revenue by means of increased consumption taxation.

2. Statutory subsidies.

3. Debt Allowances.

4. Special arrangements regarding Labrador.

3. The meeting was also to give further consideration to Mr. Howes' report on Budgetary Aspects and to Mr. Newman's report on special revenue proposals.

4. Mr. Sharp said that he proposed to have the Department of Finance undertake a revision of their memorandum on budgetary aspects with Newfound-

<sup>72</sup>La réunion a eu lieu le 3 mai.

<sup>72</sup>The meeting was held on May 3.

land,<sup>73</sup> in the light of Mr. Howes' memorandum,<sup>74</sup> of the recent budget speech<sup>75</sup> and the report of the Finance Committee of the National Convention.<sup>76</sup> He thought that the revision could be confined to the federal budget and the expenditure side of the provincial budget. After discussion, it was agreed that this should be done and that the revised memorandum be submitted to the Financial Sub-Committee.

5. Mr. Sharp further proposed that the sub-committee which had already investigated certain special revenue proposals (i.e. the special Newfoundland operation for an interim period; a retail sales tax and a sales tax on imports) should be instructed to continue its investigations of the revenue question, extending it to include all aspects of the revenue side of the Newfoundland provincial revenue budget. After discussion, it was agreed that this should be done and that Mr. Watts should be appointed convener of the sub-committee.

6. Mr. Sharp further proposed that the question of statutory subsidies and debt allowances might be considered together and that the work should be in the hands of the Cabinet Secretariat.

...  
11. This led the sub-committee into the discussion of the probable course of events when the delegation arrives. It appeared the general feeling of those present that the discussion would inevitably fall into two parts; the first part would be of a preliminary nature and might end with a statement on our part of the direct implications of confederation in the general sense, the controversial aspects of the question at present in abeyance. [If] at this time we would wish the discussions to advance to a further stage, we would have to make it clear that before anything further could be done, it would be necessary for us to have further factual information from the Newfoundland side and also to understand something of how the Newfoundlanders would themselves propose to tackle the revenue problem. From this point on the discussions could assume the nature of a general exploration of the problem. There was little agreement as to exactly what steps might be taken on this intermediary stage of the discussions. Some thought that the Newfoundlanders might call in some of their officials; others thought they might wish to go back to the Convention to consider what they should do. At the same time it seemed to be generally appreciated [that] to allow Newfoundlanders to go back to the Convention without any sort of statement of what federation would mean if [to?] Newfoundland would destroy any prospect of confederation being successful in the referendum and it was felt that it would be necessary, should we wish confederation to have a reasonably good chance in the referendum, in some way to provide the Newfoundlanders with a definite statement of our terms prior to the referendum.

<sup>73</sup>Voir le document 290.

<sup>74</sup>Non reproduit. Ce mémorandum portait sur les estimations budgétaires.

<sup>75</sup>Le ministre des Finances avait présenté son budget le 29 avril.

<sup>76</sup>Voir le document 307.

<sup>73</sup>See Document 290.

<sup>74</sup>Not printed. The memorandum dealt with budget estimates.

<sup>75</sup>The Minister of Finance had presented his budget on April 29.

<sup>76</sup>See Document 307.

12. Mr. Baldwin said that in this connection he had been giving some thought to the question of whether we should have some sort of written document which could be submitted to the Newfoundlanders in the course of discussions, should this prove desirable. He thought that on the whole it would be advisable to prepare such a document. He suggested that it should contain a factual statement of some of the practical implications for Newfoundland of federal union with Canada. Mr. Baldwin asked Mr. Reid if he thought it would be useful to prepare such a statement now. Mr. Reid said that he thought it would be useful to have this established and the questions set down on paper but that if this were done it should be regarded strictly as a draft which could be amended or expanded further before or during the discussions in whatever means might be thought desirable. He felt, however, that no decision as to what use might be made of the draft could be taken at this time.

13. Mr. Baldwin then asked Mr. Reid to have the draft outline of such a statement prepared and suggested that it might be submitted to the Chairman of the Cabinet Committee with a note requesting his approval. Mr. Reid agreed to have this done and Mr. P. A. Bridle was requested to take the matter in hand.

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*Mémorandum de la deuxième direction politique*  
*Memorandum by Second Political Division*

SECRET

Ottawa, May 12, 1947

SUMMARY OF QUESTIONS RAISED BY A DELEGATION FROM  
 THE NEWFOUNDLAND NATIONAL CONVENTION DURING  
 DISCUSSIONS WITH THE UNITED KINGDOM AUTHORITIES  
 IN LONDON, APRIL 29TH-MAY 6TH, AND OF THE MAIN  
 POINTS OF THE DRAFT REPLY PRESENTED TO THE  
 NEWFOUNDLAND DELEGATION ON MAY 1ST

1. *The Public Debt.* The present drain on the United Kingdom Government's financial resources and the grave shortage of dollars at this time make it impossible for the United Kingdom Government to consider taking over the sterling debt.
2. *Interest-Free Loans.* The United Kingdom Government cannot themselves undertake to pay interest on the loans, which were made interest-free during the war by the Newfoundland Government, and it is assumed that the Government and people of Newfoundland, recognizing the United Kingdom's grave dollar shortage, will be prepared to leave the outstanding sums in the United Kingdom for the time being.
3. *Development Loans.* Apart altogether from the financial difficulties of the United Kingdom, it would be unusual for the United Kingdom Government to undertake to make development loans to a country having responsible government.

4. *The Position Arising Out of The Various Base Deals.* There is no reason to think that the United States Government would be prepared to agree to any substantial variation of the basis on which the 1941 Agreement was entered into or to give any *quid pro quo* for rights which were given to them "freely and without consideration." If, however, Newfoundland should return to responsible government it would be open to her to raise the question of some modification of the Agreement and in that event negotiations would no doubt be carried out with the assistance of the United Kingdom Government.

5. *The Financing and Control of Newfoundland Airports.* The United Kingdom Government has agreed in principle to meet a proportion of the running costs of Gander Airport from the time of transfer of control to the Newfoundland Convention and for so long as the present constitution of Newfoundland continues. It is expected that the proportion to be met by the United Kingdom Government will be two-thirds.

6. *Trade and Tariffs.*

(a) Should Newfoundland return to responsible government, she could enter on her own account into negotiations with a foreign government, with the assistance of United Kingdom representatives, for the conclusion of a commercial agreement. There would, further, be no constitutional difficulty in the inclusion of Newfoundland in the scope of agreements concluded by the United Kingdom if Newfoundland so desired.

(b) A contract for the importation of 750,000 tons of Newfoundland iron ore into the United Kingdom in 1947 is under consideration. In view of the dollar shortage it is difficult at this stage, however, to consider the making of any long-term contract.

On the general question of Imperial Preference, the Newfoundland delegation will be aware that international trade and tariff discussions at which Newfoundland advisers are assisting are now in progress in Geneva looking towards a general reduction in tariffs and preferences.

(c) With respect to possible assistance from the United Kingdom Government in effecting sales of Newfoundland goods in sterling areas, the immediate overriding situation is the existing financial position of the United Kingdom which inevitably limits purchases of dollar supplies for the time being. Satisfactory arrangements have been made for the present for sales of Newfoundland salt fish to Newfoundland's usual Continental markets in the sterling area. As regards frozen fish, however, the dollar position makes it difficult to hold out hopes that Newfoundland is likely to find a long-term market in the United Kingdom.

It will be the object of the United Kingdom Government, as soon as the present financial problems have been overcome, to assist in the encouragement of trade between Newfoundland and the sterling area.

[P. A. BRIDLE]

320.

R.A.M./Vol. 3

*Mémorandum du conseiller spécial du sous-secrétaire d'État  
aux Affaires extérieures<sup>77</sup>*

*Memorandum by Special Assistant to Under-Secretary of State  
for External Affairs<sup>77</sup>*

SECRET

Halifax, May 12, 1947

THE BASIS FOR A STATUTORY SUBSIDY FOR NEWFOUNDLAND

1. The real if unacknowledged purpose of subsidies provided in the B.N.A. Act of 1867 was to enable the provinces to balance their budgets without recourse to substantial new taxation.

2. Subsidies are of three types.

(a) Per capita — which apply to all provinces on an equal basis (The B.N.A. Act 1907)

(b) Fixed sums — which began at a different amount for each province in some relation to need and new population but which were put on a sliding scale in proportion to population by the B.N.A. Act of 1907.

(c) Special — on various grounds but in fact to meet provincial need e.g. for a stated period (N.B. 1867 and N.S. for a 10-year period); "payment" for railway lands ceded to the Dominion by B.C.; payments in lieu of public lands (the Prairie Provinces); payments for alienated public lands (settlement of public land issues with the Prairie Provinces); payments for failure to prosper under Federation proportionately to other provinces (the Duncan and White Commission Subsidies).

One way of meeting fiscal need has been that of basing subsidies on an assumed population higher than the actual (B.C., the three Prairie Provinces), the expectation being that actual population would soon reach the assumed population, as it did in all cases.

3. The only existing statutory basis for subsidies for Newfoundland is the Act of 1907 which on a population of 317,000 would provide the following

|                                     |         |
|-------------------------------------|---------|
| Per capita .....                    | 236,600 |
| For Government and Legislature..... | 180,000 |
|                                     | 416,600 |

4. The estimated provincial budget on current account for Newfoundland is of the order of \$13.2 million. Revenues remaining at existing rates would be about \$3.5 million. Tax agreement payments would be of the order of \$5.0 million in a typical year plus statutory subsidies. In addition it is estimated that mining and lumbering taxes under tax agreement payments would be of the order of \$700,000. The estimated deficit on current account, excluding statutory subsidies would thus appear to be of the order of \$4.0 million.

<sup>77</sup>R. A. MacKay.

5. A statutory subsidy of the order of \$4.0 million would appear to be impracticable both because it would be completely out of line with those for the existing provinces and because the taxable capacity of the Newfoundland economy under federation cannot be accurately forecast.

6. It is suggested that the situation might be met by providing

(a) for a permanent statutory subsidy not too far out of line with those for existing provinces. A fixed subsidy of say \$1,000,000 would not appear to be unduly high. (Mr. Howe's estimate of the Duncan and White Commission Subsidies on a *per capita* basis is as follows: on the New Brunswick *per capita*, \$666,589; Nova Scotia *per capita* basis \$768,843; on Prince Edward Island *per capita* basis \$947,554).

(b) a temporary subsidy for, say, 10 years, to permit of readjustment of the Newfoundland economy and tax structure to the Canadian system. This amount might be somewhat less than the remaining anticipated gap between revenues and expenditures. A subsidy of \$2,000,000 is suggested, Newfoundland to be entitled to withdraw from its accumulated surplus to fill any remaining gap. Since Newfoundland would have to be assured of ability to carry on as a province, it would probably be essential to provide for reassessment of its fiscal need and reassessment of the permanent subsidy at the end of the transitional period. Reassessment by a joint commission on which the two governments were equally represented would appear to be a suitable procedure. A formula for the basis of reassessment might be, that Newfoundland should be assured of revenues comparable to the *per capita* average of the Maritime Provinces without resort to heavier taxation than the *per capita* average of the Maritime Provinces.

7. Another possible way of meeting the situation would be to "purchase" Labrador for a fixed annual payment, say \$2,000,000, and to provide in addition a temporary subsidy of say, \$1,000,000 which would be subject to reassessment at the end of a transitional period as suggested in paragraph 6 (b) above.

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*Le haut commissaire à Terre-Neuve au chef,  
la deuxième direction politique*  
*High Commissioner in Newfoundland to Head,  
Second Political Division*

St. John's, May 13, 1947

Dear Mr. Reid,

I am enclosing, herewith, for your information, copy of an exchange of correspondence with the Secretary of the Newfoundland delegation to Ottawa and with the Secretary of the Commission of Government respecting information which the delegation is preparing for the forthcoming discussions.

It would not be possible, as suggested in your telegram No. 76 of May 12th,<sup>†</sup> to handle the matter without correspondence as the delegation has passed a Resolution and the Secretary has communicated it to me by letter. The Secretary of the

Commission of Government has also written respecting the matter. Nor would it be possible, if an enquiry is addressed to Ottawa, for the Government to avoid responsibility by marking the reply informal. The delegation can be counted on to get all the relevant material that is available and I feel sure it is most desirable both from the viewpoint of the Convention and of the Government that I pass the matter back without appearing to have consulted my Government in the matter at all.

You will note that in the concluding paragraph of my letter to Mr. Smallwood I have left an opening for further suggestions. If anything occurs to you I could pass it along quite easily.

Yours sincerely,

J. S. MACDONALD

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Le secrétaire de la Commission pour Terre-Neuve  
au haut commissaire à Terre-Neuve*

*Secretary, Commission of Government of Newfoundland,  
to High Commissioner in Newfoundland*

CONFIDENTIAL

St. John's, May 10, 1947

Dear Mr. Macdonald,

As Mr. J. R. Smallwood, J.P., Secretary of the Ottawa Delegation of the National Convention, referred, in the course of a letter addressed to me seeking certain information, to the fact that he had sent you a copy of the list of enquiries, I thought you would be interested in seeing a copy of the reply which I have sent to him to-day and which is enclosed.

Yours sincerely,

W. J. CAREW

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Le secrétaire de la Commission pour Terre-Neuve au secrétaire,  
la délégation à Ottawa de la Convention nationale de Terre-Neuve*

*Secretary, Commission of Government of Newfoundland, to Secretary,  
Delegation to Ottawa from the National Convention of Newfoundland*

St. John's, May 10, 1947

Dear Sir,

With reference to your letter of the 6th instant<sup>78</sup> and the accompanying list of Headings of Information<sup>78</sup> which the Delegation of the National Convention desires to take with it to Ottawa, I am directed to inform you that an examination of the list reveals the fact that a great deal of the information now asked for has already been supplied by various Departments of Government to members of the National Convention in answer to questions or directly to its Committees. A

<sup>78</sup>Voir le document 317.

<sup>78</sup>See Document 317.



considerable proportion is also contained in the published Estimates of Revenue and Expenditure, the Reports of the Comptroller and Auditor General on the Public Accounts, and other official publications to which the National Convention has access and from which the appropriate members of its staff could compile the statistics required.

In so far as information which cannot be obtained through such sources is concerned, it has been arranged that the Commissioner for Finance will make available the services of Mr. V. Calver, Assistant Secretary for Finance, to advise the Delegation whether, and if so where, the material can be obtained.

At the same time I am asked to point out that it would not be possible, except at the risk of dislocation of the Public Service, to obtain some of the detailed information asked for, particularly those items dealing with minute details and inventories, which would involve detailed examination of records over a period of years.

Yours faithfully,

W. J. CAREW

[PIÈCE JOINTE 3/ENCLOSURE 3]

*Le haut commissaire à Terre-Neuve au secrétaire, la délégation  
à Ottawa de la Convention nationale de Terre-Neuve.*

*High Commissioner in Newfoundland to Secretary, Delegation  
to Ottawa from the National Convention of Newfoundland*

St. John's, May 13, 1947

Dear Mr. Smallwood,

I have your letter of May 6th enclosing a list of headings of information which your delegation proposes to take with it to Ottawa and enquiring whether it is an adequate list.

In reply I may say that I do not think my Government would desire to pass any opinion at this stage on what documentation should be assembled. It is rather a matter for your delegation to decide bearing in mind the second paragraph of His Excellency's communication to the Convention. It would be extremely difficult, in any case, to indicate, in advance, all the documentation that would be needed in such a discussion. Our own experience of Conferences has always been that however careful the preparation of material there are likely to be points on which supplementary information would be desirable. Usually it can be obtained in good time by telegraph or letter. Personally, so far as I can see on looking over your list it appears to me to be comprehensive and to cover fairly well the ground that would have to be explored. If, however, any additional subjects occur to me, I will be glad to bring them to your attention.

Yours sincerely,

J. S. MACDONALD

322.

PCO-CRF

*Mémorandum de la deuxième direction politique**Memorandum by Second Political Division*

MINUTE ON DESPACHES NOS. 245 OF MAY 14TH, 1947,  
AND 251 OF MAY 16, FROM THE CANADIAN HIGH  
COMMISSIONER IN ST. JOHN'S NEWFOUNDLAND,  
REPORTING ON POLITICAL DEVELOPMENTS

1. The replies of the United Kingdom government to questions raised by the delegation to London have aroused indignation in Responsible Government circles.

2. In the High Commissioner's opinion the United Kingdom government's reply is even more disquieting from the point of view of Confederation. The United Kingdom government has said that, if Newfoundland decides to retain the Commission of Government, they will continue to be responsible for Newfoundland's financial stability. The Governor interprets this to mean that they will be prepared to make any necessary developmental loans and to meet any deficits that may occur. In the High Commissioner's opinion, if this is a correct interpretation, it will end any prospects of Confederation with Canada.

3. Both Mr. Bradley and Mr. Smallwood feel that this part of the United Kingdom government's reply puts the Confederation movement under a considerable handicap, and that, if it were a "genuine offer," it would be fatal to the prospects of Confederation. They believe, however, that the people can be made to understand that the United Kingdom government's guarantee would necessarily mean retrenchment rather than assistance. At the same time, they believe that it is now more than ever important that the terms of Confederation should be generous if the country is to be rallied to its support.

4. The High Commissioner is disappointed that the answer of the United Kingdom government should not have been more forthright on the subject of financial assistance.

P. A. B[RIDDLE]

323.

2828-40

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

DESPATCH A. 447

London, May 16, 1947

Sir,

I have the honour to report that declarations on Newfoundland were made in both Houses of Parliament on May 13th by the Secretary of State for Dominion Affairs, Viscount Addison, and the Under-Secretary of State for Dominion Affairs, Mr. A. G. Bottomley.

2. In case this has not already reached you through another source, the following is the text of Viscount Addison's statement:

"[ . . . ] At the end of February, the Convention passed a Resolution asking the United Kingdom Government to receive a delegation from the Convention to make inquiries as to the financial and fiscal relationship between the United Kingdom and Newfoundland which might be expected in the event of the people of Newfoundland deciding either upon continuation of Commission government or restoration of responsible government or some other form of Government. I readily agreed to this proposal and a delegation consisting of the Chairman and six other members of the Convention recently came to London.

We have held three meetings, at which I have answered specific questions which have been put to me. I was accompanied at these meetings by the Governor of Newfoundland (Sir Gordon Macdonald) and the Commissioner for Justice and Defence (Mr. A. J. Walsh). I indicated to the delegation that it is the desire of the United Kingdom Government that the same close and friendly relationships should exist between the two countries as have always existed. On the financial side, I said it would always be our desire to help Newfoundland within our means; but I also thought it right to make clear, as I explained in your Lordships' House on December 11, 1945, that the special difficulties of our financial position must preclude us from undertaking commitments which might be beyond our power. Your Lordships are well aware of the immense problems which beset us today in the financial field — problems, indeed, which are greater than was expected at the time I made that statement.

I was therefore unable to hold out any hope, in response to a direct inquiry by the delegation, that the United Kingdom Government could consider taking over from Newfoundland liability for the public loan of about £17,800,000, which the United Kingdom Government guaranteed in connexion with the establishment of the Commission of Government in 1934. We shall, of course, continue our guarantee, and I indicated that we are prepared to proceed, at the earliest possible date, in agreement with the Newfoundland Government, with a conversion operation which would reduce the interest payments from the Newfoundland Exchequer. Moreover, in the present financial circumstances, I felt bound to say that the United Kingdom Government could not give such firm assurances as the delegation sought, that we should continue to purchase from Newfoundland large quantities of such commodities as frozen fish and iron ore. We recognize the importance of the industries concerned to the island's economy, and I assured the delegation that we should continue to strive to do our best to assist, but that it must be remembered that Newfoundland has a dollar currency, and our measure of assistance must depend upon our general dollar position.

I need not trouble your Lordships with further details of the meetings. Nearly all the questions raised with me by the delegation had, in fact, been under careful consideration for some time, having already been raised with me by the Commission of Government. As to the more general financial questions of the future, I told the delegation that if the people of Newfoundland, by their referendum, decide in favour of the continuation of Commission government for a further period, the United Kingdom Government would continue to be responsible for

Newfoundland's financial stability. If, on the other hand, the people decided for responsible government, this would mean that full responsibility for Newfoundland's finances must rest with the Newfoundland Government and people, and that the responsibilities undertaken by the United Kingdom Government in 1934 would cease. I am sure that the talks which I have had with the delegates have been useful, and I hope that the people of Newfoundland will, at the forthcoming referendum, choose the form of Government best suited to the interests of their country."

I have etc.

N. A. ROBERTSON

324.

243s

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures<sup>79</sup>*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs<sup>79</sup>*

TELEGRAM 89

St. John's, May 17, 1947

SECRET. Governor called me to Government House this morning and informed me that earlier in the day he had received Chairman of the Ottawa delegation who had informed him that delegation would be prepared to leave for Ottawa at the end of May and requested him to ask the Canadian Government whether proposed meetings could be held at the beginning of June. They would prefer such a date even if discussions could not be as leisurely then as they could at a later period.

The Governor stated that the National Convention was getting anxious to complete its business and that an early reply would be greatly appreciated.

325.

243s

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 94

St. John's, May 20, 1947

MOST IMMEDIATE. Following for Baldwin from Macdonald, Begins: In accordance with instructions contained in instructions conveyed by telephone this morning, have informed the Governor of Canadian Government willingness to receive the delegation from the National Convention June 25th or July 2nd, whichever date would be more convenient to the delegation. Ends.

<sup>79</sup>Ce télégramme fut signalé au Premier ministre.

<sup>79</sup>This telegram was referred to the Prime Minister.

326.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 258

St. John's, May 20, 1947

Sir,

Following the tabling of the Report of the delegation from the National Convention to London, outlined in my despatch No. 256 of today's date,<sup>1</sup> Major Peter Cashin, a member of the delegation, took the floor and read and commented at considerable length on the various provisions of the Report.

2. Major Cashin claimed that the delegation were coldly received by the Secretary of State for Dominion Affairs and that they were put off, for most part, with evasive and unsatisfactory replies to their various questions. He endeavoured to establish however, that, due to the determined and persistent efforts of the delegation, a number of matters of great importance to Newfoundland had been achieved. In this connection he instanced the cancellation of the loan of £400,000 made during the First World War; the promise of the British Government to convert the sterling debt, at the first opportunity, from 3% stock to stock bearing interest at 2 1/2%; to use the sinking fund for the purpose of reducing the principal of the debt; and to undertake to be responsible for part of the deficit at Gander. The Governor assures me that not one of these claims is, in fact, valid. All of these matters mentioned have been under discussion with the Commission of Government and there is no reason to think that the representations of the delegation, or of any members of it, had any influence on the British Government's decision.

3. Major Cashin insinuated that the uncooperative attitude of the British Government was due to a desire on their part to see Newfoundland become a part of the Dominion of Canada, and alleged — without any attempt to substantiate his statement — that "There is in operation at the present time a conspiracy to sell this country to the Dominion of Canada." He expressed the view that Ottawa would give the delegation from the Convention a warm welcome. Attractive bait, he predicted, "will be held out to lure our country into the Canadian mousetrap" but warned his listeners against "those amongst us who would take ourselves and our country on a one-way ride."

4. Major Cashin closed his address with the following peroration which I quote in full since it is representative of the sort of frothy emotional appeal the Responsible Government Group — which might be more accurately described as the Home-Rule Group — is making:

"The people amongst us who love freedom — who love the traditions of this fine land — who cherish our traditions, must prepare themselves to defend those things if they would preserve them.

At this very moment the lines of battle are drawn up, and walking amongst us are those whose burning ambition it is to see this country passed into the hands of

strangers — to haul down the flag of our fathers and replace it with an alien one, to make the "Ode to Newfoundland" a forgotten thing on the lips of our children and to extinguish the torch which our liberty-loving ancestors cherished for nearly a hundred years. All these things they will try to do under a banner to which they have nailed the dollar sign. But I tell them they will not succeed. Once before in our history our country had to meet such an attack. Once before there were those who sought to destroy her identity and sabotage her liberty, but a far poorer country and a less enlightened people gave them their answer. Shall we of today blessed inhabitants of one of the most solvent countries in the world fail where our fathers triumphed? I feel that I have the endorsement of all right-thinking Newfoundlanders with me when I say that we shall not fail."

I have etc.

J. S. MACDONALD

327.

243s

*Extraits d'un mémorandum du chef, la deuxième direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

*Extracts from Memorandum from Head, Second Political Division,  
to Under-Secretary of State for External Affairs*

Ottawa, May 21, 1947

#### NEWFOUNDLAND

1. On May 20th Mr. Garner left with Mr. Bridle copies of two memoranda which five members of the Newfoundland delegation to London had submitted on May 6th to the Dominions Secretary in reply to his memorandum of May 1st,<sup>†</sup> a copy of which you have seen.<sup>80</sup> Mr. Bradley and Mr. Keough were the members of the delegation who did not associate themselves with the memoranda.
2. The first memorandum<sup>†</sup> argued (a) that in various ways it should be possible for the United Kingdom Government to reduce the sterling debt so as to cut the annual service charge by \$1,000,000; (b) that there should be some *quid pro quo* in respect of the United States bases; (c) that the arrangements regarding the financing of Gander Airport are unsatisfactory; and (d) that the United Kingdom should undertake to import substantial quantities of Newfoundland frozen fish and iron ore.
3. The second memorandum asked if the forms of government to be recommended to the people of Newfoundland would be Commission of Government and Responsible Government.
4. In reply the Dominions Secretary said that he had nothing to add to the answers already made to the questions raised in the first memorandum. With respect to the second memorandum he said that the Convention is authorized to make recommendations as to possible forms of future government in addition to those mentioned in the memorandum.

<sup>80</sup>Voir le document 319.

<sup>80</sup>See Document 319.

5. It appears that up to this point the delegation had not formally raised the question of the fiscal and financial relations which might exist between the United Kingdom and Newfoundland under various forms of future government. On this occasion the Dominions Secretary raised the point himself. [ . . . ]

10. In leaving these papers with Mr. Bridle, Mr. Garner drew attention to the rather uncompromising attitude of the Dominions Secretary. He did not appear to regard his assurance of United Kingdom financial support under the Commission form of government as anything more than what of necessity would be expected of the United Kingdom under the circumstances.

ESCOTT REID

[PIÈCE JOINTE 1/ENCLOSURE 1]

PCO-CRF

*Mémorandum de cinq membres de la délégation à Londres de la Convention nationale de Terre-Neuve au secrétaire aux Dominions*  
*Memorandum from Five Members of the Delegation to London from the National Convention of Newfoundland to Dominions Secretary*

May 6, 1947

MEMORANDUM WITH REFERENCE TO SECTION 3  
 OF THE CONVENTION ACT, 1946

Section 3 of the Convention Act, 1946, reads as follows:

(quote)“ It shall be the duty and function of the Convention to consider and discuss amongst themselves as elected Representatives of the people of Newfoundland the changes that have taken place in the financial and economic situation of the Island since 1934, and, bearing in mind the extent to which the high revenues of recent years have been due to wartime conditions, to examine the position of the country and to make recommendations to His Majesty’s Government in the United Kingdom as to possible forms of future Government to be put before the people at a National Referendum.” (Unquote).

In the Resolutions passed in the Newfoundland House of Assembly in November 1933, Sub-section (g) of the Annex to these Resolutions reads as follows: (Quote)

“It would be understood that, as soon as the Island’s difficulties are overcome and the country is again self-supporting, Responsible Government, on request from the people of Newfoundland, would be restored.” (Unquote).

The Newfoundland Act, 1933, distinctly states that Responsible Government on request of the people of Newfoundland would be restored to the Island when it became self-supporting. Are we to assume that Section 3 of the National Convention Act, 1946, above quoted is to be interpreted to mean that through the medium of the National Convention the forms of Government to be recommended to the people of Newfoundland would be:

1. Retention of Commission Government  
or
2. Restoration of Responsible Government?

[PIÈCE JOINTE 2/ENCLOSURE 2]

PCO-CRF

*Déclaration du secrétaire aux Dominions*

*Statement by Dominions Secretary*

I have studied your Memorandum.<sup>†</sup> In my view it goes beyond the terms of reference of your delegation, and indeed of the National Convention itself. Most of the items to which you refer have already been raised with the United Kingdom Government by the Newfoundland Commission of Government and careful consideration has been given to them here. In the written replies<sup>†</sup> I have handed to you to the six questions you have asked, I have throughout been as helpful as I can be. I do not however regard it as the function of this delegation to debate with me questions of the policy of the Newfoundland Government in current administrative and other issues, or to seek to negotiate trade arrangements between the United Kingdom Government and the Government of Newfoundland. In effect, the observations in your memorandum are criticisms of the conduct of the Commission of Government and the United Kingdom Government, and appear to me to be outside the proper purpose of this delegation, nor are they likely to assist the National Convention in arriving at conclusions for their recommendations as to suitable forms of future Government in Newfoundland. I therefore regret to say that I have nothing to add to the answers I have already made to your questions.

So far as your second memorandum is concerned, it is for the Convention to make to me such recommendations as they may desire. The wording of the Newfoundland National Convention Act of 1946 in my view clearly authorises the Convention to make recommendations as to possible future forms of Government in addition to those mentioned in your memorandum.

In this connection, I refer to the terms of the Resolution of the National Convention which proposed this Delegation. This Resolution enquired as to the fiscal and financial relations with the United Kingdom Government to be expected in the event of the people of Newfoundland deciding upon any of the following forms of Government:

- (1) Commission of Government in its present form.
- (2) A revised form of Commission of Government.
- (3) Responsible government.
- (4) Any other suitable form of Government.

My reply to No. (1) is that the fiscal and financial relations between the United Kingdom Government and Newfoundland would continue in that case as close as at present, and that the United Kingdom Government would, as hitherto, regard itself as responsible for Newfoundland's financial stability.

As regards (2) the answer would depend upon the precise form of revision suggested.



As regards (3) responsible Government means that full responsibility for Newfoundland's finances would rest with the Newfoundland Government, and the United Kingdom Government would no longer assume the responsibilities undertaken by her on the establishment of Commission of Government.

As regards (4) the answer must depend on the form of Government which is recommended.

328.

243s

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 97

St. John's, May 21, 1947

The Governor has informed me that the delegation from the National Convention have decided to accept the earlier of the two dates offered by the Canadian Government, namely, Wednesday, June 25th, 1947, for the opening of the discussions at Ottawa on the question of union with Canada.

329.

PCO-CRF

*Mémoire de la deuxième direction politique*

*Memorandum by Second Political Division*

MINUTE ON DESPATCH NO. 259 OF MAY 21<sup>ST</sup> FROM  
THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S,  
REPORTING FURTHER DEBATE ON THE REPORT OF  
THE DELEGATION TO LONDON

1. Mr. J. R. Smallwood attempted to undermine the value of the U.K. Government's assurance that it would continue to be responsible for Newfoundland's financial stability. He painted Britain's plight in hopeless terms and drew a dark picture of Newfoundland's fate under her continued tutelage.

2. He apparently ran up against his fellow members' pro-British instincts. He received practically no applause when he sat down.

3. The High Commissioner notes that there is a strong pro-British feeling among two-thirds of the people and that it will be very difficult to persuade such people that Britain is no longer able to look after them properly.

4. The session ended with a dispute as to whether the delegation's verbatim record of the London talks should be made public. It appears that it had been agreed with the United Kingdom government that these should be kept confidential.<sup>81</sup>

P. A. B[RIDLE]

<sup>81</sup>En effet, le compte rendu intégral était en la possession d'un greffier de la Trésorerie de Grande-Bretagne. Le haut commissaire de Grande-Bretagne donna une copie au ministère des Affaires extérieures le 19 juin.

<sup>81</sup>The verbatim record was in fact kept by a reporter of the Treasury Office of Great Britain. The High Commissioner of Great Britain gave a copy to the Department of External Affairs on June 19.

330.

243s

*Mémorandum de la deuxième direction politique**Memorandum by Second Political Division*

MINUTE ON DESPATCH NO. 262 OF MAY 22ND<sup>1</sup> FROM  
THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S  
REPORTING FURTHER DEBATE ON THE VISIT OF  
THE NEWFOUNDLAND DELEGATION TO LONDON

1. On May 21st the Convention passed a resolution which read:

"That a copy of the proceedings of the talks with the Dominions Office as transcribed be sent to the Dominions Office with the request for their release to the National Convention either privately or publicly."

The copy referred to is a "verbatim" record of the discussions which was kept by the Newfoundland delegation.

2. On May 22nd, although the Chairman had already ruled the motion out of order, the Convention unanimously adopted a resolution:

"That this National Convention appoint a delegation of some six members, or less, forthwith to proceed to Washington — if and when arrangements can be made — for general trade discussions and other relevant matters affecting the future economy of Newfoundland with the Government of the United States of America."

(The Commission of Government has subsequently informed the Convention that it regards the conduct of trade discussions as beyond the scope of the Convention).

3. The High Commissioner feels that the attitude of the Commission of Government in this matter, while altogether correct, will be regarded in many quarters as further evidence that there is a conspiracy afoot to shepherd Newfoundland into the Dominion of Canada.

P. A. B[RIDDLE]

331.

2868-E-40

*Extrait d'un télégramme du secrétaire d'État aux Affaires extérieures  
au haut commissaire à Terre-Neuve*

*Extract from Telegram from Secretary of State for External Affairs  
to High Commissioner in Newfoundland*

TELEGRAM 86

Ottawa, May 23, 1947

IMMEDIATE. CONFIDENTIAL. Your telegram No. 97, date of opening of discussions.

2. Please inform the Governor that Canadian Ministers will be pleased to commence their talks with the delegation on June 25th. As June 24th is being observed in Newfoundland as the 450th anniversary of the discovery of Newfoundland, I would be happy if the delegation would be guests of the Canadian Government at dinner on the evening of the 24th.

...

332.

W.L.M.K./Vol, 308

*Mémorandum du bureau du Premier ministre au  
sous-secrétaire d'État aux Affaires extérieures*  
*Memorandum from Office of the Prime Minister to  
Under-Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, May 24, 1947

RE: ATTACHED†

The Prime Minister asks me to mention to you that he thinks that the dinner on behalf of the Government of Canada should be given with himself as host. He recognizes that Newfoundland up until now has properly been an "external" relation; with the Newfoundland Delegation in Canada Mr. King feels it will [be] desirable in anything to which publicity may be given to have it made clear that the Prime Minister is undertaking the leadership on the Canadian side.

I think it possible that Mr. St. Laurent has had this aspect in mind; also that Mr. King will wish to have a word with Mr. St. Laurent about the matter at a convenient moment.

Mr. King appreciates Mr. St. Laurent's courtesy in having extended the invitation promptly.

J. A. GIBSON

333.

243s

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 271

St. John's, May 26, 1947

SECRET

Sir,

This morning, in the course of a general talk on the arrangements for the holding of the referendum on the future form of Government for Newfoundland, Sir Gordon Macdonald, the Governor, told me confidentially that during his visit to London it was agreed that the electors would not be asked to approve the retention of the Commission of Government indefinitely but for a term of five years only. In reply to my question, His Excellency stated that this arrangement does not appear in the verbatim report of the discussions with the delegation, but was agreed between himself and the Secretary of State for Dominion Affairs. To a further question he stated that the Chairman of the delegation, Mr. Gordon F. Bradley, was not aware of the arrangement. It was a matter rather for the Government of the United Kingdom and would be made known in due course when the form of the ballot was published.

2. This is, of course, a decision of basic importance, more particularly when it is viewed in combination with the United Kingdom Government's offer, already announced, to be responsible, as hitherto, for the financial stability of Newfoundland if the people of Newfoundland vote to retain the Commission for a further period. Newfoundlanders can hardly be expected to take so irrevocable a step as Confederation, with all the uncertainties and readjustments that it would involve, when they are presented with so favourable an alternative by the British Government. No one, of course, can forecast with complete assurance, least of all here where the physical means of contacting the elector and of gauging the trend of opinion is so limited, how an electorate will exercise its franchise. I feel convinced; however, as I pointed out in my despatches No. 106 of February 28th,<sup>1</sup> No. 151 of March 22nd and on other occasions before the British Government's plans were formulated, that, with the scales weighted so heavily in favour of the Commission, there is not sufficient likelihood of Confederation winning a majority to justify the Government engaging the prestige of Canada by entering the contest under these conditions.

3. Though — if the above appraisal of the situation is correct — the opportunity offered by the forthcoming referendum to bring Newfoundland into the Dominion be now past, there remains the secondary but nevertheless difficult and important task of handling the Newfoundland delegation in such a way as to avoid creating another long period of bad feeling like that which followed the rebuff of 1895. We are committed, by the terms of our reply to the Convention's request, to "a complete and comprehensive exchange of information and a full and careful exploration by both parties of all the issues involved so that an accurate appreciation of the position may be gained on each side." The Newfoundland delegation, on its part, is putting together all the relevant information that is available here and it would seem desirable to proceed, as rapidly as possible, with the programme of preparation, in so far as the compilation of information is concerned, that had been drawn up before the United Kingdom's policy was decided or at least before it was made known to us.

I have etc.

J. S. MACDONALD

334.

PCO-CRF

*Mémoire de la deuxième direction politique*<sup>82</sup>

*Memorandum by Second Political Division*<sup>82</sup>

MINUTE ON DESPATCH NO. 268 OF MAY 27TH<sup>1</sup> FROM CANADIAN  
HIGH COMMISSIONER, ST. JOHN'S, REGARDING FURTHER  
PROCEEDINGS IN THE NEWFOUNDLAND NATIONAL CONVENTION

1. The National Convention adjourned on May 26th to meet again at the call of the Chair. It is not expected to reassemble until the delegation to Ottawa has returned.

<sup>82</sup>P. A. Bridle.

2. The tentative programme is that the Convention should meet again on July 15th, debate the report of the delegation to Ottawa, and make its recommendations to the United Kingdom Government.

3. The Governor has told the Steering Committee of the Convention that he must have the Convention's recommendations by the first of August, since the United Kingdom Government will require a month or more to study them and the Newfoundland Government will need at least a month to make arrangements for the referendum.

Note: This would appear to mean that the Governor contemplates holding the referendum in September or October.

335.

R.A.M./Vol. 2

*Mémoire du conseiller spécial du sous-secrétaire d'État  
aux Affaires extérieures au sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum from Special Assistant to Under-Secretary of State  
for External Affairs to Under-Secretary of State  
for External Affairs*

SECRET

May 27, 1947

CONVERSATIONS WITH PROFESSOR A.M. FRASER  
OF ST. JOHN'S, NEWFOUNDLAND

1. Over the last weekend, during meetings held in Quebec, I had several conversations with Professor A. M. Fraser of St. John's, Newfoundland, regarding the political situation in Newfoundland. Professor Fraser is apparently an active member of the Responsible Government Association now being formed in Newfoundland. He said that local groups had been organized in many communities about the Island, that the majority of the members of the Convention now favour the restoration of Responsible Government and were regularly holding a caucus on Convention proceedings, and that the movement for Responsible Government had the backing of Water Street merchants generally. He said further that the association proposed to start a publicity campaign about the first of June and that radio time and newspaper space had already been arranged for. Although he did not say so I gathered that the association were somewhat apprehensive of the visit of the delegation to Ottawa and deliberately timed the initiation of a publicity campaign to anticipate the visit of the delegation to Ottawa.

2. Professor Fraser implied that he was not opposed to Confederation but was indeed in favour of it (which I doubt). He said, however, that he and many others felt that satisfactory terms could only be reached by negotiation between Governments. He said he would favour including in the referendum a question whether the voter favoured Confederation, providing satisfactory terms could be reached, negotiations to be instituted within a specified time (say six months) after the restoration of Responsible Government.

3. Professor Fraser admitted that the movement was vulnerable to attack on the ground that it was sponsored by Water Street. He implied also that it was rather embarrassing that the principal exponent of Responsible Government in the Convention was Major Cashin. He said that the sponsors of the movement are most anxious that Responsible Government should not mean turning the administration over to old-time politicians. He implied that it was intended it should be a "businessman's government." He intimated that the choice of the sponsors of the movement for Prime Minister would be Mr. C. A. Crosbie, who he felt had the confidence both of businessmen and of the fishermen. He said that Mr. Crosbie was very popular with the fishermen both on personal grounds and because "he had put his own money" into the development of the industry. He said that many people in Newfoundland favour a man of means as head of government on the ground that such a man would have no temptation "to feather his own nest" while in office. (My information is that Mr. Crosbie is opposed to Confederation).

R. A. MACKAY

336.

2828-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

DESPATCH 150

Ottawa, May 30, 1947

Sir,

I have the honour to refer to your despatches<sup>t</sup> Nos. 94 and 99 of February 20th and 25th regarding Newfoundland reaction to Canadian press comment on the Confederation question.

2. Fortunately no such destructive and poorly informed comments as the *Ottawa Journal's* February piece have since appeared in any of the Canadian papers which come to our attention. Even the *Ottawa Journal*, while characteristically rugged in its approach, has grown progressively more good-humoured and intelligent on the subject.

3. I enclose a résumé<sup>t</sup> of press comment which has appeared in recent weeks.

4. I would like to draw your attention to an interesting passage which appeared in the *Saskatoon Star-Phoenix* on May 6th. It said that confederation would probably win unless strong denominational pressure is brought to bear on a large section of the community. Can you throw any light on this?

I have etc.

ESCOTT REID  
for the Secretary of State  
for External Affairs

337.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 276

St. John's, May 30, 1947

Sir,

I have the honour to inform you that the Honourable R. B. Job resigned from the delegation to Ottawa yesterday because of the serious illness of his brother who lives in England. He had planned to visit him towards the end of July but as his illness has become more pronounced Mr. Job feels he will have to expedite his departure and that in these circumstances he must ask to be replaced.

2. The Chairman of the delegation has accordingly notified Mr. Wellington Crummey, delegate from Bay de Verde, who was elected as an alternate to take Mr. Job's place.

3. Mr. Crummey is a small shopkeeper residing at Western Bay in the Conception Bay Area. He is about sixty years of age, a former school teacher, a Liberal in politics and a past Grand Master of the Loyal Orange Association of Newfoundland. He is an estimable gentleman but lacks both the training and experience of Mr. Job. Indeed, the whole delegation will suffer through the enforced absence of Mr. Job for he is a man of considerable distinction and personal charm. Mr. Job, I am convinced, was an anti-Confederate both on sentimental and financial grounds and while Mr. Crummey is not so extreme in his views on the subject I think that all that can be said is that he is open to conviction.

I have etc.

J. S. MACDONALD

338.

243s

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 277

St. John's, May 30, 1947

SECRET

Sir,

I have the honour to report that I had an informal discussion last evening with the Chairman, the Honourable Gordon Bradley, and the Secretary, Mr. J. R. Smallwood of the Newfoundland delegation to Ottawa, on a number of points respecting the forthcoming meetings.

...

3. In this connection<sup>83</sup> they point out that, in order to help the campaign for Confederation, the delegation should have as much favourable publicity as possible. While they agree that it is difficult to plan an effective campaign of the kind until it is known whether favourable terms will be available, they feel that to wait until the end of the delegation's visit before attempting any publicity would be to lose a most valuable opportunity. While I did all I could to prevent them formulating expectations that might prove embarrassing, I could see that they were anxious to play up the publicity angle of the visit and that what they would like to have — if they had any voice in their reception — would be that their arrival be played up in the press and that the dinner be used as a medium of publicity as well as a gesture of welcome. [ . . . ]

4. On the substance of the discussions I found that they were deeply disappointed at the reply of the British Government, which they recognize places the projected campaign for Confederation under a tremendous handicap. They feel that it is now essential for them to delay the referendum and that, instead of trying to finish the discussions quickly and meet the timetable the Governor prefers, they should proceed with the discussions as leisurely as possible, adjourning from time to time to permit full exploration of particular subjects. They inform me that they will be assisted in this procedure by the fact that a number of influential members of the Convention, having private business interests to attend to during the summer, are not at all anxious to have it reconvene the middle of July or even in August. The general objective would be, without appearing to do so, to postpone the referendum till next year.

5. Undoubtedly anything that would delay the holding of the referendum would be advantageous from the viewpoint of federation with Canada, for on so vital an issue people make up their minds very slowly and in this country the facilities for influencing opinion are so backward that the process takes longer than it would in a more highly developed community.

I have etc.

J. S. MACDONALD

339.

NPA/GN10 8/AI 14(1)

*Extraits d'une lettre du secrétaire de la Commission pour Terre-Neuve  
au secrétaire de la Convention nationale de Terre-Neuve*

*Extracts from Letter from Secretary, Commission of Government of  
Newfoundland, to Secretary, National Convention of Newfoundland*

St. John's, May 31, 1947

Sir,

I am directed to convey to you the following decisions of the Commission of Government with reference to certain points raised orally and by letter by the Chairman and yourself with the Commissioner and myself.

...

<sup>83</sup>C'est-à-dire une réception pour la délégation de la Convention nationale.

<sup>83</sup>That is, a reception for the Delegation from the National Convention.



(6) The request of the Convention for the secondment of three Government officials to accompany the Delegation to Ottawa could not be favourably entertained. It is considered that in the time at their disposal before their departure, the Delegation should be able to obtain all information necessary for their purpose. Any points which may arise in Ottawa, and in connection with which it would be possible to supply information from Government sources, could be dealt with by cable.

I have etc.

J. W. CAREW

340.

243s

*Extraits d'un mémorandum du chef, la deuxième direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

*Extracts from Memorandum from Head, Second Political Division,  
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, June 2, 1947

NEWFOUNDLAND

1. You will recall that in recent despatches Mr. Macdonald has expressed the view that the net effect of the United Kingdom's reply will be to strengthen the Commission of Government movement. He feels that, in spite of the United Kingdom's inability to provide any sort of substantial assistance (which was made abundantly clear in the reply), the United Kingdom's agreeing to continue to be responsible for Newfoundland's financial stability if the Commission of Government is retained will have a wide appeal.

2. When Sir Alexander Clutterbuck discussed the United Kingdom's reply with me a few weeks ago, he felt that the reply would increase the probability of Newfoundlanders considering union with Canada favourably and he thought that those who made the reply must have had this in mind. He did not appear to regard the United Kingdom's statement regarding the Commission of Government as more than an acceptance of the responsibility which would naturally be theirs if Newfoundlanders elected to retain this form of government.

3. The attached despatches from Mr. Macdonald<sup>84</sup> raise the question of whether there may not be more than this in the United Kingdom's reply. He tells us that the Governor has told him confidentially that it was agreed in London between himself and Lord Addison that the electors would not be asked to approve retention of Commission of Government indefinitely but for a term of five years only. The Governor said that the Chairman of the Newfoundland delegation was not aware of this arrangement and that it would be made known in due course when the form of the ballot is published.

...

<sup>84</sup>Voir les documents 333 et 338.

<sup>84</sup>See Documents 333 and 338.

6. It is evident, as we have long believed, that the Governor hopes to see the Commission of Government continued and appears to be taking definite steps to foster such a development. I find it a little difficult to understand why he has been so frank in telling Mr. Macdonald about his plans and I am wondering if he may not wish to make the difficulties in the way of Confederation appear as formidable as possible in order that our own government might be discouraged from entering in a forthright manner into a contest in which its chances would not be particularly good.

7. Whether this is so or not it strikes me that if, as the Governor states, there is an arrangement between himself and Lord Addison regarding Commission of Government being placed on the ballot paper for a specified period of five years, the United Kingdom's attitude on the question of Newfoundland's political future must be rather different from that which we have hitherto understood it to be. I would suggest, therefore, that after you have talked to Mr. Macdonald you might wish to discuss the matter with Sir Alexander Clutterbuck.<sup>85</sup> If he were disposed to mention it to the Dominions Office he might perhaps do this to better effect when and if we have given the Newfoundland delegation an encouraging statement of what Confederation would mean. I feel that, unless our reply is unduly negative, it ought to be appreciated both in the United Kingdom and in Newfoundland, at least under the prevailing circumstances, that we are in a position to buttress the Newfoundland economy in a way which would be quite impossible for the United Kingdom. In this connection you may recall that the Governor has told Mr. Macdonald that he understands the United Kingdom reply to mean that developmental loans would be made under Commission of Government. I fail to see how this would be possible and the United Kingdom reply has made it clear that they are not even in a strong position at the present time to provide goods and services.

...

ESCOTT REID

341.

*Extrait de The Mackenzie King Record*<sup>86</sup>  
*Extract from The Mackenzie King Record*<sup>86</sup>

...

The Prime Minister and St. Laurent had a talk with Pearson on June 2 about the reception of the Newfoundland delegation. "The three of us agreed that it would be best for me to preside at a dinner at which the delegates would be welcomed and also at the first conference. Then to have a Cabinet Committee meet the delegates to discuss matters on which they wished to receive information. I suggested that St. Laurent should be Chairman of that Committee and other members should include Ilesley, Abbott, Claxton, Bridges and Howe. I agreed to having the leaders of the Opposition parties told confidentially of the

<sup>85</sup>Note marginale:

<sup>85</sup>Marginal note:

I'll do this. L. B. P[EARSON]

<sup>86</sup>Volume 4, pp. 50-1.

background of the meeting. That a statement be prepared to be given in the House. We might let leaders know we were anxious that the matter should not be a party affair. That we might call them into conference later. That there would be an official committee to gather data, etc.”

...

342.

PCO-CRF

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

DESPATCH A. 498

London, June 5, 1947

Sir,

I have the honour to refer to your despatch No. 960 of May 19th<sup>t</sup> on the subject of the future of Newfoundland, and to attach hereto copy of a letter published in the *The Times* on May 30th, from Sir Alan P. Herbert, Independent Member of Parliament for Oxford University.

2. On June 3rd, Sir Alan raised the subject in the House of Commons, and asked the Prime Minister whether the possibility of including Newfoundland in the United Kingdom under similar arrangements to those concerning Northern Ireland, had been considered by the Government or suggested to the National Convention now deliberating in Newfoundland. The following exchange of views ensued:

The Prime Minister: No, Sir. As I said in my statement in this House on 11th December, 1945, the National Convention was elected with the object of considering the changes which have taken place since 1934 in the financial and economic situation of Newfoundland, and in the light of these to make recommendations to His Majesty's Government as to possible forms of future Government to be put before the people at a national referendum. It rests with the National Convention to make such recommendations as they think suitable and it would not be appropriate for the United Kingdom Government to make suggestions as to the form which these recommendations should take or to express an opinion as to possible solutions.

Sir A. Herbert: In the case of this particular form of Government would it not be impossible for Newfoundland to ask for it to be done without some indication from His Majesty's Government that it would be welcome and practicable? May I ask the Prime Minister to answer the first part of the Question as to whether the Government have in fact considered that solution?

The Prime Minister: There is nothing to prevent anyone from asking for anything. The suggestion is that they should put forward proposals, but that does not mean that we should say that we should accept them. In regard to the hon. Member's first point, I have looked into this particular matter and examined it.

Sir A. Herbert: May I take it that the Government have not definitely made up their mind against it?

The Prime Minister: If the hon. Member will read my reply, he will see that I said that I think it unsuitable for His Majesty's Government to express an opinion at this juncture.

I have etc.

FREDERIC HUDD  
for the High Commissioner

[PIÈCE JOINTE/ENCLOSURE]

*Lettre de Sir Alan P. Herbert à l'éditeur, The Times*  
*Letter from Sir Alan P. Herbert to the Editor, The Times*

London, May 28, 1947

NEWFOUNDLAND. SUGGESTED FORMS OF GOVERNMENT.  
POLITICAL AND ECONOMIC FUTURE.

Sir,

As the sole survivor in the House of Commons of the 1943 political mission to Newfoundland, I regret that the Parliamentary Under-Secretary for the Dominions did not let me know that he was about to make his recent statement; and, having read it, I regret more than ever that our reports were not published.

We all three recommended, as we revealed in debate, a "10-year plan" of economic assistance to Newfoundland; and two of us, I believe, were very eager that this should be independent of any decision the islanders might make about their political future — that is, that we should not "hold a pistol to their heads," and say "Govern yourselves if you like, but, if so, expect no aid from us." This appears to be just what we have said. The main difficulty, I know is dollars — and our own deficiencies; but even that does not seem to me to justify the pistol technique.

Among the various forms of government which I suggested should be laid before the Newfoundland National Convention for their consideration was the possibility (first suggested, I think, by Lord Altrincham) of including Newfoundland in the United Kingdom, roughly on the same lines as Northern Ireland. As I said in the House of Commons (on December 16, 1943), it would meet "the dilemma of my two main propositions that (1) Newfoundland must govern herself and (2) we must help her financially." The presence of, say, two or three Newfoundland representatives in the Imperial Parliament would at least do something to remove the sense that they are forgotten. They could, if they pleased, attend a Friday's debate and lunch at St. John's on Saturdays.

This solution, I confess, did not commend itself to my two colleagues; nor is it well thought of, I believe, at the Dominions Office; but it seemed to attract some leading Newfoundlanders with whom I discussed it over there; and, assuming that one day we emerge from our dollar difficulties, I still feel that it merits some serious consideration. I hope at least that it has been brought to the attention of the National Convention now sitting in Newfoundland, for I, at least am very

anxious that this brave, delightful, loyal, and very British people should not be driven into the arms of any other country.

I am etc.

A. P. HERBERT

343.

243s

*Mémorandum de la deuxième direction politique*

*Memorandum by Second Political Division*

MINUTE ON SUMMARY OF "HOW CANADIAN BUSINESS MEN  
VIEW UNION OF CANADA AND NEWFOUNDLAND" APPEARING  
IN THE MAY EDITION OF "THE MONETARY TIMES"

The consensus of opinion expressed in the symposium is in favor of the union of Canada and Newfoundland.

2. Generally speaking, the desirability of the union is discussed in the light of the benefits which would accrue to both countries with the accent, perhaps naturally, upon the benefits which would accrue to Canada.

3. Newfoundland, it is pointed out, while at present in an advantageous financial position as a result of wartime expenditures, might not, on its own, be able to maintain such a position without drastic taxation policies. Union with Canada would afford financial and industrial cooperation which would enable Newfoundland to maintain its favorable financial position without burdensome taxation.

4. The initial drain on the federal treasury would be more than offset by the increased accessibility of Newfoundland's natural resources and the completion of Canada's defence perimeter. It was also argued that the inclusion of Newfoundland as a tenth province would be adding to the Dominion a strategic conflux of world airways, a new field for immigration, a new shipping outlet on the Atlantic sea lanes, and a potential tourists' haven and that the consequent razing of Newfoundland tariff walls would facilitate an increase in interprovincial trade.

J. S. N[UTT]

344.

10300-E-40

*Le sous-ministre adjoint de la Justice au secrétaire, le Comité  
interministériel sur les relations entre le Canada et Terre-Neuve*

*Assistant Deputy Minister of Justice to Secretary, Interdepartmental  
Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, June 11, 1947

RE: CANADA-NEWFOUNDLAND RELATIONS

Dear Mr. Bridle,

Please find herewith enclosed the original and one copy of the Legal Subcommittee's report on legal procedure. The original bears the signatures of Mr. Wershof and myself.

Yours truly,

C. STEIN

## [PIÈCE JOINTE/ENCLOSURE]

*Extraits du rapport du sous-comité juridique du Comité interministériel  
sur les relations entre le Canada et Terre-Neuve*

*Extracts from Report by Legal Sub-Committee of Interdepartmental  
Committee on Canada-Newfoundland Relations*

SECRET

Ottawa, June 11, 1947

REPORT ON THE LEGAL PROCEDURE WHICH MIGHT BE ADOPTED  
FOR THE ADMISSION OF NEWFOUNDLAND AS A PROVINCE

...

## FUNDAMENTAL LEGAL REQUIREMENTS FOR FEDERATION

3. Section 146 of the B.N.A. Act, 1867, gives His Majesty in Council (in the United Kingdom) authority to admit Newfoundland into the Canadian Confederation on addresses from the Houses of Parliament of Canada and from the Houses of the Legislature of Newfoundland. However, inasmuch as there are at present in Newfoundland no houses of legislature such as apparently contemplated by that section, it is somewhat doubtful whether the procedure thereby provided can be resorted to in the circumstances.

4. It is submitted that, unless an elected legislature is restored in Newfoundland, an Act of the United Kingdom Parliament will be required for the admission of Newfoundland into Confederation. In view of section 4 of the Statute of Westminster, such Act will require to be requested and consented to by Canada in order to extend to and be part of the law of Canada. Strictly speaking, such request and consent might be expressed by the Canadian Government, but we assume that addresses from both Houses of Parliament in Ottawa will be sought in accordance with almost invariable practice which has prevailed to date.

## LEGAL REQUIREMENTS FOR ESTABLISHING A CONSTITUTION

5. The existing constitution of the executive and legislative authority of Newfoundland might, in theory, be continued in force after federation until altered under the authority of the British North America Act. If that were desired (which is highly improbable) the United Kingdom Statute should so provide. Such provision was made for British Columbia (1871) and Prince Edward Island (1873) by the Imperial Orders in Council passed for the admission of those two provinces under section 146 of the B.N.A. Act.

6. The Parliament of Canada could be empowered by the Act of the United Kingdom Parliament to enact the constitution of Newfoundland as a province. If that were done, however, the United Kingdom Statute probably should provide that the Canadian Parliament shall not be competent to alter such constitution, once enacted.

7. (a) If it is deemed desirable that elected representatives of the Newfoundland people participate in the detailed negotiations with the United Kingdom and Canada as to the terms of federation and the provincial constitution subsequent to the referendum, the Newfoundland Statute providing for the referendum could continue the National Convention to act as the voice of Newfoundland in such negotiations.

(b) Another method of giving the people a voice in such negotiations would be to restore the former constitution of Newfoundland and to have a legislature elected thereunder. Such restoration can be effected by His Majesty without an Act of Parliament, but a draft of any proposed Letters Patent terminating the suspension of the old constitution would have to be laid before each House of Parliament for a period of twenty-one days during the session of Parliament and should an address be presented to His Majesty by either House against any of the provisions of the draft a new draft would have to be submitted. Of course, the United Kingdom Parliament, instead, could pass an Act effecting the restoration.

(c) Incidentally, should a Newfoundland Legislature come into existence again, the procedure provided by section 146 of the B.N.A. Act would be available for the admission of Newfoundland, which would do away with the necessity of a United Kingdom statute.

(d) However, in view of the statement of policy above referred to, it is most unlikely that the United Kingdom Government would consider restoring the former constitution without a referendum having first been held in Newfoundland as contemplated by the terms of reference of the National Convention.

8. (a) The terms of federation must fix the number of members to which Newfoundland shall be entitled in the House of Commons. A separate report on this subject is annexed hereto.

(b) If the existing constitution of the legislative authority of Newfoundland is not continued by the new constitution, provision will have to be made in the latter for a Legislature, and more specially for the number of members (and constituencies) of the Legislative Assembly and for the holding of the first provincial elections.

9. Subsidies, grants and other financial arrangements will have to be included in the terms of federation. Some special provisions should perhaps be made with respect to customs and excise duties.

10. It is also advisable to include a general clause making the B.N.A. Act applicable to Newfoundland, but excepting such provisions thereof as are applicable only to certain provinces or to one of them, and not to all, or as are varied by the special Act of Constitution (or the Order in Council under section 146, if that procedure is adopted). Such clause should be carefully drafted.

#### SUGGESTED LEGAL PROGRAMME

11. The Legal Sub-Committee's programme may therefore be summarized as follows:

(1) A delegation from the National Convention of Newfoundland comes to Canada and is given, upon request, Canada's terms of union;

(2) The National Convention of Newfoundland recommends to the United Kingdom Government the holding in Newfoundland of a national referendum on federation upon the terms offered by Canada;

(3) The United Kingdom Government having accepted the Newfoundland National Convention's recommendation, the Newfoundland Commission of Government passes an Act providing for such referendum;

(4) The people of Newfoundland give a favourable vote;

- (5) Representatives of the Governments of the United Kingdom, Canada and Newfoundland together draft an Act to be passed by the United Kingdom Parliament providing for federation and for the first provincial constitution;
- (6) The Senate and House of Commons of Canada adopt addresses requesting the enactment of the United Kingdom statute;
- (7) The United Kingdom Parliament passes the statute.

...

[ANNEXE À LA PIÈCE JOINTE/SUB-ENCLOSURE]

ANNEX

NUMBER OF MEMBERS OF THE HOUSE OF COMMONS  
OF CANADA TO WHICH NEWFOUNDLAND, AS A  
PROVINCE WOULD BE ENTITLED

1. Attached for convenient reference is a copy of sections 51, 51A and 52 of the B.N.A. Act (s. 51 as amended in 1946).<sup>†</sup>
2. Under the existing provisions of the B.N.A. Act, the total number of members of the House of Commons is fixed at 255. Table I annexed<sup>†</sup> shows how these 255 seats would have to be divided if Newfoundland were admitted as a province without increasing the total.
3. Newfoundland is entitled to six senators under existing law and would have to have a minimum of six members of the House of Commons.
4. The scheme in Table I is of course open to the objection that it decreases the number of seats at present allotted to existing provinces.
5. Table II shows how the seats would be divided if the total were increased from 255 to 261 or 262.
6. Newfoundland will get seven seats in the House of Commons whether the total is 255, 261 or 262. However, only if the total were fixed at 262 would the existing allotment to other provinces be untouched.

345.

243s

*Procès-verbal d'une réunion du Comité du Cabinet  
sur les relations avec Terre-Neuve*

*Minutes of a Meeting of Cabinet Committee  
on Newfoundland Relations*

SECRET

A meeting of the Cabinet Committee on Newfoundland Relations was held in the Office of the Secretary of State for External Affairs, in the House of Commons on Wednesday, June 11, 1947, at 4:30 p.m.

*Present:*

- The Secretary of State for External Affairs, (Mr. St. Laurent), Chairman,
- The Minister of Reconstruction and Supply, (Mr. Howe),
- The Minister of Finance, (Mr. Abbott),



The Minister of National Revenue, (Dr. McCann),  
 The Minister of National Defence, (Mr. Claxton),  
 The Minister of Fisheries, (Mr. Bridges),

Mr. J. R. Baldwin, Secretary,

*Also Present:*

The Under-Secretary of State for External Affairs, (Mr. Pearson),  
 The Canadian High Commissioner to Newfoundland, (Mr. Macdonald),  
 Mr. Paul Bridle, Department of External Affairs.

PREPARATION FOR DISCUSSIONS WITH DELEGATION  
 FROM NEWFOUNDLAND CONVENTION

1. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS reported that the delegation from the Newfoundland Convention would arrive in Ottawa on June 24th and that discussions would begin on June 25th.

A memorandum on Financial Aspects of Federation with Newfoundland had been prepared and circulated to members of the Committee, together with detailed explanatory annexes.<sup>87</sup>

Annual costs to the federal treasury of federation with Newfoundland would probably not be less than \$10 million and might run as high as \$20 million; during the first years of federation it might be expected to average from \$12 to \$15 millions.

A substantial part of this sum, running as high as perhaps \$3 1/2 million, or lower according to Newfoundland's ability to develop its own sources of revenue represented the expected deficit in the provincial budget. A major problem to consider, therefore, would be whether any means could be found by which the federal government could provide funds to take care of this deficit without making a precedent which would lead to demands from the existing provinces. In this connection a "confederation grant" for a transitional period had been suggested, or alternatively, an annual payment in respect of the natural resources of Labrador or of Newfoundland as a whole.

(Memorandum on Financial Aspects of Federation with Newfoundland and attached annexes, June 5, 1947).

<sup>87</sup>Les grandes lignes de ce mémorandum sont reproduites dans la pièce jointe 2 du document 347. Les annexes examinaient trois méthodes possibles de combler le déficit probable d'un budget provincial pour Terre-Neuve. La première méthode était l'augmentation des revenus par des impôts. La deuxième était de faire des arrangements spéciaux par rapport aux subsides statutaires et aux allocations pour la dette. La troisième méthode était l'utilisation du Labrador pour établir des arrangements financiers spéciaux pour Terre-Neuve.

<sup>87</sup>The substance of this memorandum is reproduced in enclosure 2 of Document 347. The annexes examined three possible methods of eliminating the prospective deficit in a Newfoundland provincial budget. The first method was to increase revenues through taxation. The second was to make special arrangements in the field of statutory subsidies and debt allowances. The third method involved the use of Labrador as the basis of special financial arrangements for Newfoundland.

2. THE CHAIRMAN pointed out that the report indicated the cost to the federal government if Newfoundland became a province. It would be desirable to have as well a clear understanding of the benefits that might result to Canada in such an event. These might include possibilities of increased trade or, at least, maintenance of present high levels of trade with Newfoundland, economic benefits resulting from development of hitherto little-explored natural resources including mineral deposits in Labrador, strategic considerations relating to the defence of Canada, and consideration of economic loss that might be suffered by Canada both in trade with Newfoundland and with the United States in the event that, failing union with Canada, Newfoundland turned to the United States.

3. THE COMMITTEE, after considerable further discussion, agreed that a further report be prepared on tangible and intangible benefits that might be expected to result if Newfoundland became a part of Canada, to be considered at the next meeting of the Committee on Friday, June 13th, at 8:15 p.m.

J. R. BALDWIN

346.

243s

*Procès-verbal d'une réunion du Comité du Cabinet  
sur les relations avec Terre-Neuve*

*Minutes of a Meeting of Cabinet Committee  
on Newfoundland Relations*

SECRET

A meeting of the Cabinet Committee on Newfoundland Relations was held in the Office of the Secretary of State for External Affairs in the House of Commons on Friday, June 13, 1947, at 8:15 p.m.

*Present:*

The Secretary of State for External Affairs, (Mr. St. Laurent), in the Chair,

The Minister of Reconstruction and Supply, (Mr. Howe),

The Minister of Justice, (Mr. Ilsley),

The Minister of National Revenue, (Dr. McCann),

The Minister of Fisheries, (Mr. Bridges),

The Honourable W. McL. Robertson.

Mr. J. R. Baldwin, Secretary.

*Also present:*

The Under-Secretary of State for External Affairs (Mr. Pearson),

The Canadian High Commissioner to Newfoundland (Mr. Macdonald),

The Deputy Minister of Fisheries, (Mr. Bates),

Mr. R. A. MacKay, Dept. of External Affairs,

Mr. Paul Bridle, Dept. of External Affairs,

Mr. J. E. Coyne, Bank of Canada,

Mr. M. Sharp, Department of Finance.

## GENERAL QUESTION OF UNION WITH NEWFOUNDLAND

1. THE CHAIRMAN, referring to decision at the meeting on June 11th, submitted and read a report on the advantages of Newfoundland becoming a part of Canada, covering questions of trade, with Newfoundland and with the United States, fisheries, development of natural resources and strategic considerations.

Copies of this report were circulated.

(External Affairs memorandum on Advantages of Incorporating Newfoundland into the Dominion, June 13, 1947).<sup>†</sup>

2. MR. ST. LAURENT suggested that two questions might be submitted to Cabinet for consideration:

(a) Would the federal government be prepared to offer Newfoundland the treatment at present accorded to existing provinces; and,

(b) Would the federal government be prepared to offer any special financial assistance to help meet a Newfoundland provincial deficit immediately following union with Canada?

3. THE COMMITTEE, after considerable discussion, agreed that these questions be submitted to the Cabinet, together with explanatory memoranda prepared by the Secretariat outlining:

(a) general treatment accorded to a Canadian province;

(b) advantages of union with Newfoundland; and,

(c) major financial aspects of union with Newfoundland.

PROCEDURE FOR DISCUSSIONS WITH  
NEWFOUNDLAND DELEGATION

4. THE CHAIRMAN read a memorandum on proposed procedure and arrangements for discussion with the Newfoundland delegation.

(Secretary's Memorandum, June 12, 1947).<sup>†</sup>

5. THE COMMITTEE, after discussion, noted with approval the proposed procedure and arrangements.

The Committee adjourned at 10:30 p.m.

J. R. BALDWIN

347.

PCO-CRF

*Mémoire du secrétaire, le Comité du Cabinet  
sur les relations avec Terre-Neuve, au Cabinet*

*Memorandum from Secretary, Cabinet Committee  
on Newfoundland Relations, to Cabinet*

SECRET

Ottawa, June 16, 1947

## DISCUSSION WITH NEWFOUNDLAND DELEGATION

The delegation from the Newfoundland Convention which is coming to Canada to discuss what fair and equitable basis for Union with Canada may exist

is to arrive in Ottawa on June 24th and discussions are to commence the following day.

Attached to this note are three short statements as follows:

1. A note on benefits which might be expected to result from Union with Newfoundland;
2. A note on financial aspects of Union with Newfoundland; and
3. A note on the memorandum on the general position of existing Canadian provinces and the role of the federal government, which it is proposed to give to the Newfoundland delegation.

The question of a basis for Union with Newfoundland has been considered at length by the Interdepartmental Committee and the Cabinet Committee appointed to prepare for the forthcoming discussions. The outstanding points for consideration by the Cabinet are whether on the basis of the attached information the Canadian government would be prepared to inform the delegation from Newfoundland, which has no power to negotiate but merely to report back to the Convention, that should the people of Newfoundland indicate in a referendum that they are desirous of Union with Canada:

(a) they would be accorded the same treatment as is accorded the existing provinces; and

(b) the government would be prepared to consider with appropriate authorities representing Newfoundland methods by which the federal government could assist a provincial government for a transitional period to maintain a reasonable standard of services and balance its budget.

J. R. BALDWIN

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Mémorandum du secrétaire, le Comité du Cabinet  
sur les relations avec Terre-Neuve*

*Memorandum by Secretary, Cabinet Committee  
on Newfoundland Relations*

SECRET

BENEFITS FROM UNION WITH NEWFOUNDLAND

*Area and Population*

1. The Dominion would be enlarged by about 163,000 square miles, an area larger than Sweden and three times the size of the Maritime Provinces. The population of Canada would be increased by about 321,000 people of English and Irish extraction with a relatively high birth rate.

*Trade*

2. Newfoundland has always imported a wide range of Canadian goods. It ranks eighth on Canada's list of customers (countries ranking higher are, in the main, countries presently in receipt of large credits from Canada). Newfoundland's imports from Canada rose from almost \$10,000,000 before the war to about \$40,000,000 annually at present. This increase resulted in part from gen-

eral increase in Newfoundland's imports and in part from diversion of trade to Canada from countries unable to supply customary markets.

3. Newfoundland's imports will probably continue on a higher level than before the war and even if Newfoundland did not become part of Canada barring the special circumstances referred to in paragraph 4, Canada should retain a market there amounting perhaps to \$25,000,000 annually. In the event of union, the removal of tariff barriers would substantially lower the cost of Canadian goods and result in a substantial increase in Canadian sales. At the same time substantial federal expenditures in Newfoundland, and in particular transfer of payments such as family allowances would also increase the purchasing power of the Newfoundland people and would add a further stimulus to Newfoundland's purchases from Canada. On the basis of a rough estimate, it is likely that union with Canada would result in Canadian trade with Newfoundland amounting to some \$16 to \$20 million more than would otherwise be the case.

4. On the other hand, if Newfoundland did not become a part of Canada and obtained from the United States special economic concessions in return for defence concessions, even the minimum of trade that Canada would maintain if Newfoundland remained separate would have to be revised downwards, and it is likely that Canadian trade with Newfoundland would be reduced to a small proportion of its present volume.

5. While the whole of Canada would feel the results of either an increase of trade with Newfoundland or a substantial decrease, it should be noted that any such change would bear with special severity on the Maritime Provinces.

#### *Balance of payments*

6. A lesser related consideration is Canada's balance of payments position. In the event of union with Newfoundland it is probable that our U.S. dollar position would be eased slightly through ability to provide from Canada goods for which presently we must supply U.S. dollars to Newfoundland.

#### *Fisheries*

7. A number of general overall benefits would result through the addition of the Newfoundland fisheries to those of Canada. It would enable all the north-western Atlantic fishing grounds to be treated as a whole from the point of view of scientific development and conservation policy. The recent decision of the government to declare a conservation zone would be made much more effective if Newfoundland fisheries were added. Moreover, not only are the Newfoundland fisheries a potential source of wealth but if Newfoundland became a part of Canada it would be possible to avoid some of the disadvantages arising out of the present severe competition between Newfoundland and Canada in fisheries.

8. On the other hand, should Newfoundland turn to the United States, the economic concession in which it is most interested would be entry of Newfoundland fish to the U.S. market. It is understood that this has already been raised during the trade discussions in Geneva and there is indication that in consequence Newfoundland may receive a larger share of the U.S. quota at the expense of Canadian fishermen. If Newfoundland were successful in obtaining a substantial market for its fish in the United States, there is little doubt that it

would hit very hard the market there for Canadian fish, resulting in perhaps a loss of as much as \$20,000,000 annually to Canada, the burden of which would fall entirely upon the Maritime Provinces and Eastern Quebec.

#### *Natural Resources*

9. The natural resources of Newfoundland and in particular of Labrador are still to a large extent undetermined although there has already been substantial development on the Newfoundland mainland in connection with pulp and paper and with iron mining. The forest products industry on the mainland, if adequately organized, can continue to operate indefinitely. In addition, supplies of iron ore there presently being produced under the control of Dominion Iron and Steel Company are apparently inexhaustible.

10. In Labrador extensive exploration work has recently been initiated. A very large deposit of high-grade iron ore has been found which, in view of approaching exhaustion of present U.S. sources of supply, may in future prove to be of very great importance and, if proven and developed, might yield the government as much as \$2,000,000 in revenues. In addition, a substantial amount of waterpower is available in Labrador, the largest single undeveloped site at Grand Falls being capable of over one million continuous horsepower, which would compare favourably with horsepower currently developed by the Ontario Hydro Electric Commission at Niagara. Large stands of black spruce occur in the southern area of Labrador and could support a pulp and paper mill.

#### *Strategic Considerations*

11. The Newfoundland-Labrador region is important to the defence of Canada. While present political arrangements continue, Canada should not experience great difficulty in maintaining such freedom of action there as she might desire. However, if Newfoundland were to return to self-government, our present defence rights, with the exception of our 99-year lease to Goose Bay, would almost certainly be terminated and made recoverable only on condition of substantial payments or other considerations.

12. Although under the Protocol to the Leased Bases Agreement of 1941 Canada must be consulted before any extension of United States defence rights in Newfoundland or Labrador, the Dominion is in a very secondary defence position in the area and in a weak position to withstand any determined pressure by the United States for extension of their defence rights. Such pressure already exists and will increase once the political future of Newfoundland has been determined.

13. Should Newfoundland remain outside of Canada, the present United States ascendancy in the Newfoundland-Labrador region will almost certainly increase and might very well lead to a virtual withdrawal from the area by Canada in favour of the United States. Although it may be argued that Canada would have little to lose by such a development from the point of view of defence, this would inevitably point to absorption of Canada within the United States orbit. This absorption might hamper Canadian air communication with the United Kingdom and Europe and would certainly make Canada's freedom of action on her north-eastern borders almost entirely dependent on the goodwill of the United States.

*The Possibility of Closer Affiliation of Newfoundland with the United States*

14. The possibility, in due course, of closer affiliation of Newfoundland with the United States should not be discounted. Such affiliation might take a form of either commercial or political union and might be brought about as a result of the growing prestige of the United States in Newfoundland, the attractiveness of the United States as a free market for Newfoundland products and by a desire on the part of the United States to further strengthen its position in the Newfoundland region. Such a development would even more certainly bring about the conditions depicted in the preceding paragraph and would, as mentioned earlier, have undesirable economic consequences as well.

*Completion of Confederation*

15. Newfoundland took part in the Quebec Conference of 1864, and the B.N.A. Act provided for its admission to Canada. The present offers a unique opportunity for the completion of Confederation as conceived by the Fathers of Confederation. If union does not materialize at present and if Newfoundland should gain the impression that Canada has not assumed a reasonable attitude towards union, it is not likely to become a live issue again for many years, if ever.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Mémorandum du secrétaire, le Comité du Cabinet  
sur les relations avec Terre-Neuve*

*Memorandum by Secretary, Cabinet Committee  
on Newfoundland Relations*

SECRET

FINANCIAL ASPECTS OF UNION WITH NEWFOUNDLAND

At rates of tax in effect on January 1st, 1948, levied under present economic conditions, the federal government could collect in Newfoundland enough revenue to cover the cost of extending ordinary federal services to Newfoundland. This cost has been estimated at about \$19,700,000 while probable federal revenue is \$20,200,000.

2. In addition, Newfoundland would probably enter into a tax rental agreement with the federal government which would involve a minimum payment of \$4,800,000 by the federal government to the provincial treasury. As well, under the British North America Act Newfoundland would be entitled to *per capita* subsidies and subsidies for government and legislation amounting to about \$440,000. Further, on grounds of isolation and consequent higher costs of transportation and communication with the rest of Canada, a special statutory subsidy similar to those paid for various reasons to seven of the existing provinces might be justified in the amount of, for example, \$1,500,000.

3. These payments of almost \$6,800,000 by the federal government to Newfoundland would not be sufficient to meet the needs, immediately following union, of the provincial budget. The new province would have lost its major sources of revenue and does not have available for immediate exploitation alternative sources which have been developed in the existing provinces. Assuming no debt, no capital expenditures, present levels of services and no railway costs in the

provincial budget, the remaining deficit in the provincial budget after payments mentioned in the preceding paragraph, might run as low as \$300,000 and as high as \$3,500,000 depending on the extent and speed with which the provincial government developed new sources of revenue. In the early years it would almost certainly be closer to the latter figure.

4. The Interdepartmental Committee on Newfoundland Relations, in discussing this matter, has suggested that, should the government wish to offer any special temporary assistance to meet this situation, two possible methods might be considered:

- (a) a "Confederation grant" for a transitional period, preferably in a reducing amount; and,
- (b) an annual payment in respect of the natural resources of Labrador or of Newfoundland territory as a whole (in the event that Newfoundland was willing to allow the federal government to administer these on some sort of temporary agreed basis).

5. Whatever disposition is made of Newfoundland's debt, its annual service charges, now amounting to \$3,700,000, would have to be met either directly by the Canadian government or indirectly by way of additional federal assistance to Newfoundland. The same applies to the Newfoundland Railway, which now involves government costs of \$1,500,000. There remain two other types of expenditures for which adequate allowance should be made: first, additional expenditure by Newfoundland in order to extend existing services and on capital account; and, secondly, similar expenditures by federal departments in Newfoundland.

6. It should be noted that Newfoundland's accumulated surplus of \$28,800,000 is available to reduce debt, to meet part of the budgetary "gap," or to contribute to developmental expenditures.

#### 7. Summary

While an overall estimate of the annual cost to the Federal Treasury of federation with Newfoundland can be little more than a guess, the lower limit is certainly not less than \$10 million, the upper limit is probably not more than \$20 million, and during the first ten years of federation the annual cost might be held to within \$12 to \$15 million on the average.

J. R. BALDWIN

[PIÈCE JOINTE 3/ENCLOSURE 3]

*Mémoire du secrétaire, le Comité du Cabinet  
sur les relations avec Terre-Neuve*

*Memorandum by Secretary, Cabinet Committee  
on Newfoundland Relations*

SECRET

MEMORANDUM FOR NEWFOUNDLAND DELEGATION  
ON POSITION OF A PROVINCE OF CANADA

It is desired to inform the Newfoundland delegation of the general treatment accorded to the existing provinces of Canada by the federal government. Accord-



ingly, a paper describing the constitution and government of Canada and the Canadian federal system has been prepared.<sup>†</sup> In order to provide as complete a picture as possible of the situation of the existing provinces, an appendix<sup>†</sup> has been prepared which describes provincial and municipal revenues and provincial and municipal expenditures according to services. Outlines of the contents of these papers are attached.

2. The expressed aim of the Newfoundland delegation is to ascertain what fair and equitable basis may exist for federal union of Canada and Newfoundland. It is therefore felt that if these papers are presented to the delegation it will be important to make it clear that they are not designed to describe the specific conditions upon which Newfoundland might expect to enter the union. It is therefore proposed to preface the papers under reference with a short statement to the effect that they are not intended to constitute a precise statement of the treatment Newfoundland might expect if it became a province of Canada but are a compilation of information regarding the Canadian system of Government prepared for the convenience of the Newfoundland delegation. With respect to the appendix, it could be explained that provincial and municipal revenues and expenditures are, of course, matters falling under the jurisdiction of the provinces and municipalities and that information concerning them has been included simply to give as full a picture as possible of the Canadian administrative system.

3. It is also proposed to give the Newfoundland delegation certain documentation in the way of copies of legislation, documentation prepared for the Dominion-Provincial conference, the Canada Year Book, etc.

J. R. BALDWIN

[ANNEXE À LA PIÈCE JOINTE/SUB-ENCLOSURE]

*Table des matières d'un document pour la délégation à Ottawa  
de la Convention nationale de Terre-Neuve*<sup>88</sup>

*Table of Contents of Document for the Delegation to Ottawa  
from the National Convention of Newfoundland*<sup>88</sup>

THE CONSTITUTION AND GOVERNMENT OF CANADA  
AND THE CANADIAN FEDERAL SYSTEM  
A REFERENCE PAPER PREPARED FOR THE INFORMATION  
OF A DELEGATION FROM THE NATIONAL  
CONVENTION OF NEWFOUNDLAND  
JUNE 1947

I. CONSTITUTION AND GOVERNMENT

Historical Development  
Internal Affairs  
External Affairs

The Canadian Constitution: Division of Powers as Laid Down  
by the B.N.A. Act

<sup>88</sup>Les six prochaines notes étaient dans l'original.

<sup>88</sup>The next six footnotes were in the original.

The Canadian Government  
Parliament<sup>89</sup>  
The Executive  
The Judiciary

Provincial Governments  
Municipal Governments  
Territorial Government

## II. FEDERAL SERVICES

Agriculture  
External Affairs  
Finance  
Fisheries  
Justice  
Labour  
Mines and Resources  
National Defence  
National Health and Welfare<sup>90</sup>  
National Revenue  
Postmaster General  
Public Works  
Reconstruction and Supply  
Secretary of State  
Trade and Commerce  
Transport  
Veterans Affairs

## III. FUNCTIONS OF CERTAIN FEDERAL BOARDS, AGENCIES, OFFICES, ETC.

Air Transport Board  
Auditor General's Office  
Bank of Canada  
Board of Transport Commissioners  
Canadian Broadcasting Corporation  
Central Mortgage and Housing Corporation  
Civil Service Commission  
King's Printer  
National Harbours Board  
National Research Council  
Royal Canadian Mounted Police  
Trans-Canada Airlines

<sup>89</sup>Newfoundland Representation in Senate and House of Commons indicated.

<sup>90</sup>Amounts Newfoundlanders would receive in Family Allowances and Old Age Pensions indicated.

**IV. FEDERAL TAXATION<sup>91</sup>**

- Direct Taxes
- Direct Taxes on Incomes
- Individual Income Tax
- Tax on interest, dividends, etc.
- Corporation Income Tax
- Succession Duties
- Indirect Taxes
- Customs Import Duties
- Excise Duties
- Excise Taxes
- Sales Tax
- Other Taxes

**V. PROPOSED TAXATION AGREEMENTS BETWEEN  
FEDERAL AND PROVINCIAL GOVERNMENTS**

- General Provisions
- Compensation to Provinces
- Miscellaneous Provisions

**APPENDIX**

**A. PROVINCIAL EXPENDITURES BY SERVICES<sup>92</sup>**

- Agriculture
- Debt Charges
- Education
- Health and Hospital Care
- Highways, Bridges and Ferries
- Public Domain
- Relief, Old Age Pensions and Other Welfare
- Other Expenditures (Legislation, Justice, Finance, etc.)

**B. MUNICIPAL EXPENDITURES BY SERVICES<sup>92</sup>**

- Debt Charges
- Education
- Health and Hospital Care
- Highways, Roads and Streets
- Protection, General Administration and Sundry Services
- Sanitation and Other Services
- Unemployment Relief

<sup>91</sup>Canadian and Newfoundland rates compared in detail in all applicable instances.

<sup>92</sup>Tables showing (a) Provincial-Municipal Combined Expenditure, 1944, and (b) ditto for Maritime Provinces, to be annexed.

**C. PROVINCIAL REVENUE<sup>93</sup>**

Direct Taxes on Income<sup>94</sup>  
 Individual Income Tax  
 Corporation Tax  
 Succession Duties<sup>94</sup>  
 Amusement Tax  
 Fuel Oil Tax  
 Gasoline Tax  
 Rent and Personal Property  
 Retail Sales Tax  
 Tobacco Tax  
 Other Taxes

Miscellaneous Revenues  
 Motor Vehicle Licences  
 Various Licences, etc.  
 Public Domain or Natural Resources  
 Liquor Control Revenue  
 Other Miscellaneous Revenues

Revenues from the Dominion<sup>94</sup>

**D. MUNICIPAL REVENUE<sup>93</sup>**

Real Property Tax  
 Income Tax<sup>94</sup>  
 Sales Tax  
 Other Taxes  
 Licences, Permits, etc.  
 Public Utility Contributions  
 Miscellaneous Revenues  
 Provincial Subsidies

348.

243s

*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, June 19, 1947

**NEWFOUNDLAND; DISCUSSIONS WITH CONVENTION DELEGATION**

At the meeting of the Cabinet on June 19th, it was agreed that, in the forthcoming discussions, the delegation from the Newfoundland Convention be informed that, should the people of Newfoundland indicate a desire for union with Canada, the government would be prepared to offer to the island the position of a

<sup>93</sup>Tables showing (a) Provincial-Municipal Combined Revenue, 1944, and (b) ditto for Maritime Provinces, to be annexed.

<sup>94</sup>References, where necessary, to Section V.

Canadian province and to accord it the treatment accorded other provinces; further that the government would be prepared to discuss with representatives of Newfoundland authorized to negotiate for federal union with Canada methods by which a Newfoundland provincial government might (with assistance from the federal government over a transitional period) maintain a reasonable standard of provincial services and balance a provincial budget.

Approval was given to the proposals submitted with respect to Canadian representation, procedure, and arrangements for discussions with the delegation from the Newfoundland Convention.

349.

2828-40

*Le secrétaire, le Comité interministériel sur les relations entre le Canada et Terre-Neuve, au secrétaire adjoint du Cabinet*<sup>95</sup>

*Secretary, Interdepartmental Committee on Canada-Newfoundland Relations, to Assistant Secretary to the Cabinet*<sup>95</sup>

Ottawa, June 20, 1947

Dear Sir,

I enclose copies of two articles on confederation which appeared in the St. John's *Daily News* on December 31st, 1946.

Mr. Pratt is an outstanding Newfoundland business man and takes a very hard-headed view of the confederation question. Mr. Hunt has been for many years one of Newfoundland's leading lawyers and is sentimentally opposed to Newfoundland losing her national identity.

The two articles taken together provide an interesting indication of the type of argument advanced by the more intelligent of those Newfoundlanders who are skeptical about the advantages of confederation.

Yours sincerely,

P. A. BRIDLE

[PIÈCE JOINTE I/ENCLOSURE I]

*Extrait du Daily News de St. John's du 31 décembre 1946*

*Extract from St. John's Daily News of December 31, 1946*

SOME ECONOMIC QUESTION-MARKS ON  
CONFEDERATION WITH CANADA

By C. C. Pratt, O.B.E.

In the recent discussions on the issue of Confederation with Canada, emphasis has been laid chiefly on political considerations, involving relative responsibility of Federal Government and Provinces for public services. Incidentally, it is useful

<sup>95</sup>Des lettres semblables furent envoyés aux autres membres du Comité interministériel.

<sup>95</sup>Similar letters were sent to the other members of the Interdepartmental Committee.

to point out that arguments almost seem to imply that we would be only "Provincial Canadians" paying what the Province of Newfoundland would require for its services and not citizens of the Dominion with equal responsibility for paying for what are known as Federal Services. No one has attempted to show what proportion, under the Federal system of taxation, we would be paying for the public services allocated to us by the Dominion. I am sure no one in Newfoundland at this moment can do more than guess at it. Even if we stopped guessing at terms and had them handed to us with blue ribbon and gold seals by Canada (as some wished to invite) we would require more knowledge than we have now before anyone of responsibility would dare pass judgment or even suggest amended terms. I cannot help thinking what a pitiful display Newfoundland would have made to ask Canada for terms before determining by exhaustive study what terms Newfoundland needs and their full implications. It has been said to estimate the terms Canada would offer is a simple matter. I quite agree. Take any two parties to a deal, one knows what he wants to give and the other doesn't know what he needs to get — who wins? Why humiliate oneself by holding out an uncertain, and what may be misconstrued as an imploring, hand?

It is not, however, to provoke a controversy on procedure or in fact to make a case for or against confederation that I submit this article. My only purpose is to deal with some of the economic aspects and to illustrate the need for a cautious approach to the subject. I acknowledge that there may be economic and social considerations of greater weight than dealt with here both for or against the issue, but I chose one main theme simply because it is one of the many obscurities in all the controversy.

The story of the negotiations immediately prior to 1867 for the entry of Newfoundland into the proposed Federal Union reveals that the question of cost of importations into Newfoundland has been emphasized by the opposition who had pressed for freedom from duties on articles entering into the fisheries. Canadian duties then had a direct bearing on costs in Newfoundland but probably to a greater degree than they would at present. Nevertheless, the protection required and given to the all-embracing manufacturing industries in Canada is still an open sore between the Prairie provinces and the Maritimes on the one hand and the industrialized provinces of Ontario and Quebec on the other. Canada is great both in agriculture and manufacturing industries. In comparison, however, with the great manufacturing facilities of the United States and England (not to mention what a recovered Europe may be) theirs are small and require protection against outside mass production.

Canada's customs import tariff is designed primarily for protection of its industries, making a hundred times wider variety of goods than made here, and not for the express purpose of revenue, as in this country.

The industries which it protects are chiefly in Quebec and Ontario. Outside those relatively populous centres (with 62% of the total population) manufacturing, by reason of geographical and other handicaps, finds it hard to exist on a substantial scale and it is seen that the farther from the centre of Canada the thinner is the industrial life.

For consideration of the points I wish to make, one's thoughts must revert to pre-war days or project a year or two hence when the abandonment of wartime subsidies and price stabilization bonuses will be an accomplished fact. That policy has been officially declared and is now being gradually brought into operation. No argument for future policy is worth recording if based on present conditions. It cannot be too strongly emphasized that our trading relations with Canada in respect of imports from there are now the complete reverse of what they were in 1939 and what we can expect them to be in 1949. Up to 1939 Canada sold most of its exports below domestic values. In other words, we bought most of our imports from Canada at lower prices than were charged to Canadian consumers. Proof in abundance is available for this statement. The chief reason was that manufacturers could keep a higher level of values in Canada, getting the main portion of their profits out of the protected domestic market. They brought their turnover up to an economic level by exporting, in competition with cheaper manufacturing countries frequently at prices which would just cover their overhead or barely more. The higher the volume, the lower the percentage of overhead charges, hence it was good business to work for export trade with their basic profit assured out of domestic sales. Also certain duties and excise taxes were rebatable on exports.

The complete reversal of this favourable position took place in wartime and still prevails, resulting in export prices being invariably higher than in domestic market (even after allowing for cost of living wartime subsidies) because with shortages in every line Canada finds it hard to retain enough for local consumption.

This brings me to a more detailed consideration of this question:

What are the implications, if Newfoundland, by confederation afforded Canada simply an enlargement of their domestic trade (being an additional province) instead of remaining an export market of Canada's?

First, we should remember that if the East and West provinces are not happy over their trading position with the industrialized centre, Newfoundland would be under a still greater disadvantage with ocean freights, not to speak of inland or coastwise transportation costs within our own country. Nothing can change our geographical position and put us on the mainland with direct rail haulage.

Canada's inland freight tariffs provide important export concessions which we would lose unless by special terms of union. If such were granted to us, watch for fireworks in the Maritimes.

Is it not by accident that for five years — 1936-1940 — our importations from our nearest neighbor averaged only 36.9% of the total and a great part of these were agricultural and dairy products with relatively small duties. It paid Newfoundland to go further afield for 63.1% of its needs. (Emergency controls and wartime restrictions ran our imports from Canada up to 67% in war years).

Why did we buy most of our manufactured goods, our pickled and tinned meats and other essentials elsewhere? It was simply because we bought in the cheapest markets of the world, we having the same tariff against Canada as against other countries. It was also because numerous lines are not grown or

produced in Canada. We paid duties on these to ourselves (higher in most instances it is true) instead of to a Federal Government.

I am ready to admit that if we have no duties against Canada, as would be the case in Federal Union, cost of goods would be lessened. (The reduction would be trifling as compared to what it would be if we imagine the extreme and had no duties against any country). It has been argued unthinkingly by some that because goods could come from Canada without duties and costs can be reduced, that reduced cost of living inevitably follows. It is often forgotten in discussions of Confederation that to pay for many of the public services within this country we would have to find other means of taxation if we abandoned our customs duties and excise to the Dominion.

I am only attempting here to bring out some economic issues that should be studied by Newfoundland and in a very thorough way before we can intelligently apply any terms of union. Adequate study can only be made by setting up competent machinery for doing so.

Here are some points for study:

(1) To what extent would Newfoundlanders be subsidizing Canadian industry by relinquishing their own duties and as a Province buying their needs chiefly in the protected Canadian market?

To get at this there should be an examination of importations for a period prior to the war to arrive at the difference between export prices and Canadian current domestic values. For instance, while our flour today is two and a half times Canadian domestic price (due to unusual and probably temporary causes) it was usual in pre-war days to sell it in Newfoundland as low as in Montreal, where it was milled. It is hard to believe that it sold in Newfoundland in 1939 below \$4.00 per barrel. Canned fruits, vegetables, rubber and leather goods and hundreds of items carried special export prices.

(2) What would Newfoundlanders contribute to Canadian revenue on imported goods such as tea, coffee, sugar and scores of items dutiable under Canadian tariff, but not produced in Canada?

(3) What amount would Newfoundlanders add to the Federal revenue by Canadian customs, excise duties and excise imposed on manufactures which last year amounted to four hundred and forty-five million dollars? Canadian sales taxes last year amounted to four hundred and four million dollars. These together averaged seventy-four dollars *per capita* or say \$370.00 per family. They are not rich men's taxes but are of general application. It is not within the scope of this article to write of income and other taxes.

(4) What customs duties would Newfoundland contribute to the Federal Government on goods similar to those produced or manufactured in Canada and protected but which by lower prices or consumer preference we would import from abroad? For instance, salt beef carries a duty into Canada from U.S.A. of six dollars per barrel and salt pork of \$3.50 per barrel. Under normal circumstances, notwithstanding Canadian duty, the most of this would come from U.S.A., judging by past experience. This is duty-free in Newfoundland but we would pay to Canadian customs on these two items alone, based on average of



three-years' imports from U.S.A., the sum of \$330,000.00 per year. No matter what the abundance of fresh meat, our people will require the salted. Pound goods are probably the biggest single item of textile importation into Newfoundland. It is chiefly the product of large American cotton mills. This, one expects, will always be in demand here by reason of its economy in home use. Textiles carry a high Canadian duty. Generally speaking, it is cheaper to buy cotton textiles manufactured in the United States where the cotton is grown and the mills are larger. One could go on enumerating but these will serve as illustrations of this point.

(5) What are the considerations to be offered Newfoundland in view of our unbalanced trading position with Canada? Their purchases from us (including iron ore) are less than one-fifth of the value of our purchases from them. For five years — 1936-1940 — Canada's purchases from us only averaged eight percent of our total exports. Even if we throw all our purchases to Canada we cannot hope for an extension of our exports there. There is even a danger of losing some of our export markets. Two of our greatest customer countries for salt fish are Spain and Portugal. Canada's trading position there is weak, having purchased last year to a value of only three million dollars from Spain and one million, three hundred thousand dollars from Portugal. It is a fact, not generally known, that about one-third of our production which those two markets take this year would probably not have been bought by them if Great Britain had not provided us the Canadian funds from the sterling which Spain and Portugal paid. Whereas Great Britain has a trade agreement with Spain and the Anglo-Spanish clearance is available to us, Canada has no trade agreement and fish of Canadian origin is subject to such a heavy import duty that none has entered that country for years. Conceivably the same situation as on the Iberian Peninsula may prevail in Italy and Greece next year when UNRRA ceases to supply them. There seems to be little question that to retain those markets we shall have to avail [ourselves] of the trade and currency facilities of the United Kingdom. Canada's trade position as affecting us in other of our markets is a matter also requiring close study.

There are innumerable other economic factors which must be taken into consideration in order to build up a case pro and con, but I shall be satisfied if I have illustrated the need for a cautious approach. I confess I am of the old-fashioned type who must keep an open mind on this subject until an adequate and expert analysis is made of all implications. When we know our own case is time enough to study terms, which should be obtained by negotiation and not by a hand-out.

The Canadian Provinces have had eighty years to adapt themselves to Federal Union and some appear to have found it difficult to use that time to advantage. It goes without saying that special provision would have to be made for Newfoundland for a long term of years to adapt its economy to the change.

Even if all the logic of a strong factual case is presented, as is possible, the people of Newfoundland should never be asked to decide union with Canada as one of a number of choices on a ballot paper suggested by a Convention. This complex issue is so momentous and the decision is of such irrevocable character that nothing but the clearest mandate will suffice. It is difficult to see how it can be properly presented to the electorate except through the medium of a constitu-

tional assembly which, if dealt with at all, would obviously have to make it a straight cut issue.

I repeat, if Confederation is to be presented to Newfoundlanders for decision, provision must first be made for a scientific study of the whole case and in the meantime it is surely futile to continue blowing bubbles.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Extrait du Daily News de St. John's du 31 décembre 1946*

*Extract from St. John's Daily News of December 31, 1946*

WHAT OF THE FUTURE — WHERE DOES HOPE LIE?

by C. E. Hunt, K.C.

Notwithstanding that 1946 has been a year of general prosperity for our country and the outlook for the coming year is admittedly bright, some of our people are pessimistic as to the country's ability to provide in the future that standard of living which the industry and thrift of her inhabitants deserve.

Some indeed argue vehemently and constantly that our only hope of salvation lies in the country's becoming a province of Canada or in her being annexed to the United States of America. Any status other than that of responsible government will bring to our people, they assert, an abundance of blessings without undue effort and an easy and tranquil old age.

Let us not doubt their sincerity of purpose even though they contend that every advocate of our national independence must assuredly be actuated by selfish motives and must be devoid of love of country.

It is important that in these years of decision as to the future status of the Island we bear in mind her geographical position and the fact that her population of about 300,000 are scattered in small settlements over more than 5000 miles of coastline. It must be admitted also that in normal times the obtaining of revenue necessary for public services will be a severe strain on the people.

#### OUR SHARE

Will it be possible to alter these facts by a change in our system in government? We must assume that, if Newfoundland becomes a province of Canada, we shall be expected "to pull our weight." Apart altogether from our payment of our share of Federal taxes we would still have to provide as a province for such important public services as education, natural resources, public health and local roads — more than half our normal current expenditure.

Basing computations on figures contained in the official *Canada 1946* we find the following:

*Per capita* share of Federal Government current expenditure 1945 was \$432.00.

*Per capita* share of Provincial Government current expenditure, \$31.50.

Total *per capita*, \$463.50.

On that basis our total expenditure would have been \$139,050,000.00. Our actual expenditure, including reconstruction, was \$26,318,247.00 for the year 1944-45 or \$87.30 per head.

Let it be admitted at once that because of Canada's wonderful war effort her expenditures in 1945 were abnormally high and that by subsidies she kept down the cost of living and let us admit that because of our smaller national income our share in the federal expenditure would be below the average. The fact remains that the difference of \$376.00 per head per year cannot possibly be bridged.

It must be observed also with all proper reservations that the *per capita* share of federal and provincial public debt in Canada is about \$100.00 whereas in Newfoundland it is about \$235.00.

We are fortunate in that we have in Canada a kindly and generous neighbour. That we have faith in her stability and prosperity is shown by our placing in her banks and life insurance companies practically all our savings. Her government has never attempted any "power politics" to bring us within the Dominion. They have made it plain that it is for us to make the first approach. In feeling sure that any proposals made by our representatives will receive very careful consideration we may also take it for granted that the idea that Canada will spend millions of dollars in Newfoundland in pure delight that she is within the Dominion is innocently fanciful. The agreement will be, as it should be, if made, one in which the rights, privileges and hopes of Canadians as well as Newfoundlanders will be considered and protected. If we are to receive special concessions it will be because we have a lot to lose.

Today we are no source of anxiety or liability to Canada. Over sixty per cent of our imported goods come from that country and our exports there are negligible. Apart from the banks and insurance companies Canadians have substantial interests in our trade and industry.

#### NOT INCREASE COMMERCE

Confederation would not increase our commerce. Our remoteness from the centre of Canada would be to our disadvantage. Undoubtedly many of our industries would wither, thereby creating much unemployment. Not even the argument that, being then Canadians, we could have access to the mainland would be sufficient solace to those who do not wish to be compelled by adverse conditions to leave this island.

Let us endeavour to ascertain the exact facts. The burden of proof that our people as a whole will fare better under Confederation than under Responsible Government rests upon those who make that claim. Thus far they have not discharged that burden. They have shown that indirect taxation increases the cost of goods to the consumer. That is a matter that can be remedied to some extent. The country must collect sufficient money annually to meet current expenditure and nobody should complain if a fairer way of collecting it is adopted. What of the earnings from which taxes must be obtained? If these dwindle, where are we?

#### WHAT MARITIMES SAY

Not so long ago Senator James P. McIntyre stated in the Canadian Senate:

"The idea of Confederation was initiated in Ontario and Quebec. The Maritime Provinces had established a satisfactory trade among themselves; their market was close at hand and easy of access and traffic with that market was

mainly by sea. Certain inducements were held out to the Maritimes to consent to Confederation. The New England market would be lost but a better and more profitable market — that of the central provinces — might be substituted therefor. The coal of Nova Scotia was to find a market in Toronto; the fish, lumber and agricultural products were to find a market in Quebec and Montreal. As time went on, it turned out that the coal of Nova Scotia did not find a market in Toronto and the fish, lumber and agricultural products did not find a market in Montreal. In the meantime the New England market had been lost.”

Let us quote also from a recent speech of Senator J. J. Kinley of Nova Scotia:

“In the Maritimes there is a feeling that Newfoundland is a competitor in the fishing business and that we should be inviting trouble by bringing her into Confederation. True, the fishermen of Newfoundland have a little advantage in that they have no income or corporation taxes to pay but I do think the very fact that they are producers of the same kind of goods as we produce and competitors with us in world markets should encourage us to work together as one great family.”

One regrets that the Senator did not conclude his speech on that lofty note. He went on to say, however, that “union would entail some cost to Canada” but in a reassuring way he added naively “let us not forget that Newfoundland includes a considerable part of Labrador.”

#### TAXATION PROBLEMS

In a still more recent speech, Hon. S. S. Garson, Premier of Manitoba, addressing the Canadian Chamber of Commerce, stated:

“If an investor puts money into a Canadian company doing business in several provinces, that one source of income may be charged with a federal corporation income tax, a provincial corporation income tax in each province in which the company has profits plus a personal federal income tax upon any dividends paid. This multiple taxation is wasteful of time, brains, energy and money. It discourages investment and enterprise. These tax fields are used by as many as ten competitive and unco-ordinated governments . . . .

“Our present Dominion-Provincial set-up provides neither a clear-cut allocation of responsibility for the development, protection and administration of our natural resources nor a majority of the Provinces with enough revenue to take care adequately of their natural resources.”

An editorial in the *Montreal Standard* of June 1st last states:

“While Canada’s natural increase in 25 years amounted to 3,329,947 in the same period 3,409,184 persons migrated from Canada to the United States. That represents a net loss. As a matter of cold statistical fact, of all employment available in Canada only 5.9 per cent is available to technical and professional people.”

These quotations are taken from reliable sources with a view to meeting the contention that Confederation of itself will bring us increased security. Canada has serious problems confronting her. In her ability to meet them successfully she has no greater admirers than those “in the island by the sea.”

Newfoundland has her problems, no greater in proportion to her population and resources than those facing all countries throughout the world and, certainly, none greater than those which confronted succeeding generations of her people, who lived in a fair state of happiness on her shores.

Surely it is unfair to our country to say at the time of her greatest prosperity that she has a hopeless future. This is the age of atomic energy when overnight conditions may improve beyond our imagination. It is for each of us to strive in our daily avocation to improve conditions for all; to conserve rather than to destroy our resources; to take the personal element out of our consideration of national questions and to support those who by initiative and enterprise are launching labour-giving projects.

This is a good time at which such resolutions can be made.

350.

*Extrait des Débats de la Chambre des Communes*<sup>96</sup>

*Extract from Debates of the House of Commons*<sup>96</sup>

TERRE-NEUVE

DÉLÉGATION CHARGÉE D'EXAMINER  
UN PROJET D'UNION FÉDÉRALE  
AVEC LE CANADA

Le très hon. W. L. MACKENZIE KING (premier ministre): Ainsi que le savent les honorables députés, la population de Terre-Neuve, il y a quelques mois, chargeait une Convention nationale de soumettre des vœux au gouvernement du Royaume-Uni relativement aux diverses formes que pourrait prendre le prochain gouvernement de Terre-Neuve. La question du régime à adopter sera subséquemment soumise à la population de Terre-Neuve au moyen d'un référendum.

Comme mon collègue, le secrétaire d'Etat aux Affaires extérieures (M. St. Laurent), l'annonçait à la Chambre le 2 avril dernier, le gouvernement canadien a accepté de recevoir une délégation de la Convention nationale de Terre-Neuve, en vue d'examiner et d'étudier avec elle si, de l'avis de tous les intéressés, il existe une base juste et équitable sur laquelle pourrait reposer l'union fédérale du Canada et de Terre-Neuve. Des dispositions ont été prises en vue d'engager les pourparlers le mercredi 25 juin. La délégation est attendue à Ottawa demain. Nous sommes heureux de la recevoir ce jour-là, étant don-

NEWFOUNDLAND

DELEGATION TO CONSIDER BASIS FOR  
FEDERAL UNION WITH CANADA

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, as hon. members are aware, the people of Newfoundland some months ago elected a national convention for the purpose of making recommendations to the government of the United Kingdom as to possible forms of the future government of Newfoundland. Subsequently the question of the form of government to be adopted is to be placed before the people of Newfoundland in a referendum.

As announced in this house on April 2 last by my colleague, the Secretary of State for External Affairs (Mr. St. Laurent), the government of Canada has agreed to receive a delegation from the Newfoundland convention to consider and discuss whether there is, in the opinion of all concerned, a fair and equitable basis for federal union of Newfoundland with Canada. Arrangements have now been made to begin discussions on Wednesday, June 25. The delegation will arrive in Ottawa tomorrow. We are happy to have the opportunity of welcoming the delegation on that day since June 24 is being observed this year.

<sup>96</sup>Canada, Chambre des Communes, *Débats*, 1947, volume 5, pp. 4483-4. Ce débat a eu lieu le 23 juin.

<sup>96</sup>Canada, House of Commons, *Debates*, 1947, Volume 5, pp. 4488-90. This debate took place on June 23.

né que le 24 juin marquera, cette année, le 450<sup>e</sup> anniversaire de la découverte de l'île.

On se rappellera que Terre-Neuve a dû faire face à de graves difficultés financières à la suite de la funeste crise économique de 1929-1930. En 1933, avec l'approbation du gouvernement et de l'Assemblée législative de Terre-Neuve, le gouvernement du Royaume-Uni chargeait une commission royale d'examiner la situation. La commission recommandait la suspension du gouvernement responsable et la remise de l'autorité législative et exécutive à une nouvelle commission responsable au gouvernement du Royaume-Uni, jusqu'à ce que l'île pût suffire de nouveau à ses frais. Elle recommandait aussi que, dans l'intervalle, le Royaume-Uni assumât la responsabilité financière du gouvernement de l'île. Ces vœux recevaient l'approbation de l'Assemblée législative de Terre-Neuve et du Parlement du Royaume-Uni. On suspendait donc la constitution de Terre-Neuve et le gouvernement du Royaume-Uni instituait une Commission administrative, laquelle est entrée en fonctions en 1934.

Peu de temps après l'institution de la commission, la presque totalité de la dette de Terre-Neuve, — en 1934, elle s'élevait à quelque 100 millions de dollars et portait un taux d'intérêt relativement élevé, — était convertie et une émission de sterling à 3 p. 100, le principal et l'intérêt étant garantis par le Royaume-Uni. Celui-ci avançait aussi des sommes considérables pour fins d'exploitation et jusqu'en 1939 comblait les déficits budgétaires dont le total dépassait 16 millions de dollars.

A partir de 1941, Terre-Neuve a connu un remarquable redressement économique, attribuable aux fortes dépenses d'ordre militaire effectuées dans ce pays et au Labrador par le Canada et les Etats-Unis, de même qu'à la hausse du prix de ses principaux produits d'exportation, le poisson et le papier-journal. Depuis 1941, Terre-Neuve accuse un surplus annuel qui s'établit maintenant à environ 29 millions. En outre, sa dette a été réduite à environ 74 millions et les services publics ont été amplifiés et améliorés. Les recettes qui, en 1939, dépassaient à peine 12 millions, ont atteint 37 millions en 1946.

En décembre 1945, le secrétaire d'Etat du Royaume-Uni pour les Dominions, annonça qu'afin "... d'aider la population de Terre-Neuve à en venir à une décision juste et éclairée sur la forme de son gouvernement futur..." une convention nationale serait élue à Terre-Neuve au printemps de 1946. Voici les attributions de cette assemblée:

as the 450th anniversary of the discovery of the island.

It will be recalled that, following the disastrous economic collapse in 1929-30, Newfoundland encountered serious financial difficulties. In 1933, with the approval of the government and legislature of Newfoundland, a royal commission was appointed by the United Kingdom government to inquire into the situation. The commission recommended that responsible government should be suspended and legislative and executive authority be vested in an appointed commission, responsible to the United Kingdom government, until such time as the island should again become self-supporting. It was also recommended that meanwhile the United Kingdom should assume financial responsibility for the government of the island. These recommendations were approved by the Newfoundland legislature and by the United Kingdom parliament. The Newfoundland constitution was accordingly suspended and a commission of government was appointed by the United Kingdom government and assumed office in 1934.

Shortly after the commission was established, most of the Newfoundland debt, which in 1934 stood at about a \$100 million, with relatively high interest rates, was converted to a sterling issue at three per cent guaranteed by the United Kingdom as to principal and interest. The United Kingdom also advanced considerable sums for developmental purposes, and up to 1939 met budget deficits totalling over \$16 million.

Beginning in 1941, Newfoundland experienced a remarkable recovery. This was due in part to the heavy defence expenditures in Newfoundland and Labrador by Canada and the United States, and in part to the rise in prices of Newfoundland's principal exports, fish and newsprint. Since 1941, Newfoundland has had an annual surplus now amounting to about \$29 million. In addition, Newfoundland's debt has been reduced to about \$74 million; the public services have been expanded and improved. Revenues which in 1939 were just over \$12 million reached \$37 million in 1946.

In December 1945 the Secretary of State for Dominion Affairs of the United Kingdom announced that in order "to enable the people of Newfoundland to come to a free and informed decision... on their future form of government" a national convention would be elected in Newfoundland in the spring of 1946. The terms of reference of the convention are as follows:

D'étudier et de considérer, à titre de représentants élus de la population de Terre-Neuve, les changements survenus dans la situation financière et économique de l'île depuis 1934, et, compte tenu de la mesure dans laquelle les revenus élevés des récentes années étaient attribuables à l'état de guerre, de faire le bilan de la situation du pays et de soumettre au gouvernement de Sa Majesté des recommandations quant aux régimes possibles de gouvernements entre lesquels la population sera appelée à choisir au cours d'un référendum.

On voit donc, d'après les attributions de la convention, que celle-ci n'a pas compétence pour déterminer le régime futur de gouvernement de Terre-Neuve. Le seul rôle de la convention est de soumettre au gouvernement britannique des modes possibles d'administration. La convention est libre de se borner à une seule proposition ou encore de laisser le choix entre une série de régimes administratifs. De toute façon, qu'elle soumette une ou plusieurs propositions, et quelle que soit la nature de chacune, c'est la population terre-neuvienne qui aura le dernier mot.

Sauf de courtes interruptions, la convention siège continuellement depuis le mois de septembre dernier. Désireuse de se former une opinion éclairée sur la situation économique et financière de Terre-Neuve, elle a poursuivi des études approfondies des divers aspects de l'économie terre-neuvienne ainsi que des progrès accomplis sous la commission gouvernementale. Elle en est maintenant rendue à la deuxième partie de son enquête qui doit porter sur l'avenir constitutionnel du pays. En mai dernier, une députation de la convention s'est rendue au Royaume-Uni afin de se renseigner sur les rapports financiers et économiques que pourraient comporter avec la métropole divers modes donnés d'administration. Cette députation a maintenant présenté un rapport à la convention.

La députation qui arrivera demain à Ottawa se compose de l'honorable F. G. Bradley, K.C., chef de la députation à Londres, et de six autres membres de la convention. Ces six derniers ne faisaient pas partie de la députation à Londres. Ce sont le secrétaire M. J. R. Smallwood, MM. T. G. W. Ashbourne, C. H. Ballam, le Révérend L. Burry, et MM. P. W. Crummey et G. F. Higgins, K.C.

J'ai invité à faire partie d'un comité chargé de rencontrer la députation de Terre-Neuve les membres suivants du Cabinet: le secrétaire d'Etat aux Affaires extérieures, le ministre de la

To consider and discuss amongst themselves as elected representatives of the Newfoundland people, the changes that have taken place in the financial and economic situation of the island since 1934, and, bearing in mind the extent to which the high revenues of recent years have been due to wartime conditions, to examine the position of the country and to make recommendations to His Majesty's government to be put before the people at a national referendum.

It will be seen from the terms of reference that the Convention does not itself have authority to decide Newfoundland's future form of government. The convention is empowered merely to make recommendations to the United Kingdom government as to possible forms of future government. It is conceivable that the convention may recommend one form, or alternative forms. In any event, whatever form or forms of government are recommended, the decision as to its acceptance is to be left to the people of Newfoundland themselves.

The convention, except for short periods of adjournment, has now been meeting continuously since September last. With a view to reaching an informed opinion on Newfoundland's economic and financial position, the convention has completed exhaustive inquiries into various phases of Newfoundland's economy, and its progress under the commission of government. The convention has come now to the second stage of its inquiry, namely a consideration of Newfoundland's constitutional future. In May of the present year a delegation from the convention visited the United Kingdom to seek information concerning the financial and fiscal arrangements which might be expected to exist between the United Kingdom and Newfoundland under alternative forms of future government. That delegation has reported to the convention.

The delegation which will arrive in Ottawa tomorrow will consist of Hon. F. G. Bradley, K.C., who led the delegation to London, and six other members of the convention. The six other members of the delegation to Ottawa were not members of the London delegation. They are Mr. J. R. Smallwood, secretary of the delegation, Mr. T. G. W. Ashbourne, Mr. C. H. Ballam, Rev. L. Burry, Mr. P. W. Crummey, and Mr. G. F. Higgins, K.C.

I have asked the following members of the government to act as a committee to meet with the delegation from Newfoundland: The Secretary of State for External Affairs, the Minister of

Justice, le ministre de la Reconstruction et des Approvisionnements, le ministre de la Défense nationale, le ministre des Finances, le ministre du Revenu national, le ministre des Pêcheries et le leader du Gouvernement au Sénat.

Les prochaines délibérations se dérouleront, j'en suis sûr, dans une atmosphère d'amitié et d'entente mutuelles. Des liens forts et durables unissent étroitement les populations du Canada et de Terre-Neuve. Nous partageons une commune allégeance à la couronne et un héritage commun d'institutions politiques et juridiques d'origine britannique. Nous entretenons d'étroites relations d'ordre personnel, professionnel et commercial. Nous sommes voisins dans la sphère de l'Amérique du Nord. Dans bien des domaines nos problèmes sont identiques. Nous avons, côte à côte, partagé des dangers et remporté des victoires. Ces liens constituent donc le fondement général sur lequel reposera la discussion franche et complète des nombreuses questions dont, en cas d'union, les deux pays devront tenir compte.

Les délégués terre-neuviens, ayant, avec leurs collègues de la Convention, examiné à fond les problèmes et les perspectives de Terre-Neuve, pourront éclaircir sensiblement les questions à l'étude. Ils auront l'occasion de constater par eux-mêmes le fonctionnement du régime fédératif canadien et seront ainsi mieux en mesure de renseigner leurs collègues sur ce que comporterait pour Terre-Neuve l'union des deux pays. Par suite des délibérations, la population canadienne se rendra mieux compte elle aussi de ce que signifierait pour le Canada la transformation de Terre-Neuve en province. La délégation terre-neuvienne exposera à la Convention nationale ses vues sur la situation. Il appartiendra ensuite à la Convention de recommander au Gouvernement du Royaume-Uni s'il convient d'appeler la population terre-neuvienne à se prononcer sur la question de l'union avec le Canada.

Il appartient évidemment à la population de Terre-Neuve de décider elle-même quelle sera la forme de son gouvernement. La population ou le Gouvernement du Canada ne veulent sûrement pas s'ingérer dans l'affaire. Si elle fait l'objet d'un référendum, quelle que soit la décision, le Gouvernement et la population du Canada l'accepteront avec compréhension et bienveillance.

Il va sans dire que le Canada ne prendrait aucune décision finale sans l'approbation du Parlement. L'article 146 de l'Acte de l'Amérique du Nord Britannique prescrit la façon de procéder advenant le cas où Terre-Neuve viendrait à faire

Justice, the Minister of Reconstruction and Supply, the Minister of National Defence, the Minister of Finance, the Minister of National Revenue, the Minister of Fisheries and the leader of the government in the Senate.

An atmosphere of mutual friendliness and understanding will, I am sure, characterize the forthcoming discussions. The peoples of Canada and of Newfoundland are closely associated through strong and enduring ties. We owe a common allegiance to the crown and have a common heritage of British political and legal institutions. We have many close personal, professional and commercial associations. We are neighbours in a North American environment. We face many common problems. We have memories of dangers shared and victories won together. These associations afford a broad basis for full and frank discussion of many of the considerations of which, in the event of union, account would have to be taken by both countries.

The Newfoundland delegates, having, with their colleagues in the convention, studied intensively the problems and prospects of Newfoundland, will be able to throw much light on the questions to be explored. They will have an opportunity to learn at first hand about the working of the Canadian federal system and will thus be in a better position to advise their colleagues on what would be involved for their country in the event of union. As a result of the discussions the Canadian people also will be in a better position to appreciate what would be involved for Canada were Newfoundland to become a province. The Newfoundland delegation will report their views of the situation to the national convention. It will remain for the convention to recommend to the government of the United Kingdom whether the question of union with Canada should be referred to the people of Newfoundland for a decision.

The question of Newfoundland's future form of government is of course one for the people of Newfoundland themselves to decide. It is not a matter in which either the people of Canada or the government of Canada would wish to interfere. Should the question become a matter of referendum, whatever the decision might be, it would be received by the government and people of Canada with understanding and goodwill.

On the part of Canada no final decision would of course be taken without the approval of parliament. Section 146 of the British North America Act makes provision for procedure in the event of the admission of Newfoundland to the



partie de la Confédération. Pour ce qui est du Canada, cet article prévoit la présentation d'adresses de la part des deux chambres du Parlement.

(Plus tard)

M. John Bracken (chef de l'Opposition): Monsieur l'Orateur, avant l'appel de l'ordre du jour, j'aimerais faire une courte observation au sujet de l'annonce que vient de faire le premier ministre. Tous mes honorables collègues ont appris, sans doute avec plaisir, la visite chez nous d'une députation représentative de l'île de Terre-Neuve. Je suis certain en outre que le peuple canadien saura faire bon accueil à cette députation et lui souhaiter bon succès dans la mission qu'elle entreprend chez nous non moins qu'en d'autres pays. Au nom du parti que je dirige, j'espère que grâce à cette visite, on trouvera un terrain d'entente, au mutuel avantage du Canada et de Terre-Neuve. Si l'opposition officielle peut rendre quelque service au cours des entretiens qui auront lieu dans les quelques jours qui vont suivre, je tiens à assurer au premier ministre que nous sommes à cette fin à l'entière disposition du gouvernement.

union. So far as Canada is concerned, the action provided for in this section is an address by both houses of parliament.

[Later:]

Mr. John Bracken (Leader of the Opposition): Mr. Speaker, I should like to make a brief observation with respect to the announcement just made by the Prime Minister. I am sure all hon. members are pleased to learn about the visit to Canada of a representative delegation from the island of Newfoundland. I am sure also the Canadian people will welcome this delegation and will wish for it every success in its mission to this and other lands. Speaking for this party I would say that we hope as a result of their visit here that common ground will be found which will result in mutual advantage both to Canada and to Newfoundland. If there is any way in which the official opposition can be useful in these discussions during the next few days, let me assure the Prime Minister that we shall be at the service of the government in this respect.

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*Extrait de The Mackenzie King Record*<sup>97</sup>  
*Extract from The Mackenzie King Record*<sup>97</sup>

On June 23 the Cabinet discussed Newfoundland again and Mackenzie King observed that it was "going to be very difficult to give Newfoundland terms which will be sufficient to bring them into Confederation and at the same time not make a serious problem with each one of our provinces."

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*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, June 24, 1947

NEWFOUNDLAND; DISCUSSIONS WITH CONVENTION DELEGATION

At the meeting of the Cabinet on June 23rd it was agreed that the conclusion of June 19th did not imply any commitment on the part of the government for

<sup>97</sup>Volume 4, p. 51.

special treatment to Newfoundland; all that could be said to the Newfoundland delegates in this respect would be that, should Newfoundland desire to enter Confederation, she would be treated on the same basis as other Provinces, and that the government of Canada would be prepared to examine, with authorized representatives of Newfoundland, ways and means by which, during a transitional period, a reasonable standard of Provincial services could be maintained and a Provincial budget balanced.

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*Extrait de The Mackenzie King Record*<sup>98</sup>  
*Extract from The Mackenzie King Record*<sup>98</sup>

...  
The [Newfoundland] delegation, which was led by F. G. Bradley, the Chairman of the Convention, and included J. R. Smallwood as secretary, arrived in Ottawa on June 24. The Prime Minister spent most of the day revising his speech for the opening meeting and preparing his remarks for the government dinner at the Country Club that evening.

At the dinner, Mackenzie King had a long talk with Bradley whom he found "exceedingly pleasant." "We seemed to be of one mind on every subject we touched on. He himself is a Liberal and was the leader of the Liberal party of Newfoundland though, at one time, he had only one follower. He, himself, is strongly for the confederation of Newfoundland with Canada and has been fighting that battle pretty much alone part of the time. He told me that the delegation that went to London was not a good delegation. There were unfortunate circumstances as well in that they arrived two days ahead of time. Had to be put up in a makeshift hotel first night and another place, the next night. Altogether arrangements very poor. He spoke in the highest possible terms of Lord Addison. Was very reasonable about the position of the delegation. Said they knew we had our problems as well as they, themselves. He spoke of what happened in '69. New Dominion being little known and the agitation being waged against it. Merchants particularly who wanted to hold on to tariffs. Had control of the polls. There was open voting and poor fishermen and others who wanted to vote for Confederation were told they would get no credit or gratuities, etc., if they did. Also of how when the delegation came to Ottawa in 1895, Sir Mackenzie Bowell was Prime Minister. The whole proceedings were rushed and they could get nowhere. Of course, the Tory Government of that day was dying. . . . He thought our greatest difficulty would come in dealing with other Maritime Provinces. Lester Burry was also, I found, most pleasant . . . .

"A very nice dinner was served. When it came to the toast to Newfoundland, I found it very easy to speak. I began by making references to recent conferences we had had, where we all had to be on our good behaviour, watch our steps, etc. Said it was a relief to me and my colleagues that we were now able, all of us, to talk together like ordinary folk. That was the way we felt toward our friends from

<sup>98</sup>Volume 4, pp. 51-3.

Newfoundland. Referred to our owing allegiance to the same Crown and being members of the Commonwealth.

"I spoke of this being particularly the 450th Anniversary of the discovery of Newfoundland. Said I wanted them to have their friends in Newfoundland know we were celebrating this anniversary with them. I then mentioned that we had at the table not only Ministers of the Crown and Members of the Government but leaders of the Opposition of all parties in the Commons and the Senate. That they need not imagine those gentlemen had come to do any honour to me. They would be glad to get me out of office, but they all wished to do honour to our friends from Newfoundland. Also I was anxious that we all should realize the question we were about to consider was altogether above party and one on which we would wish to have all parties united. In speaking about my own knowledge of Newfoundland, I referred to the flights that I had had over the Island but spoke more particularly of having gained my knowledge in associations which made both Labrador and Newfoundland very dear to me.

"I then referred to Norman Duncan's books and mentioned that Duncan and I had roomed together at College in 1891-92, and that Grenfell and I had been great personal friends. Referring to Duncan's story of fishermen and all, I said that these memories lent, as it were, a soft glow over all the Island and its romantic beauty, etc. This thought came to me while speaking and had not been in my mind before at all. It really was quite touching, even to myself, while speaking. I had also not thought of anything about the leaders until I was on my feet. In fact, one's best thoughts all come in these ways.

"When I came to the mission, I said my colleagues had told me I would have to be very careful of what I said. I then mentioned that I believed some day — the dream of a great country — a British country, extending from the waters of the Atlantic to the Pacific, all one, united, etc., would come to pass. Whether this was the moment or later, one could not say. I was sure, however, that our present gathering would bring us one step nearer that result. I then spoke of the only basis on which a solution could be found was one which would be satisfactory to the people both of Newfoundland and Canada. It was of course for Newfoundland itself to decide whether they wished to come in. I then proposed the toast to Newfoundland, coupling it with Mr. Bradley's name, and asking that our warmest greetings be brought back to our friends in Newfoundland. I spoke feelingly of the hospitality extended by Newfoundlanders to our troops in the course of the war."

The Prime Minister enjoyed the evening very much and on the way home from the Club reflected that he would not be surprised "if it might yet be that my part would help to bring about the rounding out of Canada as a nation in a manner which would take in all the territory from the waters of the Atlantic to those of the Pacific. To this end I would be tempted to remain a little longer in public life than otherwise I would wish to be. I am, however, not at all sure that it will be possible to make an agreement which Newfoundland would regard as satisfactory. There would then have to be a referendum.

"To my surprise this delegation is likely to be here for a month at least. From what Scott Macdonald tells me they hope to manoeuvre things so as not to make

their recommendations to the British Government until October, when it will be too late to have a referendum this year, and it might come some time next year. I realize that we are all at the moment writing a real page of history."

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*Extraits d'un mémorandum de la deuxième direction politique<sup>99</sup>*  
*Extracts from a Memorandum by Second Political Division<sup>99</sup>*

[n.d.]

MEMORANDUM OF SPEECH BY THE PRIME MINISTER AT  
 THE DINNER IN HONOUR OF THE DELEGATION FROM  
 THE NATIONAL CONVENTION OF NEWFOUNDLAND  
 ON JUNE 24TH

On the evening of June 24th the Prime Minister, the Right Honourable W. L. Mackenzie King, gave a dinner at the Country Club in honour of the Delegation from the National Convention of Newfoundland which arrived in Ottawa earlier the same day to commence discussions with the Canadian Government regarding the possibility of federal union of Canada and Newfoundland. The guests at the dinner included the Right Honourable L. S. St. Laurent, Secretary of State for External Affairs, and other members of the Cabinet who will meet with the Newfoundland Delegation, the leader of the Opposition in the Senate, the leaders of the Opposition parties in the House of Commons, the High Commissioners of the Commonwealth countries and a number of Government officials.

2. At the conclusion of the dinner the Prime Minister made a short speech and proposed a toast to Newfoundland, observing that June 24th is this year being celebrated in Newfoundland as the 450th anniversary of the discovery of the Island.[ . . . ]

3. In reply, Mr. Bradley thanked the Prime Minister most sincerely for the warm welcome which he and his associates had extended to the Newfoundland Delegation and he said that ever since the delegation had arrived on Canadian soil they had been greatly impressed with the friendliness and goodwill of the Canadian people. He expressed on behalf of the delegation, appreciation of the very genuine understanding of the Newfoundland people and their way of life which the Prime Minister had evinced in the course of his remarks. He said that it was a real happiness to him and to his colleagues to represent Newfoundland on an occasion when the High Commissioners of all the Commonwealth countries had come together to honour Newfoundland. Mr. Bradley said that Newfoundlanders are people with a sense of history and he reminded his listeners of the common stock from which all the Commonwealth peoples are sprung and of common origins of Canada and Newfoundland. He went back to the days of the hardy fishermen who crossed the ocean in search of fishing grounds in the New

<sup>99</sup>P. A. Bridle. Le texte reproduit ici est la version révisée.

<sup>99</sup>P. A. Bridle. The text printed here is the revised version.

World, and of the voyageurs who opened up the wilderness of that part of the North American Continent which later became Canada. He said that Newfoundlanders, however, had developed somewhat separately from the rest of British North America and, being an island people, were in a position to view the countries around them in the Atlantic basin rather objectively. Particularly in recent years they have become increasingly aware of the stature and remarkable development of Canada as a federal state. They are impressed with what Canada has been able to accomplish in federation as compared with what each of the federated provinces would have achieved had they remained separate. It is therefore not unnatural that at this juncture in their history, Newfoundlanders should seriously consider whether or not their future might best be assured by Newfoundland becoming the tenth province of Canada. The circumstances under which this deliberation is taking place are, he said, unique. For the first time, as far as he knows, in the history of the North American continent, a people has been presented with the task of themselves determining in a referendum the form of government under which they should live. Newfoundlanders, he said, will consider more than one form of government and they are by nature an independent and self-reliant race. In sending a delegation to Ottawa, the National Convention has no thought of asking assistance for Newfoundland from a larger country. Their purpose rather is to ascertain whether there may be a fair and equitable basis for federal union of Canada and Newfoundland, and by a fair and equitable basis the National Convention understands not only what would be fair for Newfoundland but also what would enable Newfoundland to make a genuine contribution to the common welfare of Canada as a whole.

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355.

*Extrait de The Mackenzie King Record*<sup>100</sup>

*Extract from The Mackenzie King Record*<sup>100</sup>

...

The next morning Mackenzie King arrived at the Parliament Buildings a little before 10.30 A.M. and met the Newfoundland delegation in the Hall of Fame. "As we were going into the Railway Committee Room, shook hands with them all and had a pleasant word. In the Railway Committee Room, many photos were taken after we were seated. Members of the delegation were to my right. St. Laurent and our delegation to the left around a sort of square. Advisers along both sides. The press ranged in two rows further to the right. After numerous photographs were taken, I read my opening address. It was replied to by Bradley in a very carefully prepared address, remarkably friendly. After, more photographs were taken. Significantly enough, a huge map of Canada was immediately behind where we were sitting and a picture of the Fathers of Confederation on the walls to the left. Bradley reminded the gathering that two of the Newfoundland representatives were among the Fathers of Confederation. St. Laurent

<sup>100</sup>Volume 4, p. 53. La date de cette rencontre est le 25 juin.

<sup>100</sup>Volume 4, p. 53. The date of this meeting was June 25.

proposed that Bradley and I should be photographed in front of the picture. It seemed to me, however, that was going a little too far. The picture was very high up on the wall. I told the photographers that Mr. St. Laurent was a man of high ideals. Mr. Bradley and I then went together over to the C.B.C. to record our speeches.”

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*Procès-verbal d'une réunion entre la délégation à Ottawa de la  
Convention nationale de Terre-Neuve et des représentants  
du gouvernement du Canada*

*Minutes of a Meeting between the Delegation to Ottawa from the  
National Convention of Newfoundland and Representatives  
of the Government of Canada*

A meeting of the delegates from the National Convention of Newfoundland and representatives of the Government of Canada was held in the Railway Committee Room, House of Commons, Wednesday, June 25th, 1947, at 10:30 a.m.

*Present:*

The Prime Minister of Canada, (Mr. King), Chairman,

**CANADIAN MEMBERS**

The Secretary of State for External Affairs, (Mr. St. Laurent),

The Minister of Justice, (Mr. Ilsley),

The Minister of National Revenue, (Dr. McCann),

The Minister of Finance, (Mr. Abbott),

The Minister of Fisheries, (Mr. Bridges).

**NEWFOUNDLAND MEMBERS**

The Honourable F. G.  
Bradley

Mr. Ashbourne

Mr. Ballam

Rev. Burry

Mr. Crummey

Mr. Higgins

Mr. Smallwood

Mrs. O'Keefe (Secretary).

**CANADIAN OFFICIALS**

Mr. Scott Macdonald

Mr. Pearson

Dr. Keenleyside

Mr. Bates

Mr. Reid

Mr. MacKay  
 Mr. Wershof  
 Mr. Newman  
 Mr. Sharp  
 Mr. Bridle  
 Mr. Hockin  
 Mr. Coyne  
 Mr. Watts

## SECRETARIAT

Mr. J. R. Baldwin  
 Mr. J. Howes  
 Miss Muriel Mosley

Members of the Press and the public were also present.

1. THE PRIME MINISTER welcomed the delegates and made the following statement:<sup>100a</sup> Mr. Bradley and members of the delegation from the National Convention of Newfoundland:

"I am very happy to extend to you, on behalf of the Government and people of Canada, a warm welcome to Ottawa.

In welcoming you, we welcome neighbours and kinfolk who, with us, owe a common allegiance to the Crown, and whose countries are members of the British Commonwealth. History and Geography have given us much in common. We enjoy with you the heritage of British freedom and the even older heritage of Christian civilization. We have shared together the perils and sacrifices of two world wars. Side by side, we face the uncertainties of the post-war world.

Newfoundlanders are no strangers to Canada, nor are Canadians strangers to Newfoundland. From Newfoundland many have settled in our country and become Canadian citizens; some have made distinguished contributions to the development of Canada as a nation. During recent years, an increasing number of Canadians have come to know Newfoundland at first hand. Business and professional relations occasion frequent visits of Canadians to the island. During the long years of war, many of our young men and women saw service in many parts of Newfoundland and Labrador and enjoyed your generous hospitality. We are pleased that many of your sons and daughters served the cause of liberty and humanity in the Canadian forces. These are but a few of many interchanges which, with the years, have brought us more closely in touch with each other.

When, over eighty years ago, the plan of union of the British colonies in North America was drafted at Quebec, the representatives of Newfoundland took an active part in that historic conference. The British North America Act expressly reserved a place for Newfoundland in the union. In 1867, four provinces of British North America became federally united into one dominion under the British crown. Newfoundland however, in 1869, decided, as she was in every way entitled to do, not to join the union. Again in 1895, union with Canada was discussed between the governments of our two countries. An acceptable basis for

<sup>100a</sup>Pour le texte de ces discours en français, voir la page 529.

union, was, however, not found at that time. In a historical sense, the discussions we are entering upon today are a continuation of those which began over eighty years ago.

You, gentlemen, have come as a delegation from the National Convention of Newfoundland, to consider and discuss with representatives of the Canadian Government whether, from Newfoundland's point of view, there is a fair and generally acceptable basis for federal union with Canada. We are naturally equally concerned that any basis of union should be of mutual advantage. At a later stage, the Convention, I understand, is to make recommendations to the United Kingdom Government as to possible forms of future government to be put before the people of Newfoundland in a referendum.

We have been told that, during the past few months, the Convention has made exhaustive inquiries into the economic and financial conditions of Newfoundland, its needs and future prospects. You are, therefore, especially qualified to examine the question of federal union with Canada from the Newfoundland point of view. Moreover, as you come from widely separated communities, and are of different walks of life, the delegation as a whole will be in a position to inform our representatives on many matters on which we shall require information, and to discuss, with special knowledge, many problems which will have to be explored.

On our part, we shall be glad to furnish you with the fullest information possible. When our Government learned that the Newfoundland Convention had decided to send a delegation to Ottawa, we at once had our officials prepare such information as was most likely to be required. In the discussions, the appropriate officials will be at your disposal.

I have asked the following members of the Government to act as a Committee to meet with the delegates from Newfoundland:

The Right Honourable Louis S. St. Laurent, Secretary of State for External Affairs,

The Right Honourable J. L. Ilsley, Minister of Justice,

The Right Honourable C. D. Howe, Minister of Reconstruction and Supply,

The Honourable Brooke Claxton, Minister of National Defence,

The Honourable D. C. Abbott, Minister of Finance,

The Honourable J. J. McCann, Minister of National Revenue,

The Honourable H. F. G. Bridges, Minister of Fisheries; and

The Honourable W. McL. Robertson, Leader of the Government in the Senate.

It may well be that much of the information sought will be most conveniently obtained from officials of the several departments of the Government, and that you will not wish to have Ministers present at all the discussions, particularly on matters of detail. Where desired, other Ministers of the Crown will be only too ready to meet with members of the delegation. The Government is anxious that every possible assistance, as well as courtesy, should be extended to the delegation during its stay.



The procedure to be adopted is a matter to be arranged between members of the delegation and the Ministers.

An atmosphere of mutual friendliness and understanding will, I am sure, characterize the forthcoming discussions. There will be many phases of this important matter which will call for very careful exploration. It might be well were we to realize, at the outset, that however close the association of our two countries may be, and however much our two peoples may have in common, union is not a course to be undertaken lightly by either side. It would involve for both Newfoundland and Canada far-reaching administrative and economic changes. For each of our people it would involve some alteration in their traditional outlook. I do not suggest that these and other problems which may arise are obstacles to union, but rather that they merit serious and unhurried examination by both sides. The matter of union can only be rightly approached from the broad standpoint of whether, for Newfoundland and for Canada alike, union would be mutually advantageous. This, of course, does not exclude careful consideration, as well, of the position of both our countries as members of the British Commonwealth.

Let me in conclusion repeat what I have already said to our parliament, namely that the question of Newfoundland's future form of government is one for the people of Newfoundland themselves to decide. It is not a matter in which either the people of Canada or the Government of Canada would wish to interfere. Should the question become a matter of referendum, whatever the decision might be, it would be received by the Government and people of Canada with understanding and goodwill. On the part of Canada, no final decision would, of course, be taken without the approval of Parliament.

Before questions of procedure are dealt with, and the most practical way of carrying on the discussions is considered, I have no doubt that you, Mr. Bradley, will have some observations which you would like to make, on behalf of the delegation, concerning its mission.

I am sure all present would be delighted to hear from you."

2. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION expressed his appreciation of the welcome the delegation had received and made the following statement:

"Mr. Prime Minister, after the generous and graceful tribute which you paid our country last night, and the moving sentiments of fraternity you have just expressed toward Newfoundland, it is very difficult for me to find words that would fully express our appreciation, or the appreciation that I know our Newfoundland people will feel when they read your address. Your welcome to us is all the more gratifying because of the evidence we have already seen that it is shared by all parties of the Parliament of Canada. And gladly I avail [*sic*] this opportunity to acknowledge, for all of us, the warm-hearted, kindly welcome we have received at every turn from Canadians of all walks of life from the moment we landed at North Sydney. To you, Mr. Prime Minister, to your fellow Ministers, to your fellow Parliamentarians, and to the people of Canada, we say simply: Thank you for a welcome that we shall never forget.

Newfoundland may be described as a country in search of a satisfactory form of government. For upwards of thirteen years the country has been managed by what we may fairly call a caretaker administration. This administration, known as Government by Commission, is appointed and controlled by His Majesty's Government in the United Kingdom. It is not representative of the people except in the limited sense that three of its seven members are residents of Newfoundland who have been selected and appointed by the British Government, the other four being residents of the United Kingdom. It was frankly admitted, when this Commission system of administration was first proposed and inaugurated, that it was to be of a temporary character, lasting for a limited period of years. The two conditions of its abolition were set forth clearly in the beginning; it was to continue until Newfoundland became self-supporting again and the Newfoundland people requested its discontinuance. The first of these conditions having, it seems, been met, the people are soon to enjoy the opportunity of expressing their desire either for its retention or for some permanent form of government more to their liking. Their desire will be expressed in a National Referendum, and for the principal purpose of giving informed consideration to the various possible alternative forms of government, a National Convention has been elected by the people and has been actively at work for some months past. This National Convention which is the first national body to be elected in Newfoundland for over fifteen years, has been elected chiefly to consider the various forms of government which appear to them to be suited to the country's needs. This consideration will culminate in a recommendation, or a number of recommendations, by the National Convention. This recommendation, or these recommendations, will be made to the British Government, and by the latter submitted to the Newfoundland people in the National Referendum.

The Delegation which I have the honour to represent today has been appointed by the National Convention to gather all the pertinent facts available about one particular form of government, namely, federal union of Newfoundland with the Confederation of Canada. The seven of us on this Delegation are elected members of the National Convention. I may say that we are the only sub-body of the National Convention as yet elected to gather the facts about any particular form of government. The motion of the National Convention which resulted in our creation as a Delegation authorizes us, and here I quote the exact words, 'to ascertain what fair and equitable basis of federal union' there may be between Canada and Newfoundland. We are expected by the National Convention to ascertain the facts of this 'fair and equitable' basis and to carry them back to our parent body, the Convention itself. The Convention may or may not recommend that federal union on the basis we ascertain be placed by the British Government before the Newfoundland people in the National Referendum.

The final decision on federal union, if there is a decision, will be made by the Newfoundland people in that Referendum. It is my duty to make it clear that neither this Delegation nor the National Convention itself can commit Newfoundland to entry into your Canadian union. Our authority begins and ends with the collection of the facts and details of a fair and equitable basis of union.

I have said that one of the conditions originally laid down for the discontinuance of the present system of administration is that the country must have

become self-supporting again. The word 'again' will have struck you as significant. The fact is that this present temporary system of government was proposed and introduced because Newfoundland has ceased to be self-supporting. This became painfully apparent to us at about the same time that all of North America and Europe fell upon evil economic times — that terrible era of depression which, commencing in the fall of 1929, continued with perhaps diminishing severity until the outbreak of the late war. Most of the world felt the blighting impact of that depression, but to Newfoundland it was disastrous. I admit it frankly, for it is the frank recognition of the fact by Newfoundlanders in general that has led some of them to examine the basic nature of our Newfoundland economy, and to wonder whether our disaster of the early nineteen-thirties was not the inevitable result of our centuries-old economic isolation. This enquiry has led, in turn, to the thought that possibly the integration of our Newfoundland economy with that of a much larger, much more diversified, and more stable economy would be the real solution of our country's problem. It is a very small step from consideration of economic integration to constitutional and political federation.

I would not have you suppose that what we have in mind is something in the nature of economic crutches to be provided by another country. It is not crutches that we need, but rather the removal of certain economic impediments in our basic industries that are the inescapable product of our economic and constitutional insularity. Not the least of these impediments is the crippling effect of high customs import duties upon our primary industries which have to compete in the same markets with countries whose corresponding basic industries are not so impeded. And yet we are very much aware of the fact that these high customs duties as a main source of government revenue are inevitable so long as we remain, or should I say attempt to remain, a self-contained isolated, independent community. One of the most serious of all these impediments is our country's relative absence of bargaining power in the international trading fields in which we must operate. We import into Newfoundland practically everything we consume, and we export practically everything we produce. Our trade is almost entirely external, and while we continue to be an independent country, the scattered nature of our trading connections makes our trade of relatively little importance to most of the lands with which we do business.

These are economic matters, and it may appear not altogether fitting on this notable occasion to lay such emphasis upon them. But overshadowing as they do all political issues in our country, these economic aspects occupy a place of primary importance in the minds of our people. Indeed political and constitutional considerations derive their importance from their relationship to the economics of the country, and as we wish above everything to be utterly frank with you, I deliberately place the economics of Newfoundland in the forefront of our discussions. But, Mr. Prime Minister, it would be a grotesque misrepresentation of our Newfoundland people if I chanced to convey the impression that we are a hard-headed, money-minded land without emotion and without profound adherence to precisely those great principles, to those human reactions, that characterize the people of your great land. I think I may say that the vast majority of Newfoundlanders are warm-hearted, hospitable, generous and unselfish. With

most of them it requires a conscious effort to place economic considerations above those of the spirit and the heart. We have not been conspicuously successful at looking to the main chance. Should these talks produce an understanding between us, and that understanding be endorsed by the country in the forthcoming Referendum, and Newfoundland become the tenth province of your Canadian Union, you will be receiving as a partner a proud people eager and determined to pull their weight in generous measure. For make no mistake, union of Newfoundland and Canada will never take place, while our people have the decision, unless Newfoundlanders are convinced that they have a contribution to make towards the general good of the partnership in which they share.

In the forty-two thousand square miles of Newfoundland herself, and the hundred and ten thousand square miles of our Labrador, we believe we possess very great possibilities of development and expansion along industrial lines. We have lacked the capital and the adequate population — and here I am thinking of numbers — to develop our natural resources to anything more than a token of what we believe they might be. We believe we possess at least the basic possibilities of enduring prosperity, if once we come by the type of government that will be a help rather than a hindrance to sound development. We are wondering frankly whether Confederation is that type of government. We are here, with your sympathetic and understanding cooperation, to see if it is. Our fellow countrymen in Newfoundland are following our movements with very deep interest.

It was a great dream that the founders of this Canadian union had eighty years ago, when they foresaw on the northern half of this continent a vast British nation stretching from St. John's to Victoria. Two of our own Newfoundlanders shared that dream and did what they could to give it birth — Sir Frederick Carter and Sir Ambrose Shea, who will go down in history as two of the Fathers of Confederation. Newfoundland did not elect to enter the new union at that time, but when we remember that the union itself was very new, and was not all understood by our people, and the more important fact that Newfoundland did not then enjoy a democratic franchise or the secret ballot, it is easy to understand why that first invitation to Newfoundland to enter the partnership was rejected. The other rejection was not made by the Newfoundland people, for it was not submitted to them. That was the occasion, in 1895, when your Dominion was administered by the government headed by Sir Mackenzie Bowell. The failure of that attempt at federal union of the two countries was due largely to the hurried nature of the explorations and conversations between the parties, for the conference of 1895 occupied a mere twelve days. I believe I can say that if the present discussions come to nothing in the end by way of effecting federal union between us, it will not arise from any repetition of the inadequate explorations of '95 or from the undemocratic franchise of '69. We of this Delegation believe it to be our plain duty to Newfoundland to make as thorough an investigation of this whole question as your cooperation and forbearance will permit.

Mr. Prime Minister, it was Providence that placed our two countries beside each other, with a narrow ribbon separating us — a ribbon of salt water scarcely as wide as some of your own magnificent lakes. We are both British, the only two British countries in this northern half of America. We owe allegiance to a common Crown. Our relationships are already intimate and cooperative at a thou-

sand points of contact. Is it too much to hope that out of these conversations commencing today there may emerge a fair and equitable basis of federal union which both peoples, Canadian and Newfoundlanders, will willingly, indeed gladly, accept?

Before I conclude I wish on behalf of the people we represent, the people of Newfoundland, to express to Canada, through you, Sir, our heartfelt gratitude for the unstinted, the generous, the brotherly welcome with which you have met us. We have met nothing but kindness from the moment we set foot on Canadian soil four days ago, the sort of uncalculating kindness one has a right to expect only from his very brother. In the salty phraseology of the sea, 'Long may your big jib draw!'"

3. MR. KING suggested that the Newfoundland delegates and the members of the Canadian delegation meet in the afternoon at 2:30 in Senate Committee Room 258, to arrange procedure to be followed at subsequent meetings.

4. MR. BRADLEY expressed his agreement with this arrangement.

The meeting adjourned at 11:10 a.m.

[TRADUCTION]

DISCOURS DU PREMIER MINISTRE

Monsieur Bradley, Messieurs les délégués de la Convention nationale de Terre-Neuve, je suis très heureux de vous souhaiter au nom du Gouvernement et du peuple canadiens, la plus cordiale bienvenue à Ottawa.

Ce sont des voisins et des parents que nous accueillons aujourd'hui, des voisins et des parents qui doivent à la Couronne une fidélité et une obéissance communes, et dont le pays est, comme le nôtre, membre du Commonwealth britannique. L'histoire et la géographie nous ont donné beaucoup de choses en commun. Avec vous, nous jouissons d'un double héritage dont l'un est la liberté britannique et l'autre, encore plus ancien, la civilisation chrétienne. Nous avons ensemble partagé les périls et les sacrifices de deux guerres mondiales. A côté les uns des autres, nous affrontons aujourd'hui les incertitudes du monde d'après-guerre.

Les Terre-Neuviens ne sont pas des étrangers pour le Canada, non plus que les Canadiens des étrangers pour Terre-Neuve. Un grand nombre de Terre-Neuviens, qui se sont établis chez nous, sont devenus citoyens canadiens; quelques-uns ont contribué avec distinction au progrès de la nation canadienne. Au cours de ces dernières années, un nombre croissant de Canadiens ont été à même de connaître Terre-Neuve intimement. Les relations commerciales et professionnelles fournissent à nombre de Canadiens l'occasion de faire dans l'île de multiples visites. Pendant les longues années de guerre, les nombreux jeunes Canadiens et Canadiennes qui ont servi sur divers points de Terre-Neuve et du Labrador ont joui de votre généreuse hospitalité. Nous sommes heureux que plusieurs de vos fils et de vos filles aient servi la cause de la liberté et de l'humanité dans les armées canadiennes. Encore ne sont-ce là que quelques-uns des échanges qui, le long des années, n'ont cessé de nous rapprocher.

Lorsque, il y a plus de quatre-vingts ans, s'élaborait à Québec le projet d'union des colonies britanniques de l'Amérique du Nord, les représentants de Terre-Neuve prirent une part active à la mémorable conférence. L'Acte de l'Amérique

du Nord britannique réservait expressément à Terre-Neuve une place dans l'union. En 1867, quatre provinces de l'Amérique du Nord britannique s'unirent, dans le cadre du fédéralisme, pour former un Dominion sous la Couronne britannique. En 1869, cependant, Terre-Neuve décidait, comme elle en avait parfaitement le droit, de ne pas adhérer à l'union. De nouveau, en 1895, l'union avec le Canada fit l'objet de pourparlers entre les gouvernements de nos deux pays. Mais ils ne trouvèrent pas de base acceptable d'union. Du point de vue historique, les entretiens qui s'ouvrent aujourd'hui sont la continuation de ceux qui commencèrent il y a plus de quatre-vingts ans.

Vous venez aujourd'hui, Messieurs, délégués par la Convention nationale de Terre-Neuve, examiner et discuter avec des représentants du Gouvernement canadien la question de savoir s'il existe, aux yeux de Terre-Neuve, une base équitable et généralement acceptable d'union fédérale avec le Canada. Naturellement, nous tenons, nous aussi, à ce que toute base d'union comporte des avantages mutuels. Je crois savoir que la Convention donnera plus tard son avis au gouvernement du Royaume-Uni sur les formes possibles de gouvernement qui seront soumises au peuple de Terre-Neuve par voie de referendum.

On nous a dit qu'au cours de ces derniers mois, la Convention a mené une enquête approfondie sur la situation économique et financière de Terre-Neuve ainsi que sur ses besoins et ses perspectives d'avenir. Vous êtes donc particulièrement compétents pour examiner, du point de vue de Terre-Neuve, la question d'une union fédérale avec le Canada. Au surplus, comme vous appartenez à des collectivités fort disséminées, et que vous êtes membres de professions différentes, l'ensemble de la délégation sera en mesure d'expliquer à nos représentants plusieurs points que nous connaissons insuffisamment et vous pourrez discuter en connaissance de cause les multiples problèmes qu'il y aura lieu d'étudier.

De notre côté, nous vous fournirons volontiers tous les renseignements possibles. Lorsque notre gouvernement a appris que la Convention de Terre-Neuve avait pris le parti d'envoyer une délégation à Ottawa, nous avons immédiatement chargé nos bureaux de réunir les données les plus importantes. Au cours de ces entretiens, les fonctionnaires compétents seront à votre disposition.

J'ai prié les membres suivants du Gouvernement de se former en comité afin de conférer avec les délégués de Terre-Neuve:

Le très honorable Louis-S. St-Laurent, Secrétaire d'État aux Affaires extérieures,

Le très honorable J. L. Ilsley, ministre de la Justice,

Le très honorable C. D. Howe, ministre de la Reconstruction et des Approvisionnements,

L'honorable Brooke Claxton, ministre de la Défense nationale,

L'honorable D. C. Abbott, ministre des Finances,

L'honorable J. J. McCann, ministre du Revenu national,

L'honorable H. F. G. Bridges, ministre des Pêcheries,

L'honorable W. McL. Robertson, leader du Gouvernement au Sénat.

Il est fort possible que les hauts fonctionnaires des divers services de l'État soient le plus en mesure de vous procurer une bonne partie de la documentation et que vous ne désiriez pas que les ministres assistent à tous les entretiens, surtout lorsqu'il s'agira de questions de détail. D'autres ministres de la Couronne s'empresseront, le cas échéant, de conférer avec les membres de la délégation. Le Gouvernement tient à ce que, pendant son séjour parmi nous, la Délégation jouisse de toute l'aide et de tous les égards possibles.

Les membres de la Délégation et les ministres pourront s'entendre sur le mode de procédure à suivre.

Je suis sûr que les entretiens se dérouleront dans une atmosphère d'amitié et d'entente mutuelles. Plusieurs aspects de cette importante question exigeront un examen très minutieux. Nous ferions bien de nous rendre compte dès le début que, si étroites que puissent être les relations entre nos deux pays et si nombreux que puissent être les points d'intérêt commun à nos deux peuples, l'union n'est pas, d'un côté ou de l'autre, un parti à prendre à la légère. Elle entraînerait, tant pour Terre-Neuve que pour le Canada, des changements profonds d'ordre administratif et économique et chacune de nos deux populations devrait modifier quelque peu ses conceptions traditionnelles des choses. Je ne veux pas dire que ces problèmes et d'autres qui pourront surgir constituent des obstacles à l'union, mais plutôt qu'ils méritent d'être examinés par les deux parties de façon réfléchie et circonspecte. Nous ne saurions aborder judicieusement la question de l'union qu'en nous demandant au préalable si cette union sera à l'avantage mutuel de Terre-Neuve et du Canada. Il va sans dire que cette considération n'exclut pas un examen attentif de la situation de nos deux pays en tant que membres du Commonwealth britannique.

Permettez-moi de répéter en terminant ce que j'ai dit à notre Parlement, que c'est aux Terre-Neuviens eux-mêmes qu'il appartient de se prononcer sur la forme que leur gouvernement doit prendre. Ce n'est pas une question dans laquelle le peuple canadien ou son Gouvernement aimerait à s'ingérer. Si la question donne lieu à un referendum, le Gouvernement et le peuple du Canada accueilleront avec compréhension et bienveillance la décision que pourra être prise, quelle qu'elle soit. Est-il besoin de rappeler que le Canada ne saurait se prononcer définitivement sans l'approbation du Parlement.

Avant que la conférence s'occupe des questions de procédure et cherche la méthode la plus pratique de poursuivre les entretiens, je ne doute pas, monsieur Bradley, que vous désiriez formuler, au nom de la Délégation, quelques observations sur la mission qui vous a été confiée.

Je suis sûr que toute l'assistance sera ravie de vous entendre.

#### DISCOURS DE M. BRADLEY

Monsieur le Premier Ministre,

Après l'hommage délicat et généreux que vous avez rendu hier soir à notre pays, et les émouvants sentiments de fraternité que vous venez d'exprimer à l'endroit de Terre-Neuve, il m'est très difficile de trouver les mots qui exprimeraient bien toute notre reconnaissance, la même reconnaissance que notre population de Terre-Neuve éprouvera aussi, j'en suis sûr, en lisant votre discours.

Votre accueil nous touche d'autant plus que nous avons pu voir combien les sentiments qui l'inspirent sont partagés par chacun des partis du Parlement canadien. Et je saisis avec joie cette occasion d'exprimer notre reconnaissance, au nom de nous tous, pour l'accueil toujours cordial et bienveillant que nous ont fait depuis notre débarquement à North-Sydney les Canadiens de toutes conditions. Nous vous disons simplement, Monsieur le Premier Ministre, ainsi qu'à vos collègues du Cabinet et du Parlement et à toute la population du Canada. "Merci de votre accueil. Nous ne l'oublierons jamais."

On peut dire de Terre-Neuve que c'est un pays en quête d'une forme satisfaisante de gouvernement. Depuis plus de treize ans, ce pays est dirigé par ce que l'on pourrait appeler une administration d'attente. Cette administration, que l'on appelle Gouvernement par Commission, est désignée et dirigée par le Gouvernement de Sa Majesté au Royaume-Uni. Elle ne représente pas la population, sauf en ce sens limité que trois de ses sept membres sont des résidents de Terre-Neuve, choisis et nommés par le Gouvernement britannique, tandis que les quatre autres sont des résidents du Royaume-Uni. Lorsque ce mode d'administration par commission a d'abord été proposé, puis inauguré, l'on admit franchement qu'il était temporaire de sa nature et ne devrait durer que peu d'années. Dès le début, les deux conditions de son abolition furent clairement énoncées: cette administration subsisterait jusqu'à ce que Terre-Neuve pût de nouveau se subvenir à elle-même et que la population terre-neuvienne en demandât l'abolition. Comme il semble que la première de ces conditions soit maintenant remplie, la population aura bientôt l'occasion de manifester son désir, soit de conserver le même mode de gouvernement soit de jouir d'un mode de gouvernement plus permanent et plus conforme à ses goûts. Un referendum national fera connaître les vues de la population; d'autre part, afin surtout d'envisager en connaissance de cause les diverses formes possibles de gouvernement, une Convention nationale a été élue par la population et travaille diligemment depuis déjà quelques mois. Cette Convention nationale, premier corps national élu à Terre-Neuve depuis plus de quinze ans, a été chargée surtout d'examiner les diverses formes de gouvernement qui lui semblent pouvoir répondre aux besoins du pays. Il sortira de cette étude une recommandation, ou un certain nombre de recommandations, formulées par la Convention nationale. Cette recommandation, ou ces recommandations, seront présentées au Gouvernement britannique et soumises par celui-ci à la population de Terre-Neuve au moyen d'un referendum national.

La Délégation que j'ai l'honneur de représenter aujourd'hui a été désignée par la Convention nationale pour rassembler toutes les données pertinentes qu'elle pourra se procurer au sujet de l'un en particulier de ces modes de gouvernement: l'union fédérale de Terre-Neuve à la Confédération canadienne. Nous sommes tous, nous les sept membres de cette Délégation, membres élus de la Convention nationale. Je puis vous dire que nous sommes jusqu'ici le seul organe de la Convention nationale qui ait été élu pour se documenter sur l'un des modes possibles de gouvernement. La motion de la Convention nationale à la suite de laquelle notre Délégation a été créée nous autorise — je cite au texte — à "examiner la possibilité de trouver une base juste et équitable d'union fédérale" entre le Canada et Terre-Neuve. La Convention nationale nous charge de nous



renseigner sur les données de cette base "juste et équitable" et d'en informer la Convention elle-même, dont nous sommes les délégués. La Convention pourra recommander ou ne pas recommander au Gouvernement britannique de soumettre à la population de Terre-Neuve, par referendum national, une union fédérale fondée sur la base que nous sommes venus étudier.

La décision dernière sur l'union fédérale, si décision il y a, sera prise par la population de Terre-Neuve lors de ce referendum. Je me dois de vous bien préciser que ni notre Délégation ni la Convention nationale elle-même ne peuvent se prononcer au nom de Terre-Neuve en ce qui concerne l'entrée dans votre union canadienne. Notre mission consiste uniquement à relever les faits et détails qui se rapportent à une base d'union "juste et équitable."

J'ai dit que l'une des conditions posées dès le début à l'abolition du mode actuel d'administration était que Terre-Neuve pût de nouveau se subvenir à elle-même. L'importance de l'expression "de nouveau" vous a sûrement frappés. En effet, notre mode actuel et temporaire de gouvernement fut proposé et instauré parce que Terre-Neuve ne pouvait plus se subvenir à elle-même. Nous dûmes faire cette douloureuse constatation vers le temps où l'Amérique du Nord et l'Europe toute entière entraient dans une époque de malheurs économiques — cette époque terrible de la crise qui, à partir de l'automne de 1929, s'est poursuivie avec une rigueur à peine décroissante jusqu'à l'explosion de la récente guerre. La plus grande partie de l'univers ploya sous le coup de la crise, mais pour Terre-Neuve ce fut un désastre. Je le reconnais franchement, car c'est la franche reconnaissance de ce fait par l'ensemble des Terre-Neuviens qui a poussé certains d'entre eux à remettre en question les fondements mêmes de notre économie terre-neuvienne et à se demander si notre désastre des premières années trente n'était pas la conséquence inévitable de notre séculaire isolement économique. De là ils en sont venus à se demander si l'intégration de notre économie terre-neuvienne dans une économie beaucoup plus grande, beaucoup plus diversifiée et plus stable ne constituerait pas la solution du problème qui se pose à notre pays. Entre l'idée d'une intégration économique et celle d'une fédération constitutionnelle et politique, il y a un intervalle qui est vite franchi.

Nous ne voudrions pas avoir l'air de chercher à obtenir d'un autre pays des béquilles économiques ou quelque chose d'approchant. Ce ne sont pas des béquilles qu'il nous faut, mais plutôt la suppression de certains embarras économiques qui entravent nos industries de base et sont le résultat inévitable de notre insularité économique et constitutionnelle. Parmi ces embarras figure en bonne place l'effet paralysant d'une imposition douanière très lourde sur les importations de nos industries primaires, obligées de soutenir la concurrence, sur les mêmes marchés, de pays dont les industries correspondantes n'ont pas à supporter un tel fardeau. En même temps, nous devons reconnaître qu'une imposition douanière aussi élevés, source principale des revenus de l'État, restera inévitable tant que nous resterons nous-mêmes — que nous essaierons de rester, devrais-je dire — un groupe humain isolé, indépendant et complet par lui-même. L'un des plus graves de ces embarras réside dans la quasi-impossibilité où nous sommes de négocier sur les marchés internationaux où nous devons traiter. Terre-Neuve importe à peu près tout ce qu'elle consomme et exporte à peu près tout ce qu'elle produit.

Notre commerce est presque entièrement extérieur. Nous continuons d'être un pays indépendant, mais le dispersement de nos relations commerciales est tel que notre commerce n'a guère d'importance pour la plupart des pays avec lesquels nous commerçons.

Ce sont là des questions d'ordre économique sur lesquelles il ne convient peut-être pas de tant insister en cette occasion. Mais ces aspects économiques occupent une place de première importance dans les préoccupations de notre peuple, car ils dominent toutes les questions politiques du pays. En vérité, le côté politique et constitutionnel tire toute son importance de ces rapports avec l'économie du pays, et comme nous tenons avant tout à vous parler en toute franchise, c'est délibérément que je place l'économie de Terre-Neuve au premier plan de nos discussions. Cependant, Monsieur le Premier Ministre, ce serait donner une idée grossièrement inexacte du caractère de notre population terre-neuvienne que de vous laisser croire un seul instant que nous sommes un pays de gens positifs et mercantiles, étrangers à toute émotion et à toute adhésion profonde aux grands principes, aux réactions humaines qui caractérisent la population de votre grand pays. Je crois pouvoir affirmer que l'immense majorité des Terre-Neuviens sont cordiaux, hospitaliers, généreux et désintéressés. La plupart d'entre eux doivent s'astreindre à un effort conscient pour faire passer les considérations économiques avant celles de l'esprit et du cœur. Nous n'avons pas précisément brillé par le don de nous concilier les faveurs de la fortune. Si les entretiens qui s'ouvrent aboutissent à une entente et que, notre pays ayant approuvé cette entente lors du referendum, Terre-Neuve devienne la dixième province de votre union canadienne, vous aurez pour associé un peuple fier, soucieux et résolu de porter généreusement sa part du fardeau. Car ne vous y trompez pas, l'union de Terre-Neuve et du Canada n'aura lieu, pour autant que la décision relève de notre peuple, que si les Terre-Neuviens sont persuadés qu'ils peuvent contribuer au bien général de l'association dont ils feraient partie.

Dans les quarante-deux mille milles carrés de l'île de Terre-Neuve et les cent dix mille milles carrés de notre Labrador, nous croyons posséder de grandes possibilités de développement et d'expansion industriels. Il nous a manqué jusqu'ici les capitaux et une population suffisante — numériquement suffisante, s'entend — pour tirer de nos ressources naturelles plus qu'un simple échantillon de l'exploitation qui nous paraît possible. Nous croyons posséder au moins les éléments d'une prospérité durable, à condition de trouver enfin un mode de gouvernement qui favorise notre développement au lieu de l'entraver. Nous nous demandons franchement si la confédération ne serait pas ce mode de gouvernement. Nous sommes venus voir ici, avec votre concours et votre compréhension sympathiques, si tel ne serait pas le cas. Nos compatriotes de Terre-Neuve suivent nos démarches avec un profond intérêt.

C'est un beau rêve que faisaient les fondateurs de cette union canadienne lorsque, il y a quatre-vingts ans, ils entrevoyaient sur la moitié septentrionale de ce continent une grande nation britannique se déployant de Saint-Jean à Victoria. Deux de nos Terre-Neuviens qui partageaient ce rêve, sir Frederick Carter et sir Ambrose Shea, ont fait leur possible pour en assurer la réalisation. Aussi l'histoire verra-t-elle en eux deux Pères de la Confédération. Il est vrai qu'à ce

moment-là, Terre-Neuve ne s'est pas décidée à entrer dans la nouvelle union, mais si nous songeons que l'union elle-même était quelque chose d'inédit qui n'était pas bien compris de notre population, et si nous nous rappelons en outre le fait plus important que Terre-Neuve ne jouissait à l'époque ni de la franchise démocratique ni du bulletin secret, nous comprendrons aisément pourquoi fut déclinée cette première invitation faite à Terre-Neuve d'entrer dans l'association. Quant au second refus, les gens de Terre-Neuve n'en furent point responsables puisque la question ne leur fut pas soumise. A cette époque, en 1895, le gouvernement de votre Dominion avait à sa tête sir Mackenzie Bowell. L'échec de cette tentative de réaliser l'union fédérale des deux pays est en grande partie attribuable à la nature précipitée de l'examen et des conversations auxquelles participèrent les deux parties, car la Conférence de 1895 dura douze jours à peine. Je crois pouvoir dire que si les entretiens actuels n'aboutissent pas en fin de compte à l'union fédérale de nos deux pays, l'échec ne tiendra ni à une étude insuffisante de la question comme en 1895, ni à l'absence de franchise démocratique comme en 1869. Nous croyons, nous de la délégation, que notre devoir élémentaire envers Terre-Neuve nous commande d'examiner l'ensemble de la question aussi à fond que nous le permettront votre collaboration et votre indulgence.

Monsieur le Premier Ministre, c'est la Providence qui a placé nos deux pays côte à côte et les a séparés par un ruban étroit, un ruban d'eau salée à peine aussi large que certains de vos superbes lacs. Nous sommes tous deux britanniques, les deux seuls pays britanniques de cette moitié septentrionale de l'Amérique. Nous devons fidélité et obéissance à une Couronne commune. Nos relations sont déjà intimes et toujours marquées au coin de la coopération. Est-ce trop attendre des conversations qui s'ouvrent aujourd'hui que d'espérer en voir sortir une base juste et équitable d'union fédérale que les peuples canadien et terre-neuvien accepteront volontiers, voire avec enthousiasme.

Avant de terminer, je désire, au nom de la population de Terre-Neuve que nous représentons ici, exprimer au Canada par votre entremise, Monsieur, notre gratitude sincère pour votre accueil large, généreux et fraternel. Dès l'instant où nous avons mis le pied sur le sol canadien, il y a quatre jours, on ne nous a témoigné que de la bienveillance, cette sorte de bienveillance spontanée qu'on n'a le droit d'attendre que d'un frère. Pour parler le langage maritime, je vous souhaite d'avoir toujours le vent en poupe.

357.

243s

*Procès-verbal d'une réunion entre la délégation à Ottawa de la  
Convention nationale de Terre-Neuve et des représentants  
du gouvernement du Canada*

*Minutes of a Meeting between the Delegation to Ottawa from the  
National Convention of Newfoundland and Representatives  
of the Government of Canada*

SECRET

A meeting between delegates from the National Convention of Newfoundland and representatives of the Government of Canada was held in Room 258, House of Commons, Ottawa, on Wednesday, June 25th, 1947, at 2:30 p.m.

*Present:*

CANADIAN MEMBERS

The Secretary of State for External Affairs (Mr. St. Laurent), in the Chair,  
 The Minister of Justice, (Mr. Ilsley),  
 The Minister of Finance, (Mr. Abbott),  
 The Minister of National Revenue, (Dr. McCann),  
 The Minister of Fisheries, (Mr. Bridges),  
 The Postmaster-General, (Mr. Bertrand).

NEWFOUNDLAND MEMBERS

The Honourable F. G. Bradley, K.C., (Delegation Chairman)  
 Mr. T. G. W. Ashbourne  
 Mr. Charles H. Ballam  
 The Reverend Lester Burry  
 Mr. P. W. Crummey  
 Mr. G. F. Higgins, K.C.,  
 Mr. J. R. Smallwood.

SECRETARIAT

Mr. J. R. Baldwin, Privy Council Office,  
 Mr. E. W. T. Gill, Privy Council Office,  
 Mr. J. Howes, Bank of Canada,  
 Miss Muriel Mosley, Department of State.

*Also Present:*

The Canadian High Commissioner in Newfoundland, (Mr. J. Scott Macdonald),  
 The Deputy Minister of Mines and Resources, (Dr. H. L. Keenleyside),  
 Representative of the Bank of Canada, (Mr. J. Coyne),  
 Representative of the Department of Finance, (Mr. M. Sharp),  
 Representatives of the Department of External Affairs, (Mr. R. A. MacKay, Mr. Paul Bridle).

PROCEDURE; ELECTION OF CHAIRMAN

1. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION suggested that the Chairman of the Canadian Delegation, Mr. St. Laurent, act as Chairman of the discussions.

2. THE MEETING approved Mr. Bradley's proposal.

PROCEDURE; MINUTES, PRESS RELATIONS

3. MR. ST. LAURENT suggested that no verbatim record of proceedings be kept. Minutes summarizing the main points of discussion and conclusions reached might, however, be prepared, circulated for comment and presented for approval from time to time at meetings following their distribution.

It would also appear desirable for the discussions to proceed *in camera*. Arrangements might be made for the Chairmen of the two delegations jointly to

meet the press from time to time to give them such information on the progress of the discussions as might be jointly agreed.

4. THE MEETING, after discussion, approved the procedures suggested by the Chairman.

#### PROCEDURE; ARRANGEMENTS FOR EXCHANGE OF INFORMATION

5. MR. ST. LAURENT reported that a paper had been prepared by Canadian government officials on the general organization of government within Canada and the Canadian federal system, describing the nature of the federal government and the functions of various departments and agencies. If, in the opinion of the Newfoundland delegation, this would be helpful, copies could be made available.

(Some notes on the Constitution of the Government of Canada and on the Canadian Federal System, with Annex "B," June, 1947).<sup>101</sup>

In addition, arrangements would be made for the Newfoundland delegation to have access to the Parliamentary Library, and to obtain clerical assistance as required. Arrangements also had been made for Senate Committee Room 258 to be permanently reserved for the discussions and the Newfoundland delegation might make use of this room at any time in addition to Room 268, House of Commons which would also be at their disposal.

The Assistant Secretary to the Cabinet, Mr. Baldwin, would serve as secretary to the discussions and would be available to assist in securing any additional information that might be needed by members of the visiting delegation.

With regard to the general pattern of the discussions, the Canadian representatives would be glad to fall in with any suggestions which the Newfoundland delegation would care to make. Discussion presumably could proceed on the assumption that if, upon examination partnership appeared to have mutual advantages, it would be brought about by Newfoundland becoming a province and the people of Newfoundland becoming citizens of Canada. The questions which would inevitably arise in discussing partnership should be given careful consideration by both delegations and examined step by step.

6. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION indicated approval of the statement by the Chairman.

7. MR. SMALLWOOD stated that the report mentioned by Mr. St. Laurent would be of value.

It was desirable that the members of the Newfoundland delegation be familiar with the Canadian federal system before proceeding to discuss details. Some time might be allowed for this purpose.

The Newfoundland delegation had, with the information available to them, prepared a report outlining certain Newfoundland services which in the event of

<sup>101</sup> Voir la pièce jointe 3, document 347.

<sup>101</sup> See enclosure 3, Document 347.

union with Canada would appear to fall within the federal sphere. This document would be made available to the Canadian representatives.<sup>102</sup>

8. THE MEETING, after discussion,

(a) agreed that the reports described by Mr. St. Laurent and Mr. Smallwood be circulated;

(b) noted with approval the arrangements that the Chairman had outlined for facilitating the work of the delegations;

(c) agreed that the next meeting be held on Wednesday, July 2nd, at 2:30 p.m.;

(d) agreed that the press be informed by Mr. St. Laurent and Mr. Bradley that documents prepared by the two had been exchanged and discussions adjourned for one week to permit consideration of these.

358.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 311

St. John's, June 26, 1947

Sir,

I have the honour to report on the reaction of the Press and public to the proceedings taking place in Ottawa in connection with the visit of the delegation from the National Convention. The *Evening Telegram* in its issue of Wednesday, June 25th, devoted the entire front page to these proceedings. A photograph of the Prime Minister was prominently displayed in the centre of the page and reports of his statement to the House of Commons and also of his speech to the Newfoundland Delegation were given. I cannot recall this newspaper devoting on any previous occasion here so much space to Newfoundland-Canada relations. The reports from its Ottawa correspondent did not apparently arrive in time to permit editorial comment, but doubtless this will be forthcoming in today's and future issues.

2. The St. John's *Daily News*, in its issue of Thursday, June 26th, under the heading of "Canada Appears Anxious to Annex Newfoundland" carried lengthy reports on the talks at Ottawa. The *Daily News* also had an editorial which was headed "Are We for Sale?" which is enclosed.<sup>1</sup> The *News*, in line with the policy which it has followed for some time past, suggests that negotiations leading to Confederation "can only be fairly conducted as between a properly constituted

<sup>102</sup>Non reproduit. Le document contenait des renseignements détaillés sur tous les sujets énumérés dans la pièce jointe du document 317, sauf ceux se rapportant aux accords au sujet des bases, des compagnies industrielles et du recensement.

<sup>102</sup>Not printed. The document provided detailed information on all the subjects listed in the enclosure to Document 317 except those relating to the bases agreement, industrial companies and the census.

Newfoundland Government with [*sic*] the Government of Canada," and goes on to say that "to consider union on any other basis will be a crime against this country."

3. It is too early as yet to accurately assess opinion here concerning the exploratory discussions now taking place in Ottawa. It is clear, however, that the press and people are greatly impressed with the cordial reception accorded to the delegation and which they feel will do much to ensure, as the Prime Minister has stated, that an atmosphere of mutual friendliness and understanding will prevail throughout the forthcoming discussions. The fact that Canada has appointed top-ranking Cabinet Ministers to meet with the Newfoundland delegates has been interpreted to indicate that the Canadian Government considers the question of Newfoundland-Canada relations a subject which is being given top priority by the Canadian Government.

4. The warm welcome accorded to the Newfoundland delegation should serve, in part, to allay the suspicions of certain articulate groups who are inclined to attribute ulterior motives to any suggestions emanating from Canada. The comment, on the whole, on the reception extended by the Canadian Government to the visiting delegation has been distinctly favourable. Relevant clippings from the two papers are attached.<sup>†</sup>

I have etc.

J. C. BRITTON

359. W.L.M.K./Vol. 420

*Extrait d'une lettre du Premier ministre au Gouverneur général*

*Extract from Letter from Prime Minister to Governor General*

CONFIDENTIAL

Ottawa, June 30, 1947

My dear Governor General,

Your letter written on Saturday afternoon was sent in to me in the House of Commons this afternoon. It had been brought over from the "East Block" where it had been delivered. I have still to ascertain when it was delivered there. I mention this circumstance, as Your Excellency may wonder why I have taken so long to reply.

It is kind of you to be willing to take in Newfoundland while you are visiting Cape Breton, if by so doing it might assist the cause.<sup>103</sup> I have not had a chance to speak to either St. Laurent or Pearson, or Scott Macdonald, with whom I would like to confer before giving you a definite reply. My own feeling, however, is that a visit by Your Excellency to Newfoundland at any time before the Convention

<sup>103</sup>Le Gouverneur général avait reçu la délégation et MM. Bradley et Smallwood lui avaient alors suggéré de visiter Terre-Neuve pour aller à la pêche. Cependant, il n'a pas pu y aller.

<sup>103</sup>The Governor General had entertained the Newfoundland delegation and Messrs Bradley and Smallwood had suggested that he visit Newfoundland to do some fishing. However, he was unable to go.

reconvenes — which I understand will be sometime in September — might give rise to speculation as to its purpose. It would almost certainly be viewed by those who are opposed to Newfoundland joining Confederation as something which had been inspired either from Ottawa or London to “further the cause” and if this idea gained credence it would almost certainly have an opposite effect.

We have all been led to believe that the surest way to have Newfoundlanders fight shy of union with Canada is to give them cause to believe that either the United Kingdom or Canada is anxious to have Newfoundland become a province of Canada. You may have noticed how careful I have been to say that we did not want to interfere in any way with Newfoundland’s domestic affairs, and that the question of union is something the island must decide for itself, also that whatever the decision on the referendum might be it would be accepted by Canada with complete understanding and goodwill.

I may be wrong in my “size up” and would like to have a word with the three persons I have mentioned before being too definite as to what might be best. I shall do this discreetly and on my own, and perhaps might have a further word with Your Excellency tomorrow.

Yours sincerely,

W. L. MACKENZIE KING

360.

3056-40

*Le secrétaire d'État aux Affaires extérieures  
à l'ambassadeur aux États-Unis  
Secretary of State for External Affairs  
to Ambassador in United States*

TELETYPE EX-1657

Ottawa, June 30, 1947

CONFIDENTIAL. Mr. Reuben T. Vardy, member of the Newfoundland National Convention, is proceeding to Washington on an unofficial mission to explore the possibilities of an economic union between Newfoundland and the United States. It would appear that Mr. Vardy’s expenses will be met by supporters and that he has been given letters of introduction to various people. The main basis of an economic union would apparently consist of tariff-free entry for United States goods into Newfoundland in return for an assured market in the United States for Newfoundland fisheries products. Newfoundlanders interested in the scheme feel that such an agreement could be arrived at with or without political union.

361.

3056-40

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures  
Ambassador in United States to Secretary of State for External Affairs*

TELETYPE WA-2082

Washington, July 2, 1947

CONFIDENTIAL. Your EX-1657 of June 30th — visit of Mr. Vardy, member of the Newfoundland National Convention to Washington.



We have learnt from Mr. Foster, Head of the Canadian Section, that the State Department already knew of Mr. Vardy's proposed visit and purposes. Foster informs us that Mr. Vardy had asked the United States Consul General at St. John's for a Letter of Introduction to the State Department, at which time the Consul General told him the State Department would be unable to discuss the subject of political union.

362.

243s

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SECRET

INFORMAL RECORD OF NEWFOUNDLAND-CANADIAN DISCUSSIONS<sup>104</sup>

A meeting between delegates from the National Convention of Newfoundland and representatives of the Government of Canada was held in Room 258, House of Commons, Ottawa, Wednesday, July 2, 1947, at 2:30 p.m.

*Present:*

CANADIAN MEMBERS

The Secretary of State for External Affairs, (Mr. St. Laurent), in the Chair,  
The Minister of Justice, (Mr. Ilsley),  
The Minister of National Defence, (Mr. Claxton),  
The Minister of National Revenue, (Dr. McCann),  
The Minister of Fisheries, (Mr. Bridges),  
Government Leader in the Senate, (Senator Robertson).

NEWFOUNDLAND MEMBERS

Mr. F. G. Bradley, K.C., (Delegation Chairman),  
Mr. T. G. W. Ashbourne,  
Mr. Charles H. Ballam,  
The Reverend Lester Burry,  
Mr. P. W. Crummey,  
Mr. J. R. Smallwood.

SECRETARIAT

Mr. J. R. Baldwin, Privy Council Office,  
Mr. E. W. T. Gill, Privy Council Office,

<sup>104</sup>Le procès-verbal officiel est une version abrégée de ce rapport officieux.

<sup>104</sup>The official minutes are a shortened version of this informal record.

Mr. J. Howes, Bank of Canada,  
Miss Muriel Mosley, Department of State.

*Also Present:*

The Canadian High Commissioner in Newfoundland, (Mr. J. Scott Macdonald),  
Representative of the Bank of Canada, (Mr. J. Coyne),  
Representative of the Department of Finance, (Mr. M. Sharp),  
Representatives of the Department of External Affairs, (Mr. R. A. MacKay, Mr. Paul Bridle).

1. MR. ST. LAURENT referred to the decision at the previous meeting regarding the exchange of information and observed that the Newfoundland document had proved to be of considerable value to Canadian officials, and contained information which would be taken into consideration by the Canadian representatives in subsequent discussions.

If the Newfoundland delegation had any questions which arose from examination of the Canadian document, the Canadian representatives would be glad to have particulars.

2. MR. BRADLEY reported that the Newfoundland document would be supplemented by additional information which was now being secured from Newfoundland.<sup>105</sup>

The delegation had a number of inquiries as a result of their examination of the Canadian document. These had been listed in a memorandum, copies of which were circulated.

(Memorandum by Newfoundland delegation on "Some Notes on the Constitution of the Government of Canada and the Canadian Federal System.")<sup>106</sup>

3. MR. ST. LAURENT indicated that the questions submitted by the Newfoundland delegation would be referred to the appropriate Canadian authorities so that accurate and comprehensive information could be provided in writing. In the meantime, it might be useful to discuss the questions informally.

4. THE MEETING noted the remarks on this subject and approved the procedure proposed by the Chairman.

#### MARRIAGE AND DIVORCE

5. THE NEWFOUNDLAND DELEGATION sought further clarification of federal responsibility with regard to marriage and divorce. At present Newfoundland had no divorce laws and some concern was felt as to the results of federal divorce laws in Newfoundland should it become a Canadian province.

<sup>105</sup>Les ministères du Travail, des Finances, des Transports, des Affaires des Anciens combattants, des Mines et des Ressources, et de l'Agriculture ainsi que la Gendarmerie royale du Canada avaient demandé des renseignements additionnels.

<sup>106</sup>Voir le document suivant.

<sup>105</sup>The Departments of Labour, Finance, Transport, Veterans Affairs, Mines and Resources, and Agriculture as well as the Royal Canadian Mounted Police had requested additional information.

<sup>106</sup>See following document.

6. THE CANADIAN REPRESENTATIVES explained that the decision as to who should be authorized to solemnize marriage ceremonies was entirely a provincial matter. Only the federal government, however, could legislate regarding marriage generally and regarding grounds for divorce. While in some provinces administration by the provincial authorities, [*sic*] in Quebec, divorce could only be secured by an act of the federal Parliament.

The House of Commons had hitherto been very reluctant to deal with general legislation on such matters. It might reasonably be assumed that the federal government would not be likely to alter the present situation in Newfoundland unless the people of Newfoundland themselves desired alteration.

The cost of securing divorce in Canada was estimated from \$500 to \$1,000.

#### PROVINCIAL JURISDICTION OVER PUBLIC LANDS

7. THE NEWFOUNDLAND DELEGATION inquired whether provincial jurisdiction over public lands belonging to the province included the natural resources of the province such as water.

8. THE CANADIAN REPRESENTATIVES explained that provinces would possess full jurisdiction over their natural resources. Water-power could not be developed without the consent of the owner, whether a private individual or a province. One exception should perhaps be mentioned. Under the Navigable Waters Act, a federal statute, no diversion could take place on navigable streams except with federal permission. It was not the practice, however, of the federal government to exploit financially any control it might exercise over water rights.

#### EDUCATION

9. THE NEWFOUNDLAND DELEGATION sought additional information concerning provincial jurisdiction over education, particularly in connection with the position of education carried on by religious denominations.

Under the present system in Newfoundland, schools were owned and operated by the principal religious denominations — Church of England, Roman Catholic, United Church and Salvation Army. These were financed for the most part by grants from the public exchequer of the Newfoundland government.

10. THE CANADIAN REPRESENTATIVES explained that the provincial jurisdiction over education was complete, although the British North America Act gave the federal government certain powers of safeguarding separate school education. In practice provincial jurisdiction was virtually complete.

There would not be any likelihood of difficulty, in the event of union, in Newfoundland embodying in the arrangements such provisions as they wished to adopt regarding their educational system and the federal government would not be disposed to intervene subsequently in contravention of the wishes of Newfoundland.

#### SENATE REPRESENTATION

11. THE NEWFOUNDLAND DELEGATION inquired whether appointment of six senators from Newfoundland, as provided in the B.N.A. Act was susceptible of adjustment.

Since the minimum number of federal members of Parliament from Newfoundland would be equal to the number of senators, the figure was of some significance.

12. THE CANADIAN REPRESENTATIVES indicated that the figure could be regarded as a minimum; any question of increase would be a matter for further consideration and negotiation, and the federal government would have to take into account the representation presently accorded the existing provinces and their views thereon.

#### HOUSE OF COMMONS REPRESENTATION

13. THE NEWFOUNDLAND DELEGATION inquired as to the basis for proposing that seven seats in the House of Commons be allotted to Newfoundland.

14. THE CANADIAN REPRESENTATIVES reported that the question of representation in the House of Commons was under review by Parliament. Proposals before the House provided for an upward revision in the number of seats to 255, and a redefinition of electoral districts. On the basis contemplated in this proposal Newfoundland would be entitled to seven seats (additional to the 255).

#### VOTING QUALIFICATIONS IN FEDERAL ELECTIONS

15. THE NEWFOUNDLAND DELEGATION inquired regarding voting qualifications in federal and provincial elections.

16. THE CANADIAN REPRESENTATIVES replied that provincial and federal authorities each set their own voting qualifications. By federal law, certain groups not entitled to vote in provincial elections were not entitled to do so in federal elections. This law was now under review and present practices might be modified.

Indians and Eskimos were regarded as wards of the federal government and as such were not entitled to vote. If, however, they surrendered their rights as wards and assumed citizenship, they became eligible to vote.

#### JUDICIAL QUESTIONS

17. THE NEWFOUNDLAND DELEGATION inquired regarding the financial responsibility of the federal government for County Court and Superior Court judges, whether Newfoundland would be entitled to have a district judge *in admiralty*, and the qualifications of judges.

18. THE CANADIAN REPRESENTATIVES, indicated that the federal responsibility in respect of County Court and Superior Court judges was limited to their salaries and in certain circumstances travelling expenses. The provincial authorities established the courts and assumed responsibility for their maintenance.

While information as to the precise qualifications for judgeship would be supplied in the formal reply to the questions, in general it was required that judges be lawyers with ten years' practice in the province in which they were appointed to the Bench.

There was no set procedure for the establishment of district courts *in admiralty*, and each case was examined on its merits. At present, there was one in each of the Maritime provinces and there would probably be a reasonable case for establishing one in Newfoundland.

## FEDERAL RESPONSIBILITY IN RESPECT OF LIEUTENANT-GOVERNORS

19. THE NEWFOUNDLAND DELEGATION inquired regarding the federal government's responsibility for the costs of maintaining Lieutenant-Governors and providing accommodation and staff for them.

20. THE CANADIAN REPRESENTATIVES indicated that the federal government paid only the salaries of Lieutenant-Governors. The other matters were the responsibility of the provincial authorities.

## LIFE OF LEGISLATIVE ASSEMBLIES

21. THE NEWFOUNDLAND DELEGATION inquired whether by federal law the life of all provincial legislatures was set at five years.

22. THE CANADIAN REPRESENTATIVES indicated that the life of the provincial legislatures was established at five years in the B.N.A. Act. Provincial authorities possessed the right to reduce this period but not to increase it.

## AGRICULTURAL SERVICES

23. THE NEWFOUNDLAND DELEGATION asked whether the federal agricultural services described in the Canadian document would automatically extend to Newfoundland. For instance, would an Experimental Farm be established there and on what terms would loans be granted to Newfoundland farmers by the Canadian Farm Loan Board?

24. THE CANADIAN DELEGATION replied that full information on this would be given in the written reply. It might generally be said, however, that the Department of Agriculture, in common with other government departments, was anxious to extend its services in all regions of Canada and develop a common level of services, subject always to approval of its plans by Parliament.

## FISHERIES

25. THE NEWFOUNDLAND DELEGATION reported that a committee (consisting of Messrs. Smallwood, Ashbourne and Crummey) would be prepared to discuss with federal officials the effect of union on their Fisheries.

26. MR. BRIDGES stated that he would arrange for discussions between the Newfoundland committee and representatives of the Departments of Fisheries, Justice, and External Affairs.

## PENITENTIARIES

27. THE NEWFOUNDLAND DELEGATION inquired as to the possibility of the federal government establishing a penitentiary in Newfoundland. In such an event, would the existing Newfoundland government penitentiary be taken over and could the Newfoundland government arrange to house prisoners in the federal penitentiary?

28. THE CANADIAN REPRESENTATIVES said that the operation of penitentiaries and the whole question of penal reform were among questions now under active consideration by the Canadian parliament. The federal government had the authority to operate penitentiaries but not other types of penal institutions, except by special arrangement.

## UNEMPLOYMENT INSURANCE

29. THE NEWFOUNDLAND DELEGATION inquired as to the distinction between forestry and lumbering in the work of the Unemployment Insurance Commission

and asked why British Columbia lumbering was put on a different basis from lumbering in the other provinces by the Commission.

30. THE CANADIAN REPRESENTATIVES suggested that this question be left for written reply from the Department of Labour.

#### MINES AND RESOURCES

31. THE NEWFOUNDLAND DELEGATION asked whether Newfoundland on entering confederation would be entitled to a National Park in their territory and whether national parks were established and maintained by the federal government.

Would it also be reasonable to expect that the general survey, mapping and analysis work done by Mines and Resources would be undertaken in Newfoundland at an early date in the event of union?

32. THE CANADIAN REPRESENTATIVES stated that the government's policy was designed to develop natural resources in the best interests of the country at large, to provide a common standard of survey work and services, bring up the level of undeveloped regions, and foster economic potentialities where these appeared attractive.

#### EDUCATION OF INDIANS AND ESKIMOS

33. THE NEWFOUNDLAND DELEGATION asked whether denominational or State schools were used in the education of Indians and Eskimos.

34. THE CANADIAN REPRESENTATIVES stated that the general federal practice has been to cooperate with both provincial authorities and religious groups in Indian education, using whichever seemed appropriate to local conditions.

#### ESTABLISHMENT OF NAVAL, AIR AND ARMY BASES IN NEWFOUNDLAND

35. THE NEWFOUNDLAND DELEGATION raised the question whether naval, air or army bases would be maintained by the federal government in Newfoundland.

36. THE CANADIAN REPRESENTATIVES stated that the Department of Defence as part of its regular duties would recommend where bases should be established. With regard to United States bases it was pointed out that on Canadian soil the sovereignty of Canada was fully maintained and respected and it would be reasonable to expect this attitude to apply in Newfoundland in the event of union.

#### MEDICAL AND SICK MARINERS' SERVICE

37. THE NEWFOUNDLAND DELEGATION asked what this service implied.

38. THE CANADIAN REPRESENTATIVES explained that dues were levied on ships arriving at Canadian ports and sick mariners, employed on board and belonging to ships on which such duties [*sic*] have been paid, were provided with medical and surgical treatment out of the fund created by the dues.

#### JURISDICTION OF DEPARTMENT OF PUBLIC WORKS RE HARBOURS, WHARVES AND BREAKWATERS

39. THE NEWFOUNDLAND DELEGATION enquired as to the type and location of the harbours, wharves and breakwaters which would come under this department.

40. THE CANADIAN REPRESENTATIVES pointed out that under the British North America Act, navigation and shipping were Dominion government responsibilities and outlined the usual procedure followed in providing for expenditures of this kind, through investigation by government engineers and provision of funds in estimates for approved projects. Expenditure on a wharf, dock or breakwater might be largely private with assistance from Ottawa, or on the other hand might be largely, or entirely, a federal matter depending on the public interest to be served. Ordinarily no provincial expenditures were involved in these works.

#### GANDER AIRPORT

41. THE NEWFOUNDLAND DELEGATION asked whether Gander would become a federal airport if Newfoundland entered Confederation.

42. THE CANADIAN REPRESENTATIVES said that this was a matter for agreement but pointed out that all the airports in Canada now doing the kind of work being performed at Gander were federal airports.

#### EFFECT OF FEDERATION ON NEWFOUNDLAND'S RADIO SERVICES

43. THE NEWFOUNDLAND DELEGATION asked how the Newfoundland Broadcasting Corporation and three non-government broadcasting stations would be affected if union took place; would the Canadian Broadcasting Corporation be likely to establish a station in Newfoundland; and would programmes be originated in the Island?

44. THE CANADIAN REPRESENTATIVES pointed out that it was contrary to the policy of the Canadian Broadcasting Corporation and the government to grant broadcasting licenses to a provincial government. The Newfoundland Government Station would likely become a Canadian Broadcasting Corporation station with increased power to give coverage to the whole island; the other broadcasting stations would presumably be granted private licenses; and programmes could continue to be originated in Newfoundland to the extent desired. The C.B.C. station would be essentially a Newfoundland station.

#### EFFECT OF FEDERATION ON NEWFOUNDLAND'S GOVERNMENT EMPLOYEES

45. THE NEWFOUNDLAND DELEGATION inquired regarding the position of present employees of the Newfoundland government services which would be taken over by the federal government if union took place. Would the federal employees in the island ordinarily be residents or be brought from other parts of Canada?

46. THE CANADIAN REPRESENTATIVES pointed out that in the past when provincial services had been taken over by the federal authority, provincial employees were absorbed into the federal service and adjustments made covering pension rights. Superannuation plans could be meshed and arrangements made to effect the transfer from provincial to federal service without loss of preference. Special legislation might be required because of the present provisions of the Civil Service Act with regard to Veterans' preference. So far as residence was concerned, appointments to most positions were made usually on a basis of residence except in the case of headquarters or central staff. Once in the service a person might be transferred, especially in the more senior positions.

## NATIONAL FILM BOARD

47. THE NEWFOUNDLAND DELEGATION enquired what services might be expected from the Film Board.

48. THE CANADIAN REPRESENTATIVES explained that film libraries had been established across Canada and organizations and interested parties could obtain films on loan without charge. Newfoundland could expect a fair share of all the Board's services, including the production of films depicting scenes and activities in the island. The Board had arrangements for wide distribution covering, among other countries, the United States, Mexico, South America, New Zealand, Australia and Great Britain.

## NATIONAL HARBOURS

49. THE NEWFOUNDLAND DELEGATION asked what harbours in Newfoundland would come under the National Harbours Board.

50. THE CANADIAN REPRESENTATIVES pointed out that this was a matter which would have to be reviewed at length by the Department of Transport and the Harbours Board.

## THE NEWFOUNDLAND GOVERNMENT RAILWAY SYSTEM

51. THE NEWFOUNDLAND DELEGATION asked what the position of the Railway was likely to be under federation and whether it would be taken over by the federal authorities.

52. THE CANADIAN REPRESENTATIVES replied that this was a matter which would have to be carefully considered with the Department of Transport and the Canadian National Railways.

## PERSONAL INCOME TAX TABLE

53. THE NEWFOUNDLAND DELEGATION asked for tables showing personal income tax as payable in Canada, under rates effective July 1, 1947, for persons with varying status and different incomes.

54. THE CANADIAN REPRESENTATIVES agreed that these tables would be prepared by the Department of Finance.

## VALUE OF DUTIABLE AND NON-DUTIABLE IMPORTS IN 1945

55. THE NEWFOUNDLAND DELEGATION asked for a statement on the actual values and proportions of all dutiable and non-dutiable imports into Canada in 1945.

56. THE CANADIAN REPRESENTATIVES agreed that tables would be prepared giving this information.

## TARIFFS: AVIATION GASOLINE

57. THE NEWFOUNDLAND DELEGATION questioned whether this item was correctly covered in the Canadian document.

58. THE CANADIAN REPRESENTATIVES agreed to review the item and make any correction required.

## TABLE ON FEDERAL TAXES ON VARIOUS ITEMS

59. THE NEWFOUNDLAND DELEGATION asked if they could be supplied with a statement showing in parallel for the list of items set out on pages 52 to 61 of the



Canadian document, the customs duties applicable to each, and also excise taxes and sales taxes, where these applied.

60. THE CANADIAN REPRESENTATIVES pointed out that preparation of this table would be difficult since the description of an article for customs duty purposes did not necessarily apply for excise tax or sales tax purposes and any broad statement might, therefore, create wrong impressions. Some of the special excise taxes now being levied might be of a temporary nature. An attempt would be made, however, to provide some information relative to comparative price levels.

5% PROVINCIAL CORPORATION TAX UNDER  
DOMINION-PROVINCIAL TAX AGREEMENTS

61. THE NEWFOUNDLAND DELEGATION asked whether an agreeing province would receive the proceeds of this tax over and above other compensation to the province provided under the agreement.

62. THE CANADIAN REPRESENTATIVES replied that this was not the case and explained that this clause was inserted to avoid, so far as possible, discrimination between provinces which made agreements and those which did not.

EFFECT OF FEDERATION ON COMPANIES HAVING AGREEMENTS FOR FIXED  
MAXIMUM INCOME TAXES

63. THE NEWFOUNDLAND DELEGATION reported that certain companies in Newfoundland by agreement with the government paid only limited taxation and asked whether these privileges would be continued under federation.

64. THE CANADIAN REPRESENTATIVES said this would depend on the arrangements made by Newfoundland with the federal government in the event of union.

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*Mémorandum de la délégation à Ottawa de la  
Convention nationale de Terre-Neuve*  
*Memorandum by Delegation to Ottawa from the  
National Convention of Newfoundland*

Ottawa, July 2, 1947

MEMORANDUM BY NEWFOUNDLAND DELEGATION ON "SOME NOTES"

CHAPTER I OF "SOME NOTES"

P.3. sec. 7. "marriage and divorce" are exclusively within Federal jurisdiction.

sec. 8. "solemnization of marriage" is exclusively within Provincial jurisdiction.

Could we have an elaboration of these two items? Newfoundland has no divorce law. What would be the position if we became a Province? Would divorce become easier, theoretically and practically? A comprehensive statement of the position would be very useful. Could we have a résumé of the divorce laws of the Dominion and of the Provinces?

P.3, sec. 8. The Provincial legislature has exclusive jurisdiction over "the management and sale of public lands belonging to the province, and the timber and wood thereon."

Just how broad is this jurisdiction? Does it include water-power, minerals, and generally all the natural resources of the province?

P. 4, sec. 9. "The provincial legislatures have exclusive authority with regard to education, subject to certain safeguards for the rights of religious minorities."

Could we have a comprehensive statement of the position of the Province's exclusive jurisdiction over education?

The position in Newfoundland is that with extremely few exceptions all schools are owned and operated by the principal religious denominations — Church of England, Roman Catholic, United Church, Salvation Army. (There are two or three schools operated between them by the Seventh Day Adventist and other small denominations.) Practically all schools are financed exclusively, or for the most part, by grants from the Public Exchequer of the Newfoundland Government. The education grant is divided amongst the denominations on a school-attendance basis, and is managed by superintendents nominated by the denominations concerned under the general supervision of the Department of Education. In short, Newfoundland's schools, with insignificant exceptions, are all "separate" schools financed almost exclusively by the Government of Newfoundland. Would Confederation affect this position in any manner or degree? Would any change whatever be necessitated by our becoming a Province?

P. 4, sec. 12. "The B.N.A. Act of 1915 provides that in the event of Newfoundland being admitted to the Union she would be entitled to 6 Senators, and the total number of senators would be increased to 102."

How final is this provision? What would be involved in giving Newfoundland more than 6 Senators?

P.4, sec. 13. "On this basis Newfoundland would be entitled to 7 members" of the House of Commons.

What basis?

P.4, sec. 14. "The" Federal "franchise varies from province to province . . ."

Who sets the voting qualifications in Federal elections?

P.6, sec. 21. County Court and Superior Court judges are appointed and paid by the Federal Government.

Does the Federal contribution to the cost of such courts end with the payment of the judges' salaries, or if not, what other contributions are made?

P.6, sec. 23. "Judges are drawn invariably from the legal profession."

Must they be lawyers?

P.7, sec. 28. "There are at present six such" district judges in Admiralty, "one each in" etc.

Would Newfoundland become entitled to have one?

P.7, sec. 30. The Lieutenant-Governor is appointed and paid by the Federal Government.

Does the Federal Government contribute to the cost of maintenance of Government House and toward the cost of the Lieutenant-Governor's staff and of his official expenses?

P.7, sec. 31. "The maximum life of Legislative Assemblies is five years."

Is this true throughout Canada? Is this a Federal law?

CHAPTER II OF "SOME NOTES"

P. 10, secs. 2, 3, 4, 5, 6 and 7. Would these services automatically extend to Newfoundland?

P. 10, sec. 7. The Canadian Farm Loan Board "makes long-term loans to farmers on the security of mortgages on farm land."

What are the usual terms of such loans?

P. 12, secs. 15 to 22. Fisheries. We have set up a committee of three of our members to give special consideration to the whole question of the effect of Confederation upon our fisheries, and would be grateful if an opportunity were afforded the committee to meet with Canadian fishery authorities. We have particularly in mind the legal aspects of the question.

P. 13, sec. 23. Penitentiaries. Would the Federal Government be likely to establish a penitentiary in Newfoundland? If so, would it not take over the existing Newfoundland Government Penitentiary? In that case would it be practicable for the Provincial Government of Newfoundland to make an arrangement for housing its prisoners in the Federal Penitentiary?

P. 15, sec. 31. "and lumbering (except in British Columbia)."

Why is British Columbia lumbering treated differently? Could Newfoundland lumbering be treated as it is in British Columbia? And what is the distinction between "forestry" and "lumbering"?

P. 15, sec. 33. Second last line "the fund."

Is this a national fund, or is it divided by provinces or otherwise?

P. 15, sec. 35. Would Newfoundland become entitled to a National Park? Does Mines and Resources Department establish as well as maintain the national parks?

P. 15, sec. 36. Presumably these services would apply to Newfoundland. Could we fairly expect an early application of them? Could we expect something in the nature of a real drive fairly soon after we become a Province?

P. 16, sec. 38. Could we have some amplification?

P. 16, sec. 39. Could we have some amplification? Is the education of Indians referred to done through State schools, or is the denominational principle recognized? What of Eskimos?

P. 16, sec. 41. Is it not likely that naval, air and army bases would be maintained in Newfoundland by the Federal Government?

P. 17, sec. 44(1)a. "Medicine and sick mariners' service."

Briefly, what is this service?

P. 20, sec. 61. "In addition, the department is charged with the construction and maintenance of wharves, breakwaters and harbour facilities, including dredging in *certain* harbours in *various parts* of the country." (Underlining ours).

Why only certain harbours? and what does "various parts" mean?

P. 23, sec. 80. Would Gander Airport become Federal?

P. 31, sec. 34. Radio broadcasting organizations in Newfoundland consist of the following: Colonial Broadcasting Co., Ltd., operating one standard broadcast band station in St. John's; Wesley United Church, St. John's, one similar station; Seventh Day Adventist Church, St. John's, one similar station; and the Broadcasting Corporation of Newfoundland, a Government organization. This latter operates a long and short wave station at St. John's, with regional stations at Gander and Corner Brook, and regional stations projected for Grand Falls and one other point. The radio receiving-set license of \$2 is collected by the Department of Posts and Telegraphs and paid over to the B.C.N., less collection fee. Would the Newfoundland Government continue to own, operate and control the B.C.N., subject to the general control of the C.B.C.? Presumably the radio tax would be \$3 and would go to the Federal Government or the C.B.C. Would the C.B.C. be likely to establish a station in Newfoundland? Could the B.C.N., if it wished, carry C.B.C. programmes in whole or in part?

P. 33, sec. 49. Re Civil Service Commission: Would Federal employees in Newfoundland be ordinary residents of Newfoundland, or would they be sent in from other parts of Canada? When an existing service was taken over by the Federal Government, what would be the position of the present employees?

P. 35, sec. 59. Might we expect special early attention from the National Film Board?

P. 35, sec. 62. What harbours in Newfoundland would become National Harbours?

P. 40, sec. 91. What would be the position with regard to the Newfoundland Government Railway system?

P. 42. Could we have a table showing personal income tax in the same income groups as shown, but with much greater detail as to status? — single, no dependents, 1,2,3,4,5 dependents; married, no dependents, 1,2,3,4,5,6,7,8,9,10,11,12 dependents.

P. 49, second-last paragraph. What were the actual values and proportions of all dutiable imports and non-dutiable imports into Canada in 1945?

P. 52. "Aviation Gasolene." Is this not an incorrect description of the gasolene referred to? Is it not ordinary gasolene?

P. 52 to P. 61. Would it be possible to give us, in respect of the items described, a table showing not only the Newfoundland and Canadian customs duty on each, but in separate columns the Canadian Excise Duties, Excise Taxes and Federal Sales Tax where these apply?

P. 71, sec. 3. Does the agreeing Province get the proceeds of the 5% Corporation Tax, over and above the other compensation to the Province provided in the agreement?

For example (p. 73) Nova Scotia is shown in the table as being likely to receive, under the second option, \$10,870,000. Does that include the proceeds of the 5% Corporation Tax in Nova Scotia, or does the Nova Scotia Government receive \$10,870,000 plus the yield of the 5% tax?

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R.A.M./Vol. 2

*Extraits d'un mémorandum du chef, la deuxième direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

*Extracts from Memorandum from Head, Second Political Division,  
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, July 4, 1947

MEMORANDUM OF CONVERSATION WITH SIR ALEXANDER  
CLUTTERBUCK ON JULY 4TH

Sir Alexander Clutterbuck called this morning to inquire about progress in the Newfoundland meetings. Mr. MacKay and Mr. Bridle talked to him and gave him copies of the memorandum submitted at the first meeting by the Newfoundland delegation. They also showed him a copy of the list of questions relating to the Canadian memorandum which the delegation submitted at the second meeting. Sir Alexander will be provided with copies of this list as well as our written answers to the questions.

...  
3. It was explained to Sir Alexander that the delegation had expressed a desire to visit the Department of Fisheries, the National Film Board, the Experimental Farm and the National Research Council and that arrangements were being made to have them visit these offices. It is expected that they will wish to visit other departments of the government in due course.

4. There was then some discussion as to time-table and procedure. Sir Alexander was told that the Newfoundland delegation had been advised that they might set the pace of the discussions. At the same time, it is thought that, since Canadian Ministers are unlikely to wish to remain in Ottawa much beyond the end of the third week in July, it may be necessary to expedite matters a little in the course of the next two weeks. We have some reason to believe that the Newfoundland delegation are in no hurry to conclude their discussions at an early date and that one reason for this may be that certain members of the delegation feel that it would be to the advantage of the confederation group if the referendum were delayed until next spring. Sir Alexander said that he thought that there might be something to be said for this. The time-table presently in the mind of the Newfoundland Government (i.e., having the Convention's recommendations in the hands of the United Kingdom Government by August 1st) seems to him to be crowding the whole business to some extent. He thinks there might be risk in presenting the question for decision at an early date because this would mean a snap judgment which might easily be an unfavourable one.<sup>107</sup>

<sup>107</sup>Dans un mémorandum le jour suivant, E. Reid commenta:

<sup>107</sup>In a memorandum the following day, E. Reid commented:

[ . . . ] Sir Alexander Clutterbuck said that he had recently been talking to the Prime Minister about Newfoundland and that the Prime Minister appeared to be inclined to make haste slowly and to be of the opinion that it might be as well, should the delegation wish to do so, if they were to stay here until some time in August. [ . . . ]

8. Sir Alexander concluded that the discussions with the Newfoundland delegation were still in an exploratory stage and that there is, at the present time, little for him to report to London. He was assured that we would keep him in touch with further developments.<sup>108</sup>

E. REID

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*Procès-verbal d'une réunion entre deux délégués de la délégation à Ottawa de la Convention nationale de Terre-Neuve et des représentants du gouvernement du Canada sur les pêcheries*  
*Minutes of a Meeting between Two Delegates of the Delegation to Ottawa from the National Convention of Newfoundland and Representatives of the Government of Canada on Fisheries*

SECRET

A meeting between two delegates from the National Convention of Newfoundland and the Minister of Fisheries, and some of his officials, was held in the Minister's office, Room 224, West Block, Ottawa, Friday, July 4, 1947, at 2:30 p.m.

This meeting was held pursuant to arrangements made at the General Meeting held on July 2, last.

Present:

The Minister of Fisheries (Mr. Bridges)  
 The Reverend Lester Burry — Newfoundland Delegate  
 Mr. J. R. Smallwood — Newfoundland Delegate

Mr. Stewart Bates — Deputy Minister of Fisheries  
 Mr. D. H. Sutherland — Asst. Deputy Minister of Fisheries  
 Mr. S. V. Ozere — Departmental Solicitor  
 Mr. I. S. McArthur — Chief Economist

Mr. J. E. Howes — Assistant Secretary, Newfoundland-Canadian Discussions.

<sup>108</sup>Les notes suivantes étaient écrites sur le mémorandum du 5 juillet mentionné dans la référence 107:

<sup>108</sup>The following notes were written on the memorandum of July 5 mentioned in footnote 107:

I would like to suggest that copies of the minutes of the meetings might be sent to Sir Alexander Clutterbuck. These are, of course, secret but you will recall that he had let us see verbatim reports of the discussions in London. E. R[EID] JULY 5

Are we at liberty to do this without the approval of the Newf[oundlan]d Del[egation]? L. B. P[EARSON]

It would be difficult not to give the U.K. the minutes after they gave us the verbatim reports of the London meetings. The Newfoundlanders might object (if they learn of it as I hope they don't) but I cannot see it does them any harm. E. R[EID] JULY 10

Seen by L. B. P[EARSON] JULY 11TH.

THE MINISTER OF FISHERIES read a memorandum "Re: Application of the Benefits of the Sick and Distressed Mariners' Fund to Fishermen."<sup>†</sup> A copy of the memorandum was given the Newfoundland Delegates and a copy is attached hereto.

THE NEWFOUNDLAND DELEGATES said this information was very useful as it indicated the important benefits qualified fishermen enjoy under Confederation.

MR. BRIDGES read a memorandum "Re: Legislative and Administrative Authority over Fisheries in Canada"<sup>†</sup> and discussion of various sections followed.

MR. SMALLWOOD asked who paid the provincial officer under the arrangements by which such officer administered the fisheries legislation of Parliament and the regulations thereunder, as well as the provincial legislation on, and provincial property in inland fisheries.

MR. SUTHERLAND replied that such an official would be paid by the province. He pointed out, however, that in Nova Scotia and Prince Edward Island the Canadian Fisheries Act and regulations made thereunder, apply to all fisheries and are administered by the Government of Canada in both tidal and non-tidal waters.

MR. SMALLWOOD said that regulation of export, as now carried out under the Newfoundland Fisheries Board, was an important factor as their people had bitter memories of their unregulated fish trade. He felt that unless some way was determined by which this, or some similar methods, could be continued after confederation, that federation terms, no matter how attractive otherwise, would likely prove unacceptable to Newfoundlanders.

MR. OZERE said that intricate and difficult legal problems were involved in any arrangement such as that suggested by Mr. Smallwood and referred to the Natural Products Marketing Act case. He said it would be necessary to submit the question to the Department of Justice for their opinion.

MR. BRIDGES promised that the matter would be looked into as soon as possible.

MR. SMALLWOOD enquired whether the Department of Fisheries maintain bait depots for fishermen.

MR. SUTHERLAND said that several experiments along this line had been made but none had been entirely satisfactory and that such depots were not operating at present.

Copies of the memorandum were circulated and copy is attached hereto.<sup>†</sup>

MR. BRIDGES read clauses 15 to 23 inclusive, under "Fisheries" in the memorandum "Some Notes on the Constitution and Government of Canada and on the Canadian Federal System." These were discussed by the meeting and officials explained the operations of the department in detail and how such operations would likely be applied in Newfoundland if the Island became a province.

THE NEWFOUNDLAND DELEGATES were also supplied with copies of the following:<sup>†</sup>

(a) An Administration Chart of the Eastern Fisheries Division, showing positions and salary ranges.

- (b) The Sixteenth Annual Report of the Department of Fisheries.
- (c) The 1946 Report of the Fisheries Research Board of Canada.

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243s

*Procès-verbal d'une réunion entre la délégation à Ottawa de la Convention nationale de Terre-Neuve et des représentants du gouvernement du Canada.*

*Minutes of a Meeting between the Delegation to Ottawa from the National Convention of Newfoundland and Representatives of the Government of Canada*

**SECRET**

A meeting between delegates from the National Convention of Newfoundland and representatives of the Government of Canada was held in Senate Room 258, Ottawa, on Monday, July 7, 1947, at 2:30 p.m.

*Present:***CANADIAN MEMBERS**

The Secretary of State for External Affairs, (Mr. St. Laurent) in the Chair,  
 The Minister of National Defence, (Mr. Claxton),  
 The Minister of Justice, (Mr. Ilsley),  
 The Minister of National Revenue, (Dr. McCann),  
 The Minister of Fisheries, (Mr. Bridges),  
 The Leader of the Government in the Senate, (Senator Robertson).

**NEWFOUNDLAND MEMBERS**

Mr. F. G. Bradley, K.C., (Delegation Chairman),  
 Mr. T. G. W. Ashbourne,  
 Mr. Charles H. Ballam,  
 The Reverend Lester Burry,  
 Mr. P. W. Crummey,  
 Mr. G. F. Higgins, K.C.,  
 Mr. J. R. Smallwood (Delegation Secretary),  
 Mrs. O'Keefe (Secretary to the Delegation).

**SECRETARIAT**

Mr. J. R. Baldwin, Privy Council Office,  
 Mr. J. E. Howes, Bank of Canada,  
 Miss Muriel Mosley, Department of the Secretary of State.

*Also Present:*

The Canadian High Commissioner in Newfoundland, (Mr. J. Scott Macdonald),  
 Representative of the Department of Finance, (Mr. M. Sharp),  
 Representatives of the Department of External Affairs, (Mr. R. A. MacKay, Mr. Paul Bridle).



I. SUBMISSION OF ANSWERS TO QUESTIONS  
FROM NEWFOUNDLAND DELEGATION

1. THE CHAIRMAN reported that written statements had been prepared by the appropriate officials of the Canadian government on most of the questions submitted by the delegation from the Newfoundland Convention at the previous meeting on July 3rd.

Copies of a memorandum containing these statements were circulated.<sup>109</sup>

2. MR. ST. LAURENT, referring to statement on imports into Canada in 1945 contained in this memorandum reported that duty-free imports from the United Kingdom during war years had been greatly increased by the special wartime removal of many duties on U.K. imports. The exact position as regards reimposition of these duties and consequent effect on Canadian imports was related to the outcome of the international trade discussions now taking place in Geneva.

3. THE NEWFOUNDLAND DELEGATION, referring to answers submitted by the Department of Mines and Resources, asked if any more definite statement regarding federal assistance in construction of roads could be given.

4. THE CANADIAN REPRESENTATIVES pointed out that roads were primarily a provincial responsibility. Virtually the only exceptions in practice were roads in National Parks which were built and maintained by the federal government (although presumably military roads, where required, could be a proper activity for the federal government). In addition, federal aid had been given to certain connecting links to the Trans-Canada Highway as part of a special emergency programme and in certain other special instances described in the memorandum. It would not be desirable to elaborate any general overall policy or give any further assurances in this connection at present. Special projects would continue to be considered individually on their merits, pending clarification of the general position in regard to Dominion-Provincial cooperation in public investment programmes.

5. THE MINISTER OF JUSTICE read answers to certain of the questions submitted by the Newfoundland delegation which had been referred to the Department of Justice for reply.

Copies of these answers were circulated.

6. THE NEWFOUNDLAND DELEGATION raised certain points relating to the effect of federal jurisdiction over divorce on the situation in Newfoundland, in the event of union.

<sup>109</sup>Non reproduit. Les réponses furent préparées par les ministères de la Justice, de l'Agriculture, des Pêcheries, du Travail, des Mines et des Ressources, de la Défense nationale, de la Santé nationale et du Bien-être social, des Travaux publics, des Transports, du Revenu national et des Finances ainsi que par le Secrétariat d'État, Radio-Canada, la Commission de la Fonction publique, l'Office national du film et le sous-comité juridique du Comité interministériel sur les relations entre le Canada et Terre-Neuve.

<sup>109</sup>Not printed. Answers were prepared by the Departments of Justice, Agriculture, Fisheries, Labour, Mines and Resources, National Defence, National Health and Welfare, Public Works, Transport, National Revenue and Finance, as well as the Department of the Secretary of State, the Canadian Broadcasting Corporation, the Civil Service Commission, the National Film Board and the Legal Subcommittee of the Interdepartmental Committee on Canada-Newfoundland Relations.

7. THE CANADIAN REPRESENTATIVES pointed out that any special constitutional arrangement on this matter between the federal government and Newfoundland as a province would offer the difficulty that it should be made available to other provinces as well. Adequate protection for the position of Newfoundland might be found in the fact that the federal government would not, in practice, be disposed to interfere in any provincial situation of this sort against the wishes of the people of the province.

8. THE NEWFOUNDLAND DELEGATION inquired further regarding the present system of denominational education in Newfoundland and its position under Section 93 of the B.N.A. Act, in the event of union.

9. THE CANADIAN REPRESENTATIVES pointed out that in practice the federal government might reasonably be expected to accept any arrangements Newfoundland wished to make regarding education in Newfoundland and the effect of Section 93 thereon. Apart from direct assistance in isolated federal military camps, temporary wartime assistance in connection with special housing projects constructed by the government's Wartime Housing Corporation in areas where school facilities were not available, and certain continuing assistance by the Department of Labour in technical and vocational training, the federal government took no part in educational activities.

## II. SUBMISSION OF ADDITIONAL INFORMATION BY NEWFOUNDLAND DELEGATION

10. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION reported that certain additional information requested by the officials of the Canadian government prior to the opening of the discussions had now been prepared.

Copies of this information were submitted and circulated.<sup>110</sup>

## III. ESTABLISHMENT OF SUB-COMMITTEES

11. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION suggested that general discussions had reached a point where sub-committees might be set up to explore the position with regard to revenues and expenditures and the effect of federal tax rental proposals in Newfoundland, in the event of union; and the problems involved in the relationship between the Newfoundland Government Railway system and existing transportation facilities in Canada.

12. MR. SMALLWOOD reported that representatives of the delegation from the Newfoundland Convention had already met with the Minister of Fisheries and officials of that department for discussion of specific problems related to fisheries. These discussions would continue and a report would be submitted at a later meeting.

13. THE MEETING, after discussion:

(1) noted the report by Mr. Smallwood;

<sup>110</sup>Non reproduit. Ces renseignements portaient sur les ventes de spiritueux, les prix des spiritueux et d'autres produits, les paiements aux conseils municipaux et les statistiques démographiques.

<sup>110</sup>Not printed. The information provided was on the sales of spirits, the prices of spirits and other goods, payments to town councils and population statistics.

(2) agreed that a sub-committee on finance composed of Mr. Burry, Mr. Crummev and Mr. Smallwood together with appropriate officials of the Canadian government be established to examine and report upon:

(a) the effect of the federal tax rental agreement proposals on Newfoundland; and

(b) the probable situation in respect of federal and provincial revenues and expenditures in the event of union; and

(3) that a sub-committee composed of Mr. Higgins, Mr. Ballam and Mr. Smallwood together with appropriate officials of the Canadian government be established to examine and report upon problems involved in the integration of the Newfoundland Government Railway system with existing transportation facilities in Canada.<sup>111</sup>

The meeting adjourned at 5:15 p.m. to meet again at the call of Mr. St. Laurent and Mr. Bradley.

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*Extrait d'une lettre du haut commissaire de Grande-Bretagne  
au chef, la deuxième direction politique*

*Extract from Letter from High Commissioner of Great Britain  
to Head, Second Political Division*

SECRET

Ottawa, July 10, 1947

Dear Mr. Reid,

Thank you so much for your letter of the 9th July<sup>1</sup> enclosing copies of various papers relating to Newfoundland. I have passed on two copies of each of the papers to London.

I am particularly glad to have the very interesting memorandum listed as item (5) in your letter, and have asked the Commonwealth Relations Office to treat this as very confidential and sent for their own information only.<sup>112</sup>

...

Yours sincerely,

P. A. CLUTTERBUCK

<sup>111</sup>La délégation de la Convention nationale donna sous peu au sous-comité des Transports des copies du rapport du Comité sur le chemin de fer de la Convention nationale.

<sup>112</sup>Le document en question est le memorandum sur les aspects financiers de l'union avec Terre-Neuve. Voir la référence 87, document 345. Parmi les autres documents envoyés, il y avait des copies des procès-verbaux des réunions du 25 juin et du 2 juillet entre la délégation de la Convention nationale et les représentants du gouvernement du Canada. Voir la référence 108, document 364.

<sup>111</sup>Shortly thereafter, the delegation of the National Convention gave the Sub-Committee on Transportation copies of the report of the Railway Committee of the National Convention.

<sup>112</sup>The document in question is the memorandum on the financial aspects of union with Newfoundland. See footnote 87, Document 345. Among the other documents sent were copies of the minutes of the meetings of June 25 and July 2 between the Delegation of the National Convention and representatives of the government of Canada. See footnote 108, Document 364.

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*Mémoire du chef, la deuxième direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Second Political Division,  
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, July 10, 1947

In connection with your talk with Mr. St. Laurent this afternoon about Newfoundland, you might like to know that it appears that most, if not all, of the important financial questions relating to federation with Newfoundland will probably have been raised in a few days' time. The question of developmental expenditures has already come up in the meetings and a special sub-committee is now studying the Newfoundland railway. The debt problem was briefly touched upon at a meeting of the sub-committee on financial questions on Tuesday and the matter of statutory subsidies was discussed at that time. This sub-committee is to meet again tomorrow morning when the Canadian representatives will present a statement which will show, apart from the matter of statutory subsidies, how the tax agreement proposals might apply to Newfoundland; they will also present tentative estimates of federal revenues and expenditures with respect to Newfoundland. The Newfoundland representatives will present a tentative estimate of Newfoundland's revenues and expenditures as a province. It is felt that this will almost inevitably bring forward the question of the budgetary "gap."

2. I should perhaps add that the Newfoundland representatives have so far not shown any disposition to do more than raise these questions in a rather tentative fashion.

ESCOTT REID

369.

R.A.M./Vol. 2

*Extrait d'un mémorandum du haut commissaire à Terre-Neuve  
au sous-secrétaire d'État aux Affaires extérieures*

*Extract from Memorandum from High Commissioner in Newfoundland  
to Under-Secretary of State for External Affairs*

Ottawa, July 11, 1947

The conversations with the Newfoundland delegation on the question of a basis of Union will have pretty well covered the subject, in a general way, by the end of next week or perhaps earlier. It will then be necessary to give careful consideration to the further course of the conversations.

It may be noted that the Newfoundland Government, in asking Canada to receive the delegation, stated that the purpose of their visit was "to ascertain from the Government of Canada what fair and equitable basis may exist for Federal Union of Newfoundland and Canada." It may be further noted that, in

agreeing to receive the delegation, the Canadian Government laid it down that "it is essential to have a complete and comprehensive exchange of information and a full and careful exploration by both parties of all the issues involved so that an accurate appreciation of the position may be gained on each side."

A general directive for the guidance of our representatives taking part in the discussions was laid down by the Cabinet at its meetings of June 19th and June 23rd, to the effect that the Canadian delegates should not go beyond stating that "should Newfoundland desire to enter Confederation, it would be treated on the same basis as other Provinces and that the Government of Canada would be prepared to examine with authorized representatives of Newfoundland ways and means by which, during the transitional period, a reasonable standard of Provincial Services could be maintained and the Provincial Budget balanced."

I have already pointed out several times in our discussions with the Committee of the Cabinet when this question was under discussion that, in my judgement, the adoption of this policy would lead to a negative result. In the forthcoming referendum Newfoundlanders cannot vote on the question of entering Confederation unless they know the terms on which Newfoundland would be accepted as a Province — not only the governmental services it would get but also what would be done on a number of matters that are not automatically part of Federation under the British North America Act. For example, the question of the taking over of the Public Debt, in whole or in part; the question of the disposition of the Newfoundland Railway; the question of the amount of the Annual Subsidy that would be paid. If advantage is to be taken of the unique opportunity offered by the referendum it will be necessary to set forth concrete terms. Failing a definite statement of the conditions which would be applicable to Newfoundland if it should decide to become a Province of Canada, the question of Confederation will not appear on the referendum at all.

...

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*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire à Terre-Neuve*

*Memorandum from Under-Secretary of State for External Affairs  
to High Commissioner in Newfoundland*

Ottawa, July 11, 1947

I am distressed about the misunderstanding that has been created by a Canadian journalist running from our weekly off-the-record press conferences in the Department to the Newfoundland delegation with inaccurate and incomplete reports of references to Newfoundland in those conferences.

The facts are as follows: In each of the last two or three conferences, questions have been addressed to me about Newfoundland from representatives of the press which indicate an unfortunate ignorance and misunderstanding of the nature of the present discussions. Some of our press people seem to think that the

Newfoundland delegation is empowered to negotiate terms of union; that those terms can be definitely agreed on in Ottawa and that all that would be required then is for the Newfoundland Convention to put them into effect if it so desires. I have on more than one occasion tried to explain the nature of the present talks; the character of the Newfoundland representation as the members of a Convention; the necessity of any report from these talks being referred to the Convention; the fact that a referendum must be taken in Newfoundland before any action can be taken. I have also pointed out that it has never been taken for granted by the Canadian Government that these talks must necessarily result in the acceptance on both sides of final concrete financial terms at this time. I have pointed out that this may happen, but on the other hand, it may not, and if it does not, there may be some other less concrete arrangement made by which the question of Newfoundland's entry into Confederation could, if the Convention so desired, be put to the Newfoundland people, leaving certain details to be worked out later in the event of a favourable decision in a referendum.

It is absolute nonsense for any one to say that I have stated that there would not be concrete terms or that the Canadian Government could not negotiate with representatives of a Convention but only with the representatives of a responsible government. If any newspaper man told the Newfoundland delegates that, he was grossly misreporting anything that I may have said and I would hope that those delegates would have enough confidence in my common sense not to believe what he said.

L. B. PEARSON

371.

243s

*Mémoire du secrétaire adjoint du Cabinet au  
secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Secretary to the Cabinet to  
Secretary of State for External Affairs*

SECRET

Ottawa, July 11, 1947

NEWFOUNDLAND DISCUSSIONS: PROCEDURE

The sub-committees in the Newfoundland discussions are making some progress. Those on Fisheries and Finance should finish their work by the early part of next week. The committee on Transportation has a more complicated task, particularly since this is not a field in which our officials had gone in any detail hitherto; while the committee might make some sort of a provisional report by the end of next week, it could easily go on for much longer.

It is possible that the Newfoundland delegation had in mind in proposing these sub-committees that their reports would bring to a head certain questions upon which they hope the Canadian government will declare itself. The Newfoundland group are, apparently, hopeful that they will get from the Canadian government something they may reasonably describe as an "offer" and which they can take back to Newfoundland and use as a basis for a campaign in favour of union. Up to this point, I think, they have been reasonably well satisfied and the general

assurances that we have given on, for example, denominational education, divorce, Gander airport, possible establishment of a national park and an experimental farm, represented to them the type of thing that they have in mind as an "offer."

I understand from Mr. Macdonald and Mr. MacKay that Mr. Bradley, if he considers the attitude of the Canadian government adequate, may come out strongly in favour of union with Canada leading a campaign on its behalf, with a view to becoming the first provincial leader. I understand also that there is good reason to believe that unless he does there is little likelihood that any strong well-organized support for union with Canada in a referendum would develop, since he is the individual on whom the movement would rely. Further, I am told that he can at any time become a Commissioner in the Commission Government if it should continue; his personal position is that he would accept this rather than come out for Confederation unless he thinks that the attitude of the Ottawa government is sufficiently good to make a campaign in favour of union a success.

In other words, the Newfoundland delegation do not perhaps, fully understand the difficulties the Canadian government would encounter of making any specific "offer." In these circumstances it may be dangerous to have discussions with the Newfoundland delegation continue over a lengthy period if at the end they consider that the attitude of the Canadian government has not been satisfactory and does not constitute a reasonable offer. Meanwhile the Newfoundland group show no signs of haste. Some of our officials who have been in contact with individual members of the Newfoundland delegation, are worried over this point and feel that protracted discussions ending in a statement unsatisfactory to the Newfoundland delegation would be extremely bad and that it would be desirable to start trying to clear this matter up informally with Mr. Bradley at an early stage rather than have an anti-climactic end to lengthy discussions.

Four or possibly five major problems are emerging on which the Newfoundland government would like to see us take some stand. They are, generally speaking, as follows:

(1) *Statutory subsidy to Newfoundland* (as distinct from any transitional subsidy to cover a provincial deficit).

Seven of the existing provinces receive special subsidies of this sort; (e.g. the Duncan and White awards in the Maritimes). It might be reasonable for us to go as far as saying that we would be prepared to grant some special subsidy to Newfoundland on a basis comparable to the treatment accorded other provinces in this respect (perhaps the Maritime Provinces in particular). The Interdepartmental Committee, you will recollect, recommended that a statutory subsidy of \$1,500,000 annually on a basis of isolation and higher cost of transportation and communication with the rest of Canada.

(2) *The Newfoundland government railway system.*

The delegation would like to see the Canadian government make some sort of commitment with respect to either underwriting the system or taking it over. In the event of union I think it would be almost inevitable that in the course of time the railway would become part of the government-owned system since we now

provide a governmental transcontinental system covering all provinces and could scarcely make an exception in the case of one. It may not, however, be desirable or possible to give anything more than a very general statement in this connection at present.

(3) *Newfoundland debt.*

The Newfoundland delegation would like to see us make some commitment regarding their debt but in view of the attitude taken by the U.K. as indicated informally by Sir Alexander Clutterbuck it would perhaps be difficult for us to do anything more on this particular point than say that in the event of a decision in favour of union we would be prepared to discuss this matter with the U.K. and with Newfoundland with a view to reaching some equitable agreement as to disposition of the debt.

(4) *Provincial budget deficit.*

The major point will be whether the Canadian government will offer any sort of payment to cover provincial deficits. The Interdepartmental Committee suggested a transitional subsidy, but the only firm decision taken by the government is that we would be prepared to discuss this matter in the event of a decision in Newfoundland in favour of union.

(5) *Fisheries.*

I understand the point has been made with Fisheries that there would be little hope of a Newfoundland decision in favour of union unless the federal government could offer some assurance that the marketing control legislation in respect of fisheries already in effect in Newfoundland could be continued. This matter has been referred to Justice and the answer received may be satisfactory as regards the legal position. If not, this would be a further major point to consider.

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In view of the stage we have reached in the discussions and the factors described above, you may wish at an early opportunity to have a private chat with Mr. Bradley, sounding him out on some of these points so that he will not misunderstand our position. Such a conversation might also offer an opportunity for us to mention one or two of the points which would make it much easier to consider a transitional subsidy; e.g. an arrangement regarding Labrador which would leave Labrador part of Newfoundland but allow the federal government some temporary control over development of its resources.

J. R. BALDWIN

372.

*Extrait de The Mackenzie King Record*<sup>113</sup>  
*Extract from The Mackenzie King Record*<sup>113</sup>

...  
 The Prime Minister did not participate in the detailed negotiations with the delegation but on July 11, St. Laurent reported that confederation "would mean

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<sup>113</sup>Volume 4, pp. 53-4.



an added obligation of fifteen million dollars every year in cash apart from many other obligations that would have to be overtaken — above anything we could do for the Maritime provinces. He was afraid this would at once create a Maritime province problem; also that other provinces would wish to have their positions strengthened from the federal treasury. He did not see how we could at this time, without political disaster, attempt anything of the kind. I pointed out this is exactly what I had said to the Cabinet at the time it was proposed we should receive the delegation. He asked me if he should see Mr. Bradley privately and let him know the situation. They would go back and report that they were well received, etc., but had not found it possible to get an agreement that was mutually acceptable. Everything would be done in a nice spirit. He said every person meeting the delegation seemed to take it for granted that Newfoundland is coming into Confederation.”

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373.

R.A.M./Vol. 2

*Extraits d'un memorandum du chef, la deuxième direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

*Extracts from Memorandum from Head, Second Political Division,  
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, July 12, 1947

MEETING WITH MR. ST. LAURENT REGARDING  
NEWFOUNDLAND ON JULY 11TH

The following were present in addition to yourself: Mr. Macdonald, Mr. MacKay, Mr. Baldwin, Mr. Bridle and myself.

2. It was explained to Mr. St. Laurent that the discussions with the Newfoundland delegation had now reached a stage where the main financial issues would shortly be raised. It appears that the delegation expects us, before the talks are concluded, to state with some definiteness the terms upon which Newfoundland might become a tenth province. The terms which they are likely to regard as essential and upon which they are likely to feel that they must be in a position to make a clear-cut report to the Convention are, of course, in the main, financial terms. Since, on the basis of Cabinet decisions to date, it would appear unlikely that a concrete offer with respect to such terms will be forthcoming, it was suggested that Mr. St. Laurent might have a private conversation with Mr. Bradley with a view to ascertaining what he feels it would be essential for the delegation to take back with it to Newfoundland and with a view to making clear to him some of the difficulties with which the Canadian government is faced in dealing with the question of federation with Newfoundland.

3. There was then considerable discussion of the main financial problems — that is, the railway, the debt, statutory subsidies and the budgetary “gap.” With respect to the railway, it was agreed that an investigation adequate to provide a basis for an accurate estimate of the costs involved would be impossible within

the time at the disposal of the conference. It was thought, however, that with the possible exception of the steamship service, it might not be too difficult to justify assumption of responsibility for this service by the federal government.

4. There was little discussion of the problem of the debt but it was suggested that an arrangement might be possible if, for example, the United Kingdom were to assume part of the debt. A suitable statutory subsidy for Newfoundland could probably be arranged without great difficulty. The budgetary "gap," however, is a problem not easily solved. Any special subsidy, even if it were designed to be a special grant for a limited period made for the purpose of enabling Newfoundland to adjust her economy to that of Canada would be subject to the objection that one could hardly foresee just when the need for such a grant might cease. This would create a situation which would be difficult to justify vis-à-vis the existing provinces. Therefore one might have to look for some sort of arrangement which could be justified as being of the same order as arrangements which have already been made with the existing provinces.

...

8. A tentative balance sheet showing the costs to Canada of taking Newfoundland in as a tenth province was discussed. On the revenue side, there appeared some \$20,000,000 in the shape of additional revenues resulting from Newfoundland's entry. On the expenditure side, there appeared approximately the same amount as the cost of extending federal services to Newfoundland. In addition, there were the Newfoundland Railway (\$1,500,000), service of the Newfoundland debt (\$3,400,000); a tax agreement payment (\$5,000,000); a statutory subsidy for Newfoundland (\$1,500,000 as a likely figure) and perhaps \$3,500,000 required to bridge the "gap" in the Newfoundland budget — a total of \$15,000,000 in round figures. There would be possible reductions with respect to the debt service (\$1,000,000) and with respect to the amount required to bridge the "gap" (perhaps \$1,500,000). At the same time, this estimate does not take into account any capital expenditures which the federal government might make in Newfoundland. It was generally agreed that the amount required to bridge the budgetary "gap" is in a rather special category since, unlike the other amounts, it raises serious political difficulties. At the same time, it may, for practical purposes, be regarded as the amount necessary to bring Newfoundland in; for, without a financial guarantee of this kind, no offer would be likely to be favourably received by the Newfoundland people even if the Convention decided to include confederation on such terms in the referendum.

9. Mr. St. Laurent intimated that he would have a discussion with his colleagues on the question of whether or not an offer embodying such terms might be made to the Newfoundland delegation. He also said that, after consulting his colleagues, he might like to discuss the matter with the leaders of the opposition parties in the House of Commons, along with some of their financial advisors. However, in view of imminent end of the session, no decision as to how this might be effected was made. It was not made clear whether or not Mr. St. Laurent intended to see Mr. Bradley.

J. B. C. WATKINS  
for E. Reid

374.

PCO-CRF

*Mémoire du président, la délégation canadienne aux  
réunions avec la délégation à Ottawa de la Convention  
nationale de Terre-Neuve, au Cabinet*

*Memorandum from Chairman, Canadian Delegation to the  
Meetings with the Delegation to Ottawa from the National  
Convention of Newfoundland, to Cabinet*

SECRET

Ottawa, July 14, 1947

## DISCUSSIONS WITH NEWFOUNDLAND

It is now apparent that the Newfoundland delegation will not be satisfied with an undertaking to discuss financial matters in the event of a Newfoundland vote in favour of union with Canada; and are not prepared to recommend that there be a referendum asking whether the people of Newfoundland are in favour of union with Canada provided satisfactory financial terms can be arranged. Unless the Canadian government can give some more definite undertaking, the Newfoundland delegation will return and report to the National Convention that they have found no "fair and equitable basis for union" which would be mutually satisfactory, and accordingly no referendum would be held on the question of joining Canada.

If the delegation is to make a favourable report to the Convention on the question of union, it must be able to tell the Convention that the Canadian government is prepared to recommend to Parliament something along the following lines:

(1) *Take over the Newfoundland national debt.*

The total direct debt is almost \$75 million and has an annual carrying charge of about \$3.7 million. If refunded by the federal government at a lower rate of interest, the carrying charges could be reduced by about \$1 million annually.

(2) *Offer some assurance with regard to financial support for the Newfoundland government railway system.*

The system has an annual deficit at present of about \$1 1/2 million, a large part of which is incurred in connection with maintenance of coastal steamship services for communication purposes. The Canadian government might offer to take over the system or offer to leave it in provincial hands but meet its annual deficits up to a maximum of, say, \$1 1/2 million.

(3) *Offer a tax rental agreement to the province on the same basis as agreements presently being negotiated with existing provinces.*

This would result in an annual payment to Newfoundland, on a \$15 per capita basis, of between \$5 and \$6 million annually at present rates with the minimum being in the neighbourhood of \$5 million.

In this figure no account is taken of special statutory subsidies also paid to existing provinces. Tax rental agreements with the existing provinces include continuation of certain statutory and special payments, and it would be normal to expect that a tax rental agreement with Newfoundland might include a similar

provision for a statutory subsidy. Taking into consideration the size of the Duncan and White awards in the Maritime Provinces which are being continued, a statutory subsidy to Newfoundland of about \$1 million annually might be reasonable. If no other special federal payments to meet provincial deficits were involved, this figure might be increased somewhat, but in view of the fact that a substantially larger provincial deficit would have to be met, (see (4) below), there may be no advantage in attempting to establish any particular statutory subsidy on a separate basis for purposes of this memorandum.

(4) *Offer special financial assistance to cover the expected deficit in the provincial budget during the period in which the province is developing its own local sources of revenue.*

Assuming a tax rental agreement is made with the province, the deficit remaining in the provincial budget would probably be about \$5 million although this may be adjusted somewhat as a result of further estimates now being prepared by the Newfoundland delegation. As suggested in the preceding paragraph this could be divided between a statutory subsidy and a special transitional payment. In any event, in addition to (1), (2) and (3) above, the federal government would have to offer some sort of an undertaking which would, during a specified period, provide the Newfoundland government with funds to cover provincial deficits up to a maximum of perhaps \$5 million.

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Arrangements with Newfoundland along these lines would have to be made for a considerable period, possibly as long as twenty-five years. All figures are provisional estimates and more exact amounts could be set down after further detailed examination. The general dimensions of the problem, however, are that the federal government would, at present tax rates, raise about \$20 million and would spend about \$35 million annually in respect of Newfoundland if it made the offer outlined in the foregoing points. Other matters not of an economic nature have come up in the discussions but these could probably be resolved if the economic difficulties can be overcome. Failing that, it would appear desirable to inform the Newfoundland delegation of the position of the Canadian government so that the discussions may not give rise to any misunderstanding as is likely, if they are prolonged further on an indefinite basis.

L. S. ST. LAURENT

375.

*Extraits des Débats de la Chambre des Communes*<sup>114</sup>*Extracts from Debates of the House of Commons*<sup>114</sup>

## TERRE-NEUVE

LA DÉLÉGATION AU CANADA —  
DEMANDE DE RENSEIGNEMENTS  
AU SUJET DU PROGRÈS  
DE LA CONFÉRENCE

A l'appel de l'ordre du jour.

M. JOHN BRACKEN (chef de l'opposition): Je désire poser une question au secrétaire d'État aux Affaires extérieures. Étant donné que les délégués de Terre-Neuve sont au pays depuis quelque temps et que ce sera sans doute le dernier jour de la session, le ministre est-il en mesure de nous donner une idée des progrès réalisés dans les pourparlers concernant les relations futures entre Terre-Neuve et le Canada? [ . . . ]

Le très hon. L. S. ST. LAURENT (secrétaire d'État aux Affaires extérieures): [ . . . ] Nous avons eu plusieurs réunions avec les délégués de Terre-Neuve et, lors de la dernière réunion générale entre les délégués et nos représentants, on a formé plusieurs sous-comités chargés d'examiner divers aspects des questions à l'étude. [ . . . ] De toutes parts on s'efforce, avec espoir et cordialité, d'élaborer une solution acceptable aux citoyens des deux pays.

M. BRACKEN: La Chambre et la population feront bon accueil, j'en suis sûr, à la déclaration favorable du secrétaire d'État aux Affaires extérieures. Je me permets de noter que tous les honorables députés souhaitent sincèrement que les entretiens du Gouvernement avec les délégués de Terre-Neuve soient couronnés de succès.

## NEWFOUNDLAND

DELEGATION TO CANADA —  
INQUIRY AS TO PROGRESS  
OF DISCUSSIONS

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I should like to direct a question to the Secretary of State for External Affairs. In view of the fact that Newfoundland delegates have been here for some time, and that we are hoping this will be the last day of the session, I should like to ask the minister if he is in a position to give us a progress report with respect to the discussions as to the future relations of Newfoundland and Canada. [ . . . ]

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): [ . . . ] There have been several meetings with the delegation from Newfoundland, and at the last general meeting of their delegation with our representatives several subcommittees were established to consider various aspects of the problems being explored. [ . . . ] There are still very cordial and hopeful efforts being made on all sides to arrive at something that would appeal to the citizens of both countries.

Mr. BRACKEN: I am sure the house, and the public as well, will welcome the statement of progress by the Secretary of State for External Affairs. If I may be permitted to make one observation, I would say that it is the sincere view of every hon. member that the government will meet with a very great measure of success in its discussions with the Newfoundland delegates.

<sup>114</sup>Canada, Chambres des Communes, *Débats*, 1947, volume 6, p. 5731. Ce débat a eu lieu le 16 juillet.

<sup>114</sup>Canada, House of Commons, *Debates*, 1947, Volume 6, p. 5728. This debate took place on July 16.

376.

243s

*Mémorandum de la deuxième direction politique au  
sous-secrétaire d'État aux Affaires extérieures*  
*Memorandum from Second Political Division to  
Under-Secretary of State for External Affairs*

SECRET

Ottawa, July 16, 1947

## NEWFOUNDLAND MEETINGS

Miss Muriel Mosley of the Department of the Secretary of State, who is assisting Mr. Baldwin with secretarial work in connection with the Newfoundland conference, called me on the telephone yesterday afternoon to say that she had something of importance in connection with the discussions about which she wished to talk to me.

2. I arranged a meeting with Miss Mosley and she told me that Mr. Higgins had asked her advice about whom he might best see about a problem of procedure. It seems that Mr. Higgins and Mr. Crummey would like the conference to adjourn now and reopen in the fall. They do not, however, wish to be put in the position of being responsible for bringing this about and would like to suggest this course privately to someone on our side with a view to having the adjournment proposed by us.

3. Their reason for desiring this course is said to be that they feel that Mr. Smallwood, and Mr. Bradley under Mr. Smallwood's influence, are endeavouring to get a neat set of terms out of the Canadian Government which they can then go back and "railroad" through the Convention, eventually perhaps bringing about confederation without the Newfoundland people having had an opportunity to deliberate properly on such an important step. Moreover, they do not regard Mr. Bradley and Mr. Smallwood as the most suitable representatives of the Newfoundland people and they would like, they say, to come back in the fall with some more representative delegates.

4. Mr. Higgins is skeptical about the Canadian Government giving the delegation terms at this time and Mr. Crummey, it seems, is frankly opposed to confederation. The other three delegates are apparently without strong conviction and normally follow Mr. Smallwood's lead. However, Mr. Higgins claims that he has pretty well talked them over to his plan for an adjournment.

5. Mr. Higgins is in close touch with his senior partner in St. John's, Mr. Charles E. Hunt, K.C., a somewhat distinguished but rather prejudiced supporter of the movement to restore responsible government. From some person connected with this movement, Mr. Higgins has recently received a letter which apparently took the form of a sort of ultimatum in which Mr. Higgins was told that "they" would give Mr. Higgins and his colleagues "until Saturday" to stop bartering and get on home or incur considerable wrath. It appears that Mr. Higgins and Mr. Crummey agree with these people that responsible government should be restored before confederation is considered, whereas Mr. Bradley and Mr. Smallwood are endeavouring to arrange matters so that it may be brought about without the prior restoration of self-government.

6. Miss Mosley intimated that she had told Mr. Higgins that she would try to find out whom he might see. I said that if the delegation wished to adjourn the conference, they were at liberty to say so but that they could hardly expect us to adjourn it for them. I also said that it seemed to me that Mr. Higgins' first task would seem to be to convince the delegation of the soundness of his point of view. I added, however, that I was sure that any member of the Canadian government or any of its officials would be glad to see Mr. Higgins or any other member of the delegation at any time regarding such matters as they might care to discuss. Insofar as our attitude toward the continuance of the talks is concerned, I said that we had agreed at the beginning to let them set the pace and that I was sure they were both welcome as long as they wish to stay and free to go when they feel they should. With respect to the completion of their mission, we are prepared at any time to answer, to the best of our ability, any questions they may care to put forward; we can hardly be expected, however, to make statements on specific issues until the delegation raises them.

7. Miss Mosley said that she has the impression that the delegation have a pretty complete set of figures on the Newfoundland provincial budget and that Mr. Smallwood has on hand a number of further questions to be put to Canadian Ministers. She is rather at a loss to understand why they haven't let us have this material by now. I said that we too had noticed that they seem rather slow in coming forward with material for discussion, particularly since at least one Minister had told them at the opening meeting that he hoped to leave Ottawa by the end of the third week in July. Miss Mosley said that she thought that Mr. Higgins and his group might try to use this circumstance as an excuse for suggesting an adjournment.

8. I told Miss Mosley that I thought I should report what she had told me to you and that I would ask you if you thought the sort of answer I had suggested she might give Mr. Higgins were adequate or if you felt that it might be better to make a different sort of reply. I said that I would let her know your views and in the meantime she agreed to say nothing to Mr. Higgins.

P. A. BRIDLE

377.

243s

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 130

St. John's, July 17, 1947

MOST IMMEDIATE. My immediate telegram No. 128 of July 16th.<sup>†</sup> Following is text of telegram sent to Bradley:

"Delegation of undersigned, appointed by 25 members of National Convention who met in St. John's last week to discuss present situation, had an interview this morning with His Excellency the Governor. His Excellency informed us, prior to

your departure to Ottawa, that he indicated to you that policy of the Commission of Government was to have a referendum held in Newfoundland this autumn and that it was the responsibility of the Convention to have the necessary recommendation submitted to Dominions Office not later than August 15th in order that such a referendum might be held.

His Excellency further informed us that in case no referendum was held this autumn, he personally would place responsibility for such failure on the proper shoulders and this responsibility would not be on the shoulders of the Commission of Government.

It is evident that your plans indicated to us at a private meeting before your departure to Ottawa are not maturing and consequently it seems to many of us, in view of statement made prior to your departure, that efforts are being made to deprive the country of any referendum this fall.

In view of these circumstances and on behalf of the great majority of the Convention, we request you to authorize the Secretary to reconvene the Convention immediately. (Signed) Cashin, Hollett, Butt, Harrington, Vardy."

378.

243s

*Mémorandum du haut commissaire à Terre-Neuve au  
sous-secrétaire d'État aux Affaires extérieures*  
*Memorandum from High Commissioner in Newfoundland to  
Under-Secretary of State for External Affairs*

SECRET

Ottawa, July 17, 1947

The Chairman of the Newfoundland delegation this morning sent a telegram to the Governor quoting text of telegram received last night from five members of the National Convention asking for reconvening of Convention and added the following. "Apparent that senders of cable endeavouring to use alleged statement of Your Excellency to them as threat to Ottawa delegation. I regard this move as deliberate attempt to destroy authorized purpose of Ottawa delegation and I fear some damage has already resulted. Is it the policy of Your Excellency in commission to hold referendum this autumn? Will Your Excellency please indicate whether you desire delegation break off conversations with Canadian Government and return to St. John's before its purpose is completed." (Signed Bradley).

While the Minister obviously cannot make any use of this telegram since I obtained it confidentially it might be desirable for him to be aware that it has been sent.



379.

2828-40

*Le codirecteur, l'Institut canadien d'opinion publique,  
à la deuxième direction politique*<sup>115</sup>

*Co-director, Canadian Institute of Public Opinion,  
to Second Political Division*<sup>115</sup>

Toronto, July 17, 1947

Sir,

Enclosed is a copy of each of our news summaries of 31 July, 1946 and of 21 June, 1947, reporting surveys of the attitudes of the Canadian Public towards the entrance of Newfoundland into confederation.

Attached to the despatch of 21 June 1947 are detailed breakdowns of the data of the most recent survey. The Institute is pleased to provide these data for the internal use of your Department. Public quotation of the findings of these surveys is authorized if restricted to the content of the "Release" summaries.

We shall be pleased to provide full details of other public opinion studies we may undertake which would be of interest to the Department.

Yours very truly,

ALVIN C. O'GRADY

[PIÈCE JOINTE L/ENCLOSURE I]

*Communiqué à la presse de l'Institut canadien d'opinion publique*  
*Press Release of the Canadian Institute of Public Opinion*

GALLUP POLL OF CANADA

**CANADIAN VOTERS WOULD WELCOME  
NEWFOUNDLAND AS TENTH PROVINCE**

**NEARLY SIX IN TEN WOULD LIKE  
TO SEE INVITATION ISSUED**

TORONTO, July 31, 1946 — Whatever Newfoundland's national convention may decide as to that country's future, Canadians would like to see Britain's first colony invited to join Confederation.

Last June, Newfoundlanders, in their first election in 14 years, elected a 45-man national convention whose job it will be to decide Newfoundland's future. Whether this convention will decide to seek entry as Canada's tenth province is problematical, but plain Canadian citizens would welcome such a move.

Canadians, who will probably not be asked to vote officially on the admission of Newfoundland to Confederation, were given an opportunity to record their views in a national sample survey conducted by the Canadian Institute on the question:

**"DO YOU THINK CANADA SHOULD INVITE NEWFOUNDLAND  
TO BECOME THE TENTH PROVINCE OR NOT?"**

<sup>115</sup>P. A. Bridle. Ce document fut signalé au Premier ministre.

<sup>115</sup>P. A. Bridle. This document was referred to the Prime Minister.

## The vote: . . .

|                            |     |
|----------------------------|-----|
| Should be invited.....     | 57% |
| Should not be invited..... | 16  |
| Qualified.....             | 3   |
| No Opinion.....            | 24  |

In all provinces, the poll found a majority of those with an opinion in favor of such a union. The largest opposition is to be found in the Maritimes, where 24 per cent of those interviewed were definitely opposed, compared to opposition ranging from 9 to 17 per cent in other areas. In Quebec, the poll recorded the greatest "no opinion" vote, 31 per cent of those interviewed in that province falling into this category.

Among those Canadians who favor the union, motives show geographical differences. In Ontario and Western Canada, voters were apt to think first of the "geographical logicalness" of the idea, whereas in Quebec and Eastern Canada, first thought had to do with the asset which Newfoundland would be to the Dominion by way of new natural resources to develop.

Military advantages ranked high (but not highest) in everyone's book.

Opposition to inviting Newfoundland into Confederation was centered chiefly on the idea that it would be an "economic handicap" to Canada.

Canada's official policy with regard to the matter has been that it is strictly Newfoundland's business, but that (in the words of Justice Minister St. Laurent,) "if the people of Newfoundland came to the conclusion that they would be happy to throw in their lot with Canada, their representation would be given most earnest and sympathetic consideration."

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Communiqué à la presse de l'Institut canadien d'opinion publique*

*Press Release of the Canadian Institute of Public Opinion*

GALLUP POLL OF CANADA

**MOST STILL WANT NEWFOUNDLAND IN BUT  
UNDECIDED RISES IN PAST YEAR**

**NEARLY HALF CANADIANS WOULD ISSUE  
INVITATION — BENEFITS BOTH WAYS CITED**

The seven-man Newfoundland Commission [*sic*] will, in the course of the next few days, discuss with Canadian officials the possibility of joining the historic island of some 320,000 people to Canada as the tenth province — and about five in every ten Canadians hope the two countries "do a deal."

While the Gallup Poll finds that, in the past 12 months, the number of Canadians who think a definite invitation should be offered to Newfoundland by the Dominion Government has declined somewhat, opposition to such an invitation remains exactly the same, at only 16 per cent of the population. The increase has been among the undecided.

The issue was put to the people of Canada, via a carefully selected cross-section in these terms:

**"DO YOU THINK CANADA SHOULD INVITE NEWFOUNDLAND  
TO BECOME THE TENTH PROVINCE, OR NOT?"**

The same issue, in the same words, was polled by the Institute in July, 1946. The shift in opinion, such as it is, can be seen from the following comparative tables:

|                    | July 1946 | TODAY |
|--------------------|-----------|-------|
| Yes, should invite | 57%       | 49%   |
| No                 | 16        | 16    |
| Undecided          | 27        | 35    |
|                    | 100%      | 100%  |

What has caused the increase of 11 percentage points in the undecided vote? One possible answer, based on comments made by men and women interviewed by Gallup opinion reporters across Canada, is that a year ago, very little public discussion with respect to terms offered and asked for had taken place. Since that time, terms have been widely discussed.

As it did a year ago, the Poll today finds a plurality in favor of such an invitation in all provinces. Biggest opposition is still found in the Maritime provinces. In that area, a year ago, opposition to the invitation was 24 per cent, and in today's poll 23 per cent — which means, statistically, that opposition in that area remains unchanged, as any shift of less than four percentage points might be attributable to normal sampling errors. As in other areas of Canada, there has been some drop in approval and corresponding increase in undecided.

In the latest poll, Institute reporters asked everyone in the sample, two additional questions: "IF NEWFOUNDLAND WERE TO JOIN CANADA, IN WHAT WAY DO YOU THINK NEWFOUNDLAND WOULD BENEFIT MOST?" and then, "IN WHAT WAY WOULD CANADA BENEFIT MOST?"

From Newfoundland's point of view, as Canadians see it, big advantage in joining Confederation would lie in a reduction of tariff rates, and cheaper goods and food to Newfoundland, and, equally important, as Canadians see it, in the financial and social security benefits from the federal government.

From their own point of view, Canadians think the major benefits would be the opportunity provided for development of Newfoundland's natural resources, and, secondly, military bases in the event of another war.

[ANNEXE À LA PIÈCE JOINTE/SUB-ENCLOSURE]

DETAILED BREAKDOWNS

CONFIDENTIAL

Question A:

"DO YOU THINK CANADA SHOULD INVITE NEWFOUNDLAND TO BECOME THE TENTH PROVINCE OR NOT?"

|           | Yes | No | Undecided |
|-----------|-----|----|-----------|
|           | %   | %  | %         |
| National  | 49  | 16 | 35        |
| Maritimes | 40  | 23 | 37        |

|                   |    |    |    |
|-------------------|----|----|----|
| Quebec            | 38 | 18 | 44 |
| Ontario           | 54 | 15 | 31 |
| Prairies          | 55 | 13 | 32 |
| British Columbia  | 55 | 14 | 31 |
| Men               | 54 | 20 | 26 |
| Women             | 43 | 13 | 44 |
| Farm              | 47 | 12 | 41 |
| Under 10,000      | 48 | 15 | 37 |
| 10,000 to 100,000 | 48 | 20 | 32 |
| Over 100,000      | 51 | 18 | 31 |
| 21-29 Years       | 47 | 18 | 35 |
| 30-49 Years       | 47 | 17 | 36 |
| 50 and Over       | 53 | 14 | 33 |
| Upper Income      | 57 | 21 | 22 |
| Middle Income     | 52 | 18 | 30 |
| Lower Income      | 42 | 13 | 45 |
| Public School     | 42 | 13 | 45 |
| High School       | 51 | 18 | 31 |
| College           | 65 | 23 | 12 |
| Pres. politics.   |    |    |    |
| Prog. Cons.       | 56 | 18 | 26 |
| Liberal           | 48 | 17 | 35 |
| C.C.F.            | 57 | 13 | 30 |

380.

243s

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs  
to Secretary of State for External Affairs*

Ottawa, July 18, 1947

I discussed with Sir Alexander Clutterbuck last night recent developments concerning the Newfoundland delegation to Canada as reported in the Canadian press and by our Acting High Commissioner in St. John's. I told Sir Alexander that we were somewhat surprised at the intervention of the Governor and conse-

quent developments, but that this was a matter that did not officially, of course, concern the Canadian Government. I added, however, that the Government was concerned lest a controversy over the activities of the Newfoundland delegation here might result in the idea being spread abroad that in some way or another the Canadian Government was responsible for delay in the discussions or was taking sides on the issue of whether the referendum should be held this autumn or next spring. I said that the Canadian Government had attempted to be helpful to the Newfoundland delegation in the current discussions and had left the running entirely to them and would fall in with their wishes as to an early termination or a prolongation of the discussions. I pointed out that we were not in any way responsible for any delay that might occur and we would be grateful if the authorities in London as well as the Governor in Newfoundland could be made aware of that fact.

Sir Alexander seemed more interested, however, in the intervention of the Governor and while he readily promised that he would make our position clear to those concerned in London and St. John's, he also stated that he would make clear to London his own view that the Governor had no right to interfere in these matters; that it was for the Commonwealth Relations Office, and not for the Governor, to decide the timing and nature of the referendum. I mentioned to Sir Alexander that what he said to London on this particular matter was, of course, his own affair, but that I hoped he would not give London the impression in any way that we were complaining about the behaviour of the Governor because, whatever we might think of that privately, it had nothing to do with us officially. Sir Alexander said that he would be careful not to misinterpret our position in this regard.

L. B. P[EARSON]

381.

243s

*Mémoire du haut commissaire à Terre-Neuve au  
sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from High Commissioner in Newfoundland to  
Under-Secretary of State for External Affairs*

Ottawa, July 18, 1947

This morning the Chairman of the Newfoundland delegation received a satisfactory answer to his telegram of yesterday to the Governor which I forwarded to you in the form of a memorandum.

Sir Gordon Macdonald states that the committee of five who interviewed him had suggested that the Commission of Government would be blamed by the public if the referendum were not held this Autumn. To this the reply was made that arrangements were in hand and responsibility for postponement could not be placed on the Commission of Government. He made no reference, however, to blaming anybody if the referendum is not held this Fall. The electoral machinery for holding the referendum is in the course of preparation and whether or not it is held will be a matter for the National Convention to decide. The only point made

by the Governor — and it is not a new point — was that if it is desired to have the Commission of Government hold a referendum this Autumn, it will be necessary for it to have received the recommendations of the Convention by August 15th.

With respect to the suggestion made by the committee of five that the delegation return and the Convention be reconvened, the Governor's telegram goes on as follows:

"I see no reason why delegation should discontinue work entrusted to them by Convention. This, however, is a matter for the delegation and the National Convention itself and not for me."<sup>116</sup>

382.

243s

*Mémoire du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, July 18, 1947

NEWFOUNDLAND; DISCUSSIONS WITH CONVENTION DELEGATION

At the meeting of the Cabinet on July 18th, after considering various aspects of the question of confederation between Canada and Newfoundland, it was agreed that an effort should be made at this time to bring about union and that negotiations should continue with the Newfoundland delegation to this end, it being understood that the government would take the responsibility of recommending to Parliament approval of an offer of conditions of union as outlined.<sup>117</sup>

A proposal with respect to the introduction of a resolution on the subject at the next session of Parliament was noted with approval.<sup>118</sup>

383.

*Extrait de The Mackenzie King Record*<sup>119</sup>  
*Extract from The Mackenzie King Record*<sup>119</sup>

...  
This suggestion<sup>120</sup> was not, in fact, pursued; instead, at the Cabinet meeting on July 18 it seemed "pretty much the unanimous view . . . that Canada would wish Newfoundland in Confederation and that if a way were not found at this time, future generations might feel that the Government was at fault in taking chances in the changed relationships that might develop, for example, between New-

<sup>116</sup>La note suivante était écrite sur ce mémorandum:

Read to Sir Alexander Clutterbuck on July 18th on instructions from Mr. Pearson. P. A. B[RIDLE]  
<sup>117</sup>Voir le document 374.

<sup>118</sup>Cette proposition présumait trop de la situation. En effet, ce n'est qu'en janvier 1949 que la situation était propice pour une telle résolution.

<sup>119</sup>Volume 4, pp. 54-5.

<sup>120</sup>Voir le document 372.

<sup>116</sup>The following note was written on the memorandum:

See Document 374.  
<sup>117</sup>See Document 374.

<sup>118</sup>This proposal took a good deal for granted. In fact, it was only in January 1949 that conditions were right for such a resolution.

<sup>120</sup>See Document 372.

foundland and the United States. It is true that a Union cannot be brought about without our assuming a considerable liability and one which may make some of the other provinces, particularly the Maritimes, resentful, at giving better terms to a bankrupt colony than we would give to our own provinces. However, the feeling was that there were larger national and Commonwealth considerations of which full account should be taken, and we decided therefore to continue the meetings with the Newfoundland representatives though, as St. Laurent said, this would mean they would have a stronger feeling than ever that we were determined to have them brought into Confederation. It may even be that terms cannot be arranged but it is worth while going as far as we can. The two points that came up were, first of all, bringing the other parties of the House into the knowledge of what we were doing. The ground was laid for that in the Country Club<sup>121</sup> but we felt that they would probably just take advantage of the information we gave them. Would not accept any responsibility and might use the information later in ways that would suit their own purposes.

"The other was the question of the wisdom of having a conference with the provinces, specifically on this point, and the possibility of letting that Conference help to solve the larger questions that are still outstanding. On discussion, it was thought that McNair and Macdonald would say that they would reserve judgment; probably not commit themselves to anything, while Drew and Duplessis would make matters increasingly difficult. I made the suggestion that the best way to proceed would be by a resolution in Parliament. That we should go as far as we felt we could go, and then place a resolution on the order paper stating that the Government was of the opinion that we should offer these terms to Newfoundland with a view to bringing the colony into Confederation. The effect of that would be to put each political party on the spot. If the parties voted against the resolution, they would have to share the responsibility for not having Newfoundland come in. I am not at all sure that to take that attitude would not make a first-class national issue in the campaign. I am sure the Canadian people will wish to see our Dominion rounded out from the outward waters of the Atlantic to those of the Pacific. Of course, it may be that the delegates here will wish something too exorbitant. That would alter the situation.

"While I would gladly have preferred not having this question at this time, and until relations with our own provinces were settled, I have nevertheless come pretty well around to the view that the large, long-time aspect of the situation is the one that it is important, above all else, to consider. That we must work toward that end. The idea of the Resolution seemed to appeal pretty strongly to Council as avoiding the necessity of our taking other leaders into our confidence in advance or having any negotiations with the provinces."

In a conversation with Mackenzie King later that day, "St. Laurent stressed the value it would be to my name and to the future to have Newfoundland come into Confederation while I am still Prime Minister." Discussions with the New-

<sup>121</sup>C'est-à-dire la réception du 24 juin.

<sup>121</sup>Reference to reception of June 24.

foundland delegation continued until the end of October but the Prime Minister took little interest in them for the next month.

...

384.

243s

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*<sup>122</sup>

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*<sup>122</sup>

TELEGRAM 132

St. John's, July 19, 1947

IMMEDIATE. Following is text of cable from Bradley to the Convention Secretary:  
"Reference cable received July 16th by me from Cashin, Hollett, Butt, Harrington, Vardy,<sup>123</sup> please inform them as follows:

Convention in regular public session authorized and instructed this Ottawa delegation to proceed to Ottawa to ascertain from the Government of Canada what fair and equitable basis exists for Federal union of the two countries. That is exactly what the Ottawa delegation is endeavouring to do, nothing less and nothing more, and in fulfilment of the Convention's instructions to us we are making every proper effort to get the facts for the Convention and the people. These facts we will present in full upon our return. As to their request that I authorize you to reconvene the Convention immediately, please inform them as follows:

I am reliably informed that parts of their allegation of what His Excellency the Governor said to them are not in fact what His Excellency told them. I repudiate their insinuations about an attempt to deprive the Newfoundland people of a referendum this year. I decline to authorize you to reconvene the Convention in the absence of seven members who are conscientiously performing important task entrusted by the Convention to us. I regard their request as an attempt to damage proper purpose of Ottawa delegation and an attempt that could prove a definite disservice to the Newfoundland people.

After delivering this message to parties named, please release copies of it to the press and radio. (Signed) Bradley."

<sup>122</sup>Ce télégramme fut signalé au Premier ministre.

<sup>123</sup>Voir le document 377.

<sup>122</sup>This telegram was referred to the Prime Minister.

<sup>123</sup>See Document 377.



385.

243s

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 356

St. John's, July 21, 1947

SECRET

Sir,

I have the honour to refer to my recent communications concerning the political situation here and to enclose clippings<sup>†</sup> which contain the correspondence to date between the five-man Committee of the National Convention and the Chairman of the Ottawa Delegation and between the Governor and the Chairman and the Committee.

2. The Governor seems to have placed himself in a difficult position due to his statements of July 16th to the Committee. It is apparent that he is now attempting to extricate himself from a direct involvement in Convention matters by suggesting that the wrong interpretation was put on his words and that he didn't see the Committee's telegram of July 16th to Bradley before it was sent. However, I am reliably informed that the text of the telegram was delivered at Government House before its despatch and the Governor has had in the meanwhile ample time to deny the statements attributed to him. Cashin and his Committee are now most annoyed as they feel that the Governor's present attitude is an attempt to recant and it deprives them of their most forceful argument in favour of recovering the Convention and recalling the delegation. The Governor's telegram of July 17th to Bradley<sup>124</sup> in which he states that a Referendum could be held in the autumn providing that the Convention's recommendations were submitted to London by August 15th adds that this course is conditional on the Convention having terminated its business. This appears to be a complete about-face from the attitude he adopted on July 16th.

I have etc.

A. E. L. CANNON

<sup>124</sup>Voir le document 381.

<sup>124</sup>See Document 381.

386.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures  
Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 362

St. John's, July 22, 1947

CONFIDENTIAL

Sir,

I have the honour to refer to my despatch No. 641 of December 28th, 1946,<sup>125</sup> and to enclose copies of an announcement inserted in all Newfoundland newspapers by the Responsible Government League.

2. The League claims that it is not a political party and that its purpose is to make the people of this country more politically conscious and to promote the restoration of Responsible Government. The members are mostly drawn from the merchant and professional classes.

3. I doubt if the League, as presently constituted, will ever take an active part in politics as its leaders shy away from the thought of active participation in public affairs but there are indications that some of the members are toying with the idea of making a deal with Major Cashin and his group. Cashin is reported to be included in the "shadow" Cabinet drawn up by them.

4. The more serious supporters of Responsible Government claim that they personally have no objection to Confederation if such a union is found to be in the best interests of Newfoundland but they do object strongly to the idea that Confederation can be brought about by such a body as the National Convention without the prior restoration of a Responsible Government.

5. I shall be forwarding on to you the pamphlet mentioned in the announcement as soon as I can obtain copies.<sup>126</sup>

I have etc.

A. E. L. CANNON

[PIÈCE JOINTE/ENCLOSURE]

*Déclaration de la ligue pour le gouvernement responsable*

*Declaration by Responsible Government League*

As a body of Newfoundlanders with no other motives than honest convictions and the welfare of all classes and sections of Newfoundland at heart, the undersigned have formed the "Responsible Government League," with the return of Responsible Government as its aim.

We sincerely believe that in the years ahead, the interest of Newfoundland will best be served by an independent government responsible only to the people of

<sup>125</sup>Document 243.

<sup>126</sup>Voir le document suivant.

<sup>126</sup>See following document.

Newfoundland; a government that is able to deal and negotiate for trade and other concessions with the Governments of the United States, United Kingdom and Canada, on behalf of a free and independent people.

Responsible Government is what our forefathers fought for and won nearly one hundred years ago. We feel that the present generation of Newfoundlanders has a duty and a trust to restore this temporarily-lost heritage. We have studied and discussed from every point of view and argument the entire question of forms of government and we have reached the decision to work for and vote for full Responsible Government.

We make no apology, therefore, in coming forward to express our views at this cross-roads of our history. We feel, moreover, that we may be able to render a service to our own country and people if we can raise a signpost at this cross-roads, bearing facts and general information which, we believe, may help all of us to see the country's present situation and future prospects in their true light and point out the road to Responsible Government and an independent Newfoundland.

A pamphlet presenting the case for Responsible Government is being mailed to all householders throughout the country. We ask only this:

That you read the case for Responsible Government with a fair mind and with the resolve to examine every argument without prejudice . . . .

We are doing no more than asking Newfoundlanders to have faith in their country, their neighbours and themselves. If you agree that an intelligent, industrious, law-abiding people of British stock are able to manage their own affairs, we invite you into the Responsible Government League and ask you to help maintain and enhance the heritage that is yours and ours.

#### PROVISIONAL EXECUTIVE

President: F. M. O'LEARY, O.B.E.

Vice-President: J. T. CHEESEMAN

Secretary: H. B. MORGAN, B.A.

Treasurer: JOS. O'DRISCOLL

W. H. ADEY, Clarenville, T.B.

H. H. ARCHIBALD, Harbour Grace

J. G. BEMISTER, St. John's

M. F. BLACKMORE, Grand Falls

LEO CHEEKE, Marystown, P.B.

J. P. COLEMAN, Badger

IGNATIUS COLLINS, Placentia

HON. J. S. CURRIE, St. John's

W. R. DAWE, St. John's

GEORGE E. FANCEY, Change Islands

FRANK FLYNN, Conche

JAMES FLYNN, Bell Island

PROF. A. M. FRASER, St. John's

R. S. FURLONG, K.C., St. John's

BURNHAM GILL, Corner Brook  
 BAXTER T. GILLARD, Englee  
 M. H. GILLINGHAM, Gander Bay  
 KEN GOODYEAR, Grand Falls  
 F. B. HAWKINS, Corner Brook  
 E. P. HENLEY, Gander  
 GEORGE HICKS, Grand Falls  
 G. E. HUNT, K.C., St. John's  
 HARTLEY KENDELL, Burgeo  
 GEORGE KENNEDY, Avondale  
 H. S. KNIGHT, K.C., M.A., St. John's  
 J. J. MADDIGAN, St. John's  
 MAJOR F. W. MARSHALL, St. John's  
 R. C. B. MERCER, St. John's  
 WILFRED MULLOWNEY, Witless Bay  
 ANDREW MURPHY, Bell Island  
 HILARY PAUL, Ferryland  
 A. B. PERLIN, St. John's  
 E. J. PHELAN, K.C., St. John's  
 GEO. W. PORTER, Harbour Breton  
 ALFRED SHEPPARD, Bonne Bay  
 S. RICHARD STEELE, St. John's  
 JAMES TUCKER, St. John's  
 ERIC S. WHITE, St. John's  
 MICHAEL BROADERS, Sr., Bay de Verde  
 RESPONSIBLE GOVERNMENT LEAGUE

HEADQUARTERS: 365 DUCKWORTH STREET, ST. JOHN'S

NOTE — Arrangements are now being made to invite representatives from other towns in Newfoundland to serve on Executive.

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*Extraits d'un pamphlet de la ligue pour le gouvernement responsable*

*Extracts from Pamphlet by Responsible Government League*

THE CASE FOR RESPONSIBLE GOVERNMENT

### FOREWORD

It ought not to be necessary in a British community to state the case for self-government. More than a hundred years ago, when fewer than 60,000 people lived in Newfoundland, the desire for representation burned so strongly in the hearts of the people that their demands became irresistible and representative government was granted. Twenty-three years later the infant colony obtained the greatest privilege of man, the right to govern himself through his elected representatives, and so to be master of his own house.

But in 1933, chiefly because of a world depression which brought greater countries to their knees, we needed assistance and could obtain it only at the cost

of our political liberty. The blame was placed on the politicians. Most of it should have been more properly laid to conditions over which we had no control. Great Britain did not have to give up self-government when she borrowed billions from America but we had to surrender it because world depression had deprived us temporarily of the means of paying our bills.

The British Government promised that we would have political education during the period of Commission Government. This pledge was not honoured. So it happens that a generation has grown up which has no personal memories of self-government and is inclined to believe the tales handed down about the wicked politicians who ruined the country and the people. These are mostly vicious lies which dishonour ourselves when we believe them. There is just as much honesty and efficiency in Newfoundland as in any other country. And because we want to show you the other side of the picture a number of citizens who are interested in the truth of the matter have come together to prepare this case for Responsible Government.

...

### WHAT IS RESPONSIBLE GOVERNMENT?

...

Herein lies the great difference between Responsible Government and the form under which we have lived for the past fourteen years, Commission of Government, consisting of four men from Great Britain and three former Newfoundland politicians. *The latter owes no responsibility whatsoever to the people of Newfoundland but is responsible only to the Dominions Office* — a sort of “absentee landlord” — who appointed them and from whom alone they must take orders as they did in connection with the Base deals and the Gander deal, as well as in many other matters vital to the welfare of this country, without even having to consult us, the people, in whom the sovereignty of this country is vested. In other words, whilst Commission of Government is responsible only to the Secretary of State for the Dominions, two thousand miles away, Responsible Government is accountable only to the people of this country who elected them. More than that, we know that, unless such an elected Government endeavours to carry out the programme upon which it is elected, its services can be dispensed with; whereas, under Commission of Government, we have no redress. Under Responsible Government, the people are always fully informed as to what is going on and no secret deals or private arrangements could exist because the Executive would have to disclose the fullest information of its intentions to the elected members, both of the Government and the Opposition. [ . . . ]

...

### A BRIEF REVIEW OF RESPONSIBLE GOVERNMENT

Let us now briefly look at the record from the inauguration of Responsible Government in 1855 down to 1933. [ . . . ]

...

### COMMISSION OF GOVERNMENT

Now the change to Commission of Government was in the main due to the recommendations of one man, Lord Amulree. [ . . . ]

...

[ . . . ] We believe, therefore, that you will agree with us when we say that this form of government, that is, Commission Government, is no fit form of government for British people. The British Government in 1933 did acknowledge this fact when they assured us that just as soon as the island again became self-supporting, they would restore to us Responsible Government upon the request of the people.

You will find if you compare the budgets, that there is no country in the world to-day that could lay claim to the idea of being self-supporting any more than our country could, but it appears that the British Government has forgotten the promise of 1933, and now a new idea has been injected into the picture. That is the idea of confederation with Canada.

### CONFEDERATION

Recently, in an interview with the press in Canada, the Chairman of the National Convention is reported to have hinted at the possibility of confederation between Newfoundland and Canada by July 1948. That is a serious statement for the Chairman of the National Convention to have made and consequently, the question is one to which we must all give serious thought.

Now Confederation is nothing more or less than Responsible Government in Newfoundland with the Federal Government of Canada collecting taxes for this country and taking over some of the obligations and functions of Government.

Canada would presumably take over the guarantee of our national debt, now guaranteed by Great Britain. On the other hand our Government would lose the benefit of the present income and corporation taxes here, which at present amount to Ten Million Dollars, but the Federal Government of Canada would collect much more than this from us as she would tax us according to her present income and corporation tax rates, which are very much higher than ours.

It would be unwise to go into the matter of taxation too fully at present, until after the return of the delegation from Ottawa, but it is interesting to note, in view of what has been said about Customs or indirect taxation in this country, that Canada, the United States of America and Great Britain get a considerable portion of their revenues from indirect taxation just as we do, in the form of Customs duties and sales tax. Moreover, many of the things used by the producer in this country are not subject to duty at all. It has been estimated, and the estimate has been checked by qualified accountants and found correct, that a man in this country with an income of \$1,500.00 a year pays only about \$90.00 a year in Customs duties, or 6% of his total income, and if he is a married man, he pays no income tax at all.

Some people will tell you that Canada does not make the man with a low income pay any tax. If you look at the *Canada Year Book* for 1945, you will find that in that year, Canada collected \$19,000,000 in income tax alone from men earning between \$660.00 and \$1,000.00 per year. Further, that she collected \$146,000,000 in income tax from men earning between \$1,000 and \$2,000 per year. Also this Year Book will tell you that if you were a single man and under Confederation, earning between \$900.00 and \$1,000 per year, you would pay \$72.00 in income tax. You would, of course, pay no income tax under the New-

foundland Tax Law. In addition, the low wage earner in Canada is also subject to Customs duties as well as a sales tax of 8%. It is further interesting to note that, in addition to Federal taxes, there are Provincial taxes and taxes on account of Municipalities or incorporated towns, and to show how serious these taxes are to the ordinary householder, in these Municipalities, if you will again check with the aforesaid *Canada Year Book* for 1945, you will see that these Municipalities, up to 1943, had acquired property to the value of \$88,000,000.00, by reason of the fact that the householder, or owner, had been unable to make good the tax on his home. In other words, these Municipalities, under Confederation, have the right, when a house owner is in arrears on his tax payment, to take possession of the home and, thereafter, it is owned by the Municipality, to whom the original owner pays rent if he wishes to continue to live in this house.

Lest we run away with the idea that, financially, all things in Canada are rosy, it is interesting to note that, since 1930, Canada has been spending much more *per capita* of her population than she is able to collect in revenue from her people. In the year 1930, her total revenue *per capita* was \$43.68, whilst her total expenditure was \$39.01. Ever since that year, loans have had to be raised from her people to balance the budget and, in 1944, whilst the total revenue *per capita* was \$230.90, the total expenditure was \$444.45. It is also interesting to note that the *per capita* debt of Canada, that is to say, the Federal debt, Provincial debt and Municipal debt, is in the vicinity of \$1,800.00. In the case of Newfoundland, if we take our national debt at the present time at \$71,000,000, our *per capita* debt is about \$220.00. Against this, we have a sinking fund and an interest free loan account to the amount of about seventeen million dollars, which, if applied to our national debt, would reduce that debt to the sum of \$54,000,000, and that reduces our *per capita* debt to about \$160.00. In addition to this, there is a surplus in the Bank of Montreal to the credit of Newfoundland for well over twenty million dollars. You will see, therefore, that if this were applied to the debt as well, which would probably be unwise at the present time, our real, net *per capita* debt would be in the vicinity of \$106.00.

It ought to be quite clear to all of us that Canada wants this country particularly, for three reasons. These reasons are:

1. Our strategic position in time of war.
2. The fact that the Americans are here.
3. On account of the Labrador.

Let us deal with them separately.

1. Our strategic position. The passages North and South of the island and the Grand Banks are most important as highways of ocean traffic and as areas of manoeuvre in time of war. If Newfoundland should ever fall into the hands of an enemy of the United States and Canada, in this era of long-range bombing from the air, we can see how just such an event could affect the whole issue of victory or defeat. Furthermore, with its deep-water inlets and bays, Newfoundland as a submarine base would be superb. Without stressing further this point, it is safe to say that in the future Newfoundland will never again be forgotten in plans made for the defence of the North Atlantic, United States of America and Canada.

2. The fact that the Americans are here. With Canada in control of Newfoundland, it is also safe to say that she would use this fact that the Americans are here as a bargaining power, both with regard to trade and different relations. The Americans are here for good, and if Canada can use that fact as a bargaining power, so can we. She is here for her own defence as well as ours, and surely we ourselves can use this fact to our own advantage economically, and much more so as a separate unit than as a poor Province of Canada. You can rest assured that any advantage to be derived by reason of the fact that the Americans are in Newfoundland would be to the advantage only of the industrial areas of Ontario and Quebec under Confederation. We are convinced that a duly elected Government of the people of this country, with the necessary mandate from them, can negotiate advantageously trade agreements, not only with the United States, but also with Great Britain, with regard to our fish and fish products, and our minerals.

3. Labrador. The report of the Mining Committee of the National Convention has shown us the potential value of the Labrador with regard to minerals, particularly high-grade iron ore.

Now high-grade iron ore in North America is almost non-existent save for the Labrador. High-grade iron ore is an all-important essential in this machine age, and particularly, to the highly industrialized United States of America.

Canada, controlling this area, would again enhance her bargaining power in the United States, and in addition, absorb great wealth, and once again, to the advantage of Ontario and Quebec, and to the detriment of Newfoundlanders.

Let us ask ourselves: Why give it up just yet for what somebody has been pleased to term a meal ticket, especially in view of the fact that the finances of this country were never in a healthier condition, particularly when we remember that the war years enabled us to build up such a surplus?

Do you remember the story of Alaska? Russia sold Alaska to the United States some years back for \$7,220,000. Since that time, the Alaska fishery alone has produced \$150,000,000 for America and she has garnered in many hundreds of millions of dollars in gold.

When we consider all these matters, that is to say, our present strategic position, our relations with Great Britain, the fact that the Americans are here in force and also the fact that Canada is greatly interested in Newfoundland, as well as our present financial condition, do we not see that our little country may well be on the threshold of such an era of prosperity undreamed of by our forebears who fought so hard to save the country for us and our children.

### FOREIGN TRADE

Now we all know that we are in no large measure as yet a manufacturing country. We manufacture newsprint it is true, but even this we manufacture for export. We must export also fish and fish products and minerals to live. It is right, therefore, that we should ask ourselves how much Confederation with Canada would help us along this line. For export we must, to live, whether under Confederation or as we are. Canada takes none of our newsprint and very little of our



fish. She competes with us in both these products. How then could Confederation improve our markets for these commodities?

Practically the only commodity taken from us by Canada is iron ore and, of this, she can take only a limited quantity, and this she must take, Confederation or not.

Most of our newsprint goes to the United States of America, South America and Great Britain. During the war, frozen fish went to England and the United States of America, and salt fish to the West Indies, Portugal, Spain and other countries.

One of our strongest arguments for Responsible Government is the fact that we have a vast potential market for our fresh fish in the United States. The Americans are here for ninety-nine years. They are a friendly people and more so by reason of the fact that they are living amongst us. Having a Government of our own, with full bargaining powers, we feel absolutely confident that we could negotiate for the sale of our frozen fish without let or hindrance from Canada, Great Britain or any other country. We do not need to remind you of the interference by Canada at the time of the Bond-Blaine Treaty, when Sir Robert Bond negotiated with the United States for the free entry of our fish. This agreement was not allowed to be brought into effect simply because the Canadian Government objected and the British Government upheld them in their objections.

We feel sure, however, that under Confederation, the interests of Newfoundland in this regard would be subordinated to the interests of other Canadian Provinces. This all-important point deserves the fullest consideration from all men and women of this country. We do not want dole, but we want a chance to trade and this can, in our opinion, best be done by a free people with an elected Government of our own with Dominion status. In other words, under Responsible Government.

### COST OF LIVING

We come now to the matter of the cost of living, which is something which intimately concerns every citizen; in fact, it is one of the chief topics of conversation at the present time, so much so, that an inquiry is to be held to endeavour to find out what makes costs so high in this country. The people who want Confederation will tell you that you will get much lower prices if Newfoundland becomes part of Canada. That is only partly true. However, prices were lower in Canada during the war because the Canadian Government decided at the beginning of the war to freeze prices. When the costs went up the Government paid the increases in the form of subsidies to manufacturers and importers in order to keep prices down. The natural result was, of course, that the people saved on their groceries and clothing but were compelled to pay higher taxes.

...

In effect, the causes of high living costs are:

1. High prices in exporting countries.
2. High freight and landing charges.
3. High distribution costs.

4. During the war, the matter of price control in this country did not receive the attention it merited.

...

### HOW WE CAN ATTAIN SECURITY

As the Responsible Government League is not a party, we cannot present a full policy for a future government, but we can tell you some of the things we believe should be done by a restored self-government, which will help towards the security we all desire.

1. *We believe there should be a Comptroller of the Treasury to ensure that all revenue collected will be expended with proper regard for efficiency and according to the directions of the Legislature.*
2. *We believe the Civil Service should be protected against any possibility of political interference in the future by placing it under an independent, non-political Civil Service Commission.*
3. *We believe that every effort should be made by the Government in conjunction with the producer, consumer and tradesman, to lower the cost of living.*
4. *We believe there should be a National Advisory and Development Board to survey our resources and recommend to the Government the best means of increasing employment and earnings throughout the country.*
5. *We believe there should be a Department of Labour to give continuous attention to all matters concerned with the welfare of the country's workers.*
6. *We believe that an effort should be made to build up a mercantile fleet to take care of most of our exports and imports.*

These are just a few of the things which could help us along the road to comparative economic security.

These things can be had under Responsible Government if the people say so.

And it is our opinion that these things can be done best through the medium of an elected Responsible Government.

A few timid souls will argue that we as a people are unfit for Responsible Government. We cannot agree and we are sure that no right-thinking man or woman in this country can agree that a decent, intelligent population of British people are not fit to manage their own affairs.

Is there any reason to suppose that the present generation of Newfoundlanders lack any of the political wisdom of their ancestors who successfully led this country through many years of stress and strain? If these men of the past did develop this country when our resources were so few, then why should not the present generation, with better opportunities at hand, be able to develop it to a higher plane in civilization?

If we are not prepared to govern this country ourselves, then we admit that we are not fit for self-government and we shall have to entrust the management of our own affairs to other persons from outside Newfoundland, who do not know how we as Newfoundlanders feel or think.

Responsible Government is what our forebears fought for and obtained nearly 100 years ago. Soon you will be called on to decide the future form of government

for our country, not only for the next few years, but possibly, for generations to come. Our responsibility is great. To those of you who have read this pamphlet, we want to give assurance that we, the Responsible Government League, have no more political ambitions than every man and woman in this country should have, that is, his country's welfare. We are simply a number of Newfoundlanders who cherish our heritage and yours and, because of this, we have studied from every angle, this all-important question. If we thought that Commission of Government or Confederation with Canada or any other form of Government would be in the best interests of the people as a whole, we should work for that form, but, because we sincerely and conscientiously believe that Responsible Government will render the greatest good to the greatest number of our people, we shall work for it and, when the time comes, we shall vote for it. We believe the large majority of our people will vote for it because we have faith in the intelligence of our people.

That intelligence will demand certain changes in the Election Act, as well as a Redistribution Act calling for fewer districts and regrouping of the districts on account of the shift in the population so that all parts of the country may be properly represented.

It will demand the Civil Service Commission to ensure that appointments to the Civil Service are made on merit and not on favouritism or "pull."

It will demand an Economic Advisory Board.

It will demand a Department of Labour.

It will demand that the Government co-operate fully with the fishermen and with the trade, through their organizations, for a wise approach to reorganization, processing, and marketing of all kinds of fish.

We believe that only by getting together in this way with the welfare of our people as our sole aim, can we ensure maximum employment and thus raise our standard of living.

When we think of Confederation versus Responsible Government, let us ask ourselves this question: Am I justified in imposing on my children and my children's children, a form of Government which they will be powerless to change, however much they may desire?

That is precisely what we shall be doing if we decide for Confederation. We cannot confederate with Canada to-day and regain our independence tomorrow. It will be for all time.

But we can have Responsible Government to-day and, by so doing, be in a position to join any other country, including Canada, if we should ever desire to do so.

Yes, our heritage is great. Let us co-operate to preserve it, and then continue the co-operation to maintain and enhance it for our children.

*We can do this, only by being free and independent under our own Responsible Government.*

"As loved our fathers, so we love,  
Where once they stood we stand;  
Our prayers we raise to Heaven above:  
God guard thee, Newfoundland."

*Procès-verbal d'une réunion entre la délégation à Ottawa de la  
Convention nationale de Terre-Neuve et des représentants  
du gouvernement du Canada*

*Minutes of a Meeting between the Delegation to Ottawa from the  
National Convention of Newfoundland and Representatives  
of the Government of Canada*

**SECRET**

A meeting between delegates from the National Convention of Newfoundland and representatives of the Government of Canada was held in Senate Room 258 Ottawa, on Wednesday, July 23rd, 1947, at 11 a.m.

Present:

**CANADIAN MEMBERS:**

The Secretary of State for External Affairs (Mr. St. Laurent), in the Chair,  
The Minister of National Revenue (Dr. McCann),  
The Minister of Finance (Mr. Abbott).

**NEWFOUNDLAND MEMBERS:**

Mr. F. G. Bradley, K.C., (Delegation Chairman),  
Mr. T. W. G. Ashbourne,  
Mr. Charles H. Ballam,  
The Reverend Lester Burry,  
Mr. P. W. Crummey,  
Mr. G. F. Higgins, K.C.,  
Mr. J. R. Smallwood (Delegation Secretary).

**SECRETARIAT:**

Mr. J. R. Baldwin, Privy Council Office,  
Mr. J. E. Howes, Bank of Canada,  
Miss Muriel Mosley, Department of the Secretary of State.

Also present:

The Canadian High Commissioner in Newfoundland (Mr. J. Scott Macdonald),  
The Deputy Minister of Justice (Mr. F. P. Varcoe),  
The Under-Secretary of State for External Affairs (Mr. L. B. Pearson),  
The Deputy Minister of Fisheries (Mr. Stewart Bates),  
Representatives of the Department of Finance (Mr. M. Sharp, Mr. A. Hockin),  
Representatives of the Department of External Affairs (Mr. R. A. MacKay, Mr. Paul Bridle).

## SUB-COMMITTEE ON FISHERIES

1. **THE CHAIRMAN**, referring to the decision at the meeting of July 2nd,<sup>127</sup> reported that the Newfoundland delegates, as a result of discussions with the Minister of Fisheries and officials of that Department, had clarified the position regarding fisheries in the event of union. Further information, however, had been sought as to whether arrangements could be made which would afford to the Newfoundland fishing industry the protection of marketing and export regulation equivalent to that presently provided by Newfoundland legislation.

2. **THE DEPUTY MINISTER OF JUSTICE** pointed out that the authority of the Federal Parliament to legislate in relation to "the regulation of trade and commerce" and "sea coast and inland fisheries" would enable it to provide for regulation of fishing operations and export of fish to other Provinces and foreign countries. Regulation of canneries and curing establishments would have to be effected pursuant to Provincial legislation.

Since the Provincial and Federal governments between them possessed a total-ity of legislative authority, it would be possible to combine Federal and Provincial legislation so that each within its own sphere could, in cooperation with the other, achieve complete power of regulation. In theory, there was no reason why a concurrent legislative scheme could not be evolved which would afford the protection now enjoyed.

3. **THE DEPUTY MINISTER OF FISHERIES** pointed out that there was in Canada a growing movement in support of regulatory measures of the type in force in Newfoundland. The establishment of the Canadian Fisheries Prices Support Board, which would be set up shortly, would have considerable influence and it might be expected that Federal policy would evolve in the direction of the measures already adopted in Newfoundland.

4. **MR. ST. LAURENT** stated that it could be provided in terms of union that fisheries legislation presently in force in Newfoundland would remain in force until amended or repealed by the appropriate legislative authority.

The Federal government would not be disposed to interfere with the system presently in effect in Newfoundland unless it proposed to introduce legislation which would represent an improvement over present regulation; and, therefore, would not be likely to repeal Newfoundland legislation in order to remove a regulatory system which had proven beneficial. The Newfoundland fishing industry might reasonably be informed that it need anticipate nothing prejudicial in this respect as a result of union with Canada.

5. **THE MEETING**, after discussion, noted the reports of the Secretary of State for External Affairs and the Deputy Ministers of Justice and Fisheries.

## REPORT OF SUB-COMMITTEE ON FINANCE

6. **THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS** submitted the first report of the Sub-Committee on Finance, copies of which were circulated.

(First report of Financial Sub-Committee, undated.)<sup>128</sup>

<sup>127</sup>Voir le document 362.

<sup>128</sup>Voir la pièce jointe.

<sup>127</sup>See Document 362.

<sup>128</sup>See enclosure.

7. **MR. SHARP**, commenting upon the report, pointed out that additional Federal revenue as a result of union with Newfoundland might amount to about \$20 million, while additional Federal expenditure, including payment under a tax-rental agreement, would be \$25 to \$26 million. This estimate of expenditure did not take into consideration costs of servicing the Newfoundland debt, costs in respect of the Newfoundland Government Railway System, capital expenditures or any special Federal subsidies.

An estimate of the position of a Provincial government in Newfoundland had revealed that, on the same basis, the Provincial budget would be about \$5 million short of balancing.

Newfoundland revenues were now at the rate of some \$37 million annually, whereas the estimate of the Sub-Committee showed that \$24 to \$25 million might be raised in taxation by the two governments in the event of union, thus making it clear that a substantial reduction in taxation would result.

8. **THE MEETING**, after discussion, noted the report submitted by the Sub-Committee.

#### SUB-COMMITTEE ON DEBT

9. **THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION** suggested that, to complete the factual material being provided by the Sub-Committees on Transportation and Finance, it would be desirable to appoint a Sub-Committee on Public Debt.

10. **THE MEETING**, after discussion, agreed that a Sub-Committee on Public Debt, composed of Mr. Ashbourne, Mr. Ballam, Mr. Smallwood, together with Mr. MacKay, Mr. Sharp, and Mr. Watts be established to examine and report upon the public debts of Newfoundland and of Canada and upon past treatment accorded Provincial debts on entrance to Confederation.

#### CANADIAN CRIMINAL CODE; APPLICATION IN NEWFOUNDLAND

11. **THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION** raised the question of the effect of the application of Canadian criminal law in Newfoundland.

12. **THE MEETING**, after discussion, agreed that Mr. Higgins and the Deputy Minister of Justice consult on this matter with a view to clarifying the position.

#### CONTINUANCE OF DISCUSSIONS; PROCEDURE

13. **THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS** reported that the Sub-Committee on Transportation expected to submit its report at an early date. When that report and the report of the Sub-Committee on Public Debt had been received, it should be possible to see whether a workable and mutually advantageous basis for union existed.

Any such basis would, of course, have to be approved by the Canadian Parliament. Consideration had been given, in this connection, to the desirability of discussing this matter with the leaders of the opposition parties with a view to obtaining their support when the matter came before Parliament, so that union with Newfoundland could be treated as a matter of national advantage and not become a party issue.

14. THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION expressed the opinion that the course described by Mr. St. Laurent would be helpful.

15. MR. ST. LAURENT pointed out that consultation with the parliamentary opposition could not take place until both the Canadian government and the members of the Newfoundland delegation were satisfied as to the nature of a workable basis for union. It might be desirable for members of each delegation to give some consideration to this problem so that when the work of the sub-committees had been completed a report could be prepared upon the nature of the terms which would be necessary.

16. MR. SMALLWOOD enquired regarding the time required to carry out the procedure suggested by Mr. St. Laurent. If a referendum were to be held in Newfoundland this year, the delegation must submit its report to the National Convention which would have to make its recommendations to the Commission of Government before August 15th.

17. MR. ST. LAURENT pointed out that it would be difficult to define with exactitude the length of time required. Once the facts of union had been set down, consideration by the Canadian government need not be unnecessarily prolonged but it would take some little time to arrange consultations with opposition representatives. The whole period required, however, could be measured in weeks rather than in months.

18. THE MEETING, after discussion, noted the proposals of the Secretary of State for External Affairs and agreed that action might be taken at the next meeting to arrange for preparation of the report suggested by Mr. St. Laurent.

#### PRODUCTION OF MARGARINE

19. MR. SMALLWOOD pointed out that margarine was presently produced and used in Newfoundland on a large scale and enquired whether production could be continued in the event of union, in view of present Federal legislation preventing production and use in Canada.

20. THE CHAIRMAN stated that while in the long run the Department of Agriculture would undoubtedly hope to foster substantial agricultural development in Newfoundland, including dairy production, it might be necessary to recognize a transitional period during which no steps would be taken in this respect to injure the position of the consuming public in Newfoundland.

21. THE MEETING, after discussion, noted the Chairman's statement.

#### PRESS STATEMENT

22. THE SECRETARY submitted a press release on progress of the discussions, prepared by Canadian officials in consultation with members of the Newfoundland delegation.

(Press statement, July 22nd, 1947).†

23. THE MEETING, after discussion, approved the press statement for release by the Chairmen of the two delegations.

## [PIÈCE JOINTE/ENCLOSURE]

*Extraits du rapport du sous-comité des Finances*<sup>129</sup>  
*Extracts from Report by Financial Subcommittee*<sup>129</sup>

SECRET  
 PRESENT:

For Newfoundland  
 Rev. Lester Burry  
 P. W. Crummey  
 J. R. Smallwood

For Canada  
 M. W. Sharp — Dept. of Finance  
 A. B. Hockin — Dept. of Finance  
 J. R. Baldwin — Privy Council  
 J. E. Coyne — Bank of Canada  
 J. E. Howes — Bank of Canada  
 G. S. Watts — Bank of Canada  
 R. A. MacKay — Dept. of External Affairs  
 P. A. Bridle — Dept. of External Affairs

The Sub-Committee held three meetings on July 8, July 12, and July 21.

As its first report, the Sub-Committee presents

(1) estimates prepared by the Canadian officials (Appendix A) of additional Federal revenues and expenditures that would probably arise as a result of the inclusion of Newfoundland as a province. The totals are as follows:

Additional Federal Revenues \$20,185,000

Additional Federal Expenditures \$25,390,000 to \$25,990,000

(2) estimates prepared by the Newfoundland delegation (Appendices B and C) of probable revenues and expenditures of Newfoundland as a province. The totals are as follows:

Provincial Revenues \$9,500,000

Provincial Expenditures \$14,420,000

Note: No provision is made in either the Federal or Provincial estimates in respect of

(a) costs of servicing any part of the Newfoundland debt

<sup>129</sup>Des extraits des appendices B et C sont reproduits afin de démontrer l'attitude de la délégation de la Convention nationale envers la question budgétaire à cette date. Les appendices A et D, qui ne sont pas reproduits, traitaient respectivement des dépenses et des revenus fédéraux probables et de l'application à Terre-Neuve de l'accord fédéral-provincial sur l'impôt.

<sup>129</sup>Extracts of Appendices B and C are reproduced in order to give some insight into the attitude of the Delegation from the National Convention towards the budgetary question at this stage. The Appendices A and D, which are not reproduced, dealt respectively with probable federal revenues and expenditures and the application of a federal-provincial tax agreement to Newfoundland.



- (b) any costs in respect of the Newfoundland Railway or its auxiliary steamship services
- (c) any capital or reconstruction expenditures
- (d) any special Federal subsidies to Newfoundland
- (3) a memorandum prepared by the Canadian officials at the request of the Newfoundland delegation (Appendix D) explaining the tax agreement. The estimate arrived at in this memorandum by applying the provisions of the agreement to Newfoundland (involving a Federal payment of \$5,640,000 in 1947) is used in the above estimates of Federal expenditures and provincial revenues.
- ...

## APPENDIX B

ESTIMATE OF REVENUE OF NEWFOUNDLAND  
AS A PROVINCE

|   |                 |
|---|-----------------|
| Department of Finance .....   | \$21,600        |
| ...   |                 |
| Posts & Telegraphs .....  | \$87,000        |
| ...   |                 |
| Assessor of Taxes .....   | \$20,000        |
| ...   |                 |
| Dept. Home Affairs .....  | \$50,000        |
| ...   |                 |
| Dept. of Education .....  | \$66,800        |
| ...   |                 |
| Dept. of Justice .....  | \$30,000        |
| ...   |                 |
| Dept. of Natural Resources  |                 |
| Fisheries .....   | \$159,000       |
| ...   |                 |
| Forestry .....  | \$151,000       |
| ...   |                 |
| Agriculture .....   | \$2,000         |
| ...   |                 |
| Miscellaneous .....   | \$7,500         |
| ...   |                 |
| Dept. Public Works .....  | \$389,800       |
| ...   |                 |
| Dept. Public Health & Welfare   |                 |
| All income shown except No. 6<br>(receipts from Merchant Navy Hospital) ..... | \$312,500       |
| Board of Liquor Control .....   | \$1,000,000     |
| Gasoline Tax  |                 |
| Substitution of Gasoline Tax for<br>existing Customs duties .....             | \$750,000       |
| Additional Provincial Taxation .....  | \$1,000,000     |
|   | [ \$4,047,200 ] |

## PROVINCIAL GOVERNMENT

|                                |              |
|--------------------------------|--------------|
| Estimate of Expenditure .....  | \$14,500,000 |
| Estimate of Revenue            |              |
| Provincial Revenue \$4,000,000 |              |
| Federal Subsidy \$5,500,000    |              |
|                                | \$9,500,000  |

...

## APPENDIX C

ESTIMATE OF EXPENDITURE OF NEWFOUNDLAND AS  
A PROVINCE (BASED ON 1947-48 ESTIMATES)

...

## RECAPITULATION

|   |              |
|---|--------------|
| Consolidated Revenue Services                 |              |
| Department of Finance .....                   | 186,698      |
| Department of Customs                         |              |
| Department of Posts & Telegraphs              |              |
| Assessor of Taxes .....                       | 10,500       |
| Department of Home Affairs .....              | 298,950      |
| Department of Education .....                 | 3,107,700    |
| Department of Justice .....                   | 1,030,896    |
| Department of Defence                         |              |
| Department of Natural Resources .....         | 1,798,658    |
| Department of Public Works .....              | 2,385,329    |
| Department of Public Health & Welfare .....   | 4,767,239    |
| Board of Liquor Control .....                 | 134,100      |
| Department of Supply                          |              |
|   | \$13,720,070 |
| Add Provincial Legislature & Government ..... | 200,000      |
| Add for Public Services in Hand .....         | 500,000      |
|   | \$14,420,070 |

389.

R.A.M./Vol. 2

*Extrait d'un mémorandum de la deuxième direction politique**Extract from Memorandum by Second Political Division*MINUTE ON SELECTION OF CLIPPINGS FROM NEWFOUNDLAND  
NEWSPAPERS JULY 18 — JULY 26, WITH REFERENCE TO THE  
POLITICAL SITUATION FORWARDED BY OUR ACTING  
HIGH COMMISSIONER IN ST. JOHN'S

1. Most of the attached clippings<sup>1</sup> discuss the work of the Newfoundland delegation now in Ottawa and the recent attempt of Mr. Cashin and some members of the National Convention to shorten the delegation's stay here by demanding the immediate calling together of the Convention. While one newspaper warmly endorses Mr. Cashin's efforts and another expresses the view that the Canadian Government wishes to discuss possible financial terms of union only with the representatives of a properly constituted administration, the majority of the newspapers quoted are of the opinion that the delegation ought to remain in Ottawa as long as may be necessary to secure the information regarding a possible basis for union which they were sent to ascertain. They are unanimous in emphasizing that the delegation's function is purely a fact-finding one and that they do not negotiate; but they agree on the whole that the Canadian Government has shown itself to be in every way courteous and co-operative. Most of the newspapers regard Mr. Cashin's tactics as ill-timed and unfortunate.

2. The clippings also contain expressions of opinion by two St. John's newspapers regarding the campaign recently launched by the Responsible Government League, both newspapers regarding the League as a good thing because it indicates an awakening political conscience among the Newfoundland people. One, which is objective in its approach to the political question, hopes that the League will undertake to complete the factual investigation of Newfoundland's financial and economic position which the Convention has begun but which this newspaper feels it has not carried to its logical conclusion. The other, which is violently anti-confederate, predicts that the forthcoming pamphlet of the League will be a declaration of faith by those who believe that restoration of self-government must be the next step for Newfoundland.

...

P. A. B[RIDLE]

390.

R.A.M./Vol. 3

*Le secrétaire adjoint du Cabinet au secrétaire d'État  
aux Affaires extérieures*  
*Assistant Secretary to the Cabinet to Secretary of State  
for External Affairs*

SECRET

Ottawa, July 26, 1947

Dear Mr. St. Laurent,

RE: NEWFOUNDLAND DISCUSSIONS;  
TRANSPORTATION SUB-COMMITTEE

I attach for your information a copy of a memorandum<sup>†</sup> prepared by Mr. Fairweather, C.N.R. Vice-President in charge of research and development, arising out of the work of the Transportation Sub-Committee and based upon information provided by the Newfoundland delegation.

Summarized briefly, the main points are as follows (based on the assumption that the Newfoundland Government Railway System is taken over by the C.N.R.):

1. The System should be placed under the administrative control of the Vice-President and General Manager of the Atlantic Region and it would be intended that, for an indefinite period, the existing Newfoundland organization would be retained intact. No substantial rearrangement of organization or duties of administrative personnel resulting in demotions or dismissals would be likely.
2. No substantial increase in service would be contemplated for the present.
3. Application of Canadian tariff rates would result in a very substantial reduction to Newfoundland in freight, express and passenger rates both for domestic movement and movement to Canada and the United States.
4. Capital expenditures in connection with the property to put it and keep it in proper condition would probably involve \$17 million for the Railway System and \$3 million for the Steamship System over the next ten years. If it is decided to modify the Railway to standard gauge an expenditure of \$40 million would

probably be required. Provision of a car ferry in such an event would cost another \$10 million. (It should be noted in this connection that the Newfoundland delegation are definitely interested in some sort of assurance regarding ferry service to the mainland.)

5. Rates of pay of personnel would be increased and C.N.R. pension plan would extend to the employees. While it was difficult to estimate the additional cost involved, this would be substantial.

6. The System has been operating at a deficit (1945-46, before interest charges and after adjustment of a non-recurring item — \$698,000) which would become a charge on the C.N.R. It is suggested that, in view of this and in view of the additional costs which would be placed upon the C.N.R., it should be reimbursed for losses incurred in this connection.

Yours sincerely,

J. R. BALDWIN

391.

R.A.M./Vol. 3

*Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve*  
*Minutes of a Meeting of Cabinet Committee on Newfoundland*

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in Senate Room 258, House of Commons on Thursday, July 31, 1947, at 7:45 p.m.

Present:

The Secretary of State for External Affairs, (Mr. St. Laurent), Chairman,

The Minister of Justice, (Mr. Ilsley),

The Minister of Finance, (Mr. Abbott),

The Minister of National Defence, (Mr. Claxton),

The Minister of National Revenue, (Dr. McCann),

Mr. J. R. Baldwin, (Secretary),

Representatives of the Department of Finance, (Mr. M. Sharp, Mr. A. Hockin),

Representative of the Department of External Affairs, (Mr. R. A. MacKay),

Representative of the Bank of Canada, (Mr. J. Coyne).

1. THE CHAIRMAN pointed out that the discussions with the Newfoundland delegation had reached a point where, assuming that suitable arrangements could be made in regard to the public debt of Newfoundland and the disposition of the Newfoundland government railway system, the extent of the financial provisions necessary for the operation of a provincial government in Newfoundland could be determined.

Members of the Interdepartmental Committee had prepared a report, copies of which had been circulated, on various alternative methods of dealing with this

situation. The course preferred by the officials involved the payment of a statutory subsidy by the federal government on a *per capita* basis broadly comparable to the statutory subsidy paid to Prince Edward Island; and an undertaking for a period of years thereafter to meet a given percentage of any Newfoundland deficit that might be incurred. The federal government's share might be placed upon a sliding scale. For calculation of the deficit it would be assumed that Newfoundland tax revenues would be the amounts receivable at present rates from taxes which would be left to the province after union, i.e. about \$3 million annually.

This proposal offered the advantage that Newfoundland would have a strong inducement to increase its own local sources of revenue since it would have to bear a proportion of any deficit incurred.

(Memorandum on Alternative Financial Arrangements with Newfoundland, July 31, 1947.)

2. THE COMMITTEE, after considerable discussion, agreed that discussions continue with the Newfoundland delegation on the understanding that the financial arrangements favoured by the officials represented a basis for union which might usefully be explored.

The meeting adjourned at 8:30 p.m.

[PIÈCE JOINTE/ENCLOSURE]

243s

*Extraits d'un mémorandum par des membres du  
Comité interministériel sur Terre-Neuve*

*Extracts from Memorandum by Members of the  
Interdepartmental Committee on Newfoundland*

TOP SECRET

Ottawa, July 31, 1947

ALTERNATIVE FINANCIAL ARRANGEMENTS  
WITH NEWFOUNDLAND  
DEBT, RAILWAY AND SURPLUS

From the standpoint of cost to the Dominion, it makes little difference whether the debt (or a portion of it) and the railway are left with Newfoundland or assumed by the Dominion. From a political standpoint, it would, however, appear easier to justify taking over most of the debt and the railway since smaller subsidies could then be paid to Newfoundland than would be the case if Newfoundland had to carry debts and railway.

Disposal of the accumulated surplus (about \$28.8 million as of March 31, 1947) raises certain political difficulties. On the one hand, the Newfoundland public appear to attach great importance to it, partly for sentimental reasons, partly as a means of meeting future deficits and as a reserve for developmental expenditures. Further, considerable public investment in Newfoundland is obviously needed in the immediate future. On the other hand, the traditional pat-

tern of confédération is for the Dominion to take over all liquid assets as well as all debts (subject to a debt allowance) in the case of a new province.

...

#### PLANS II, III, IV, V

##### ASSUMPTION OF DEBT FOR "DOMINION" PURPOSES; ASSUMPTION OF THE RAILWAY BY THE DOMINION; PROVISIONAL STATUTORY SUBSIDY; WAYS AND MEANS OF MEETING THE REMAINING GAP

It is suggested that the assumption of responsibility for about three-fourths of the debt could be justified on the ground that this would represent fairly the proportion due to expenditures which would have been the responsibility of the federal government had Newfoundland been a province since 1867. Under this arrangement, out of a total of \$70,000,000 net, the Dominion's share would be about \$52,500,000 and Newfoundland's about \$17,500,000.

It is suggested that assumption of the railway and steamship services would be justified on the ground that it was merely the extension of the coast-to-coast transportation system to take care of the needs of a new province.

It is suggested that Newfoundland should be allowed to retain its accumulated surplus (\$28.8 million as of March 31, 1947) primarily for developmental purposes, but, if necessary, to meet deficits on current account. The surplus might be deposited at interest with the federal government.

...

##### PROVISIONAL STATUTORY SUBSIDY

One means of bridging part of the remaining gap would be to provide a special statutory subsidy as is now provided under one pretext or another for seven of the nine existing provinces. A subsidy of \$1,800,000 would bring Newfoundland *per capita* subsidy payment up to about the level of that of P.E.I. It is thought that such a figure should not be too difficult to justify to the existing provinces. Since it is difficult to predict Newfoundland's long-run budget requirement, it is suggested that this subsidy should be labelled "Provisional Statutory Subsidy," provision to be made for review by joint commission or Dominion Royal Commission at the end of, say, ten years. It would be essential to assure Newfoundland of the ability to meet budgetary requirements beyond this period and therefore to lay down a principle on which such a reassessment might be made. The following formula for reassessment is suggested:

- (1) The subsidy of \$1,800,000 would be an irreducible minimum.
- (2) Newfoundland should be provided with sufficient revenues to enable it to provide services at then existing levels without resort to heavier combined provincial and municipal taxation than the average of the Maritime Provinces, having regard to the respective *per capita* incomes of the Maritimes and Newfoundland.

...

##### TAX AGREEMENT OFFER FOR TEN YEARS CERTAIN

In view of possible apprehension of the Newfoundland public that a Tax Agreement might be terminated by the Dominion, or a new offer less favourable

made to the province at the end of a five-year period, it is suggested that the Tax Agreement offer to Newfoundland should be for ten rather than five years. It is not thought that this would raise difficulties with existing provinces.

### PLAN II

#### RENTAL PAYMENT FOR NATURAL RESOURCES OF NEWFOUNDLAND, OR OF LABRADOR ALONE

It has been suggested that as a means of bridging the remaining gap, or the major part of it, the Dominion might "rent" the natural resources of Newfoundland as a whole, or of Labrador only, at an annual payment which might meet most of the anticipated budget deficits, say, \$2.0 million or \$2.5 million, the remainder to be met by Newfoundland out of surplus or by borrowing. The rental arrangement might be:

- (1) for an indefinite period, subject to termination by Newfoundland on notice, in which event rental payments would cease; or,
- (2) for a fixed period of, say, 10 years.

Although the arrangement with the Prairie Provinces whereby the Dominion retained Crown lands might be a precedent for such arrangement with Newfoundland, there would appear to be serious objections to this plan.

(1) The people of Newfoundland appear to be unduly apprehensive that the Dominion wants to "steal" Labrador, which many Newfoundlanders envisage as unusually rich in natural resources.

(2) The "rental" formula could be easily objected to as specious, and might well raise difficulties with the Maritime Provinces. Since one of the bases for the Duncan and White Commission subsidies for the Maritime Provinces was the fact that they had not acquired additional lands, whereas other provinces had, it would hardly seem valid to pay Newfoundland for lands it had acquired even before entering the Dominion.

(3) The scheme is not sufficiently flexible to meet extreme fluctuations or long-run changes in Newfoundland's revenues. In good years it might be too high, in poor years, too low.

### PLAN III

#### MATCHING GRANTS BY THE DOMINION FOR NEW TAX REVENUES

Another method suggested for bridging the remaining gap is for the Dominion to undertake for, say, a ten-year period to match revenues raised by Newfoundland above the estimated revenues remaining at existing or comparable rates, the remainder of the deficit, if any, to be made up by Newfoundland from withdrawals from surplus or by borrowing. [ . . . ]

Although this plan might provide a strong incentive to Newfoundland to raise new tax revenues, it would have the following disadvantages:

- (1) It would accentuate fluctuations in total provincial revenues, since in good years, tax revenues and Dominion matching payments would tend to be high and in poor years low. An underlying objective of the tax agreement offer to existing provinces is to even out fluctuations in provincial revenues.

(2) This plan might raise objections from provinces which have accepted tax agreement on the ground that Newfoundland was being unduly favoured because of its low *per capita* taxation. Other provinces might, no doubt, like a scheme of matching grants for tax revenues above a fixed minimum.

#### PLAN IV — A CONFEDERATION GRANT

Another suggestion for meeting the remaining gap is that Newfoundland should be given a special grant or subsidy, which might be called a *Confederation Grant* to cover anticipated budget deficits, or a major share thereof, over a transitional period, of say, 10 years. If the grant were insufficient to cover all budget deficits in current account, the remainder could be withdrawn from surplus or raised by borrowing. The grant would not be included in the statutory subsidy to be used for calculating payments under a tax agreement.

Several variants of this scheme might be envisaged. Among them:

(1) A fixed annual payment for the period of, say, \$3.0 million. The objection to this is that it would not provide sufficient incentive for raising additional provincial revenues;

(2) A reducing payment beginning at, say, \$4.0 million for one or two years, reducing by, say, \$0.5 million yearly thereafter.

(3) A capital sum of, say, \$30.0 to be set up from which withdrawals might be made as required up to a maximum of say, \$4.0 yearly to meet deficits. Any unspent amount remaining at the end of the period would revert to Newfoundland for developmental expenditures or to meet future deficits.

(2) and (3) would obviously provide greater incentives for raising new provincial revenues than (1). All three would, however, be open to the objection that they are based on estimates of budget deficits which are at best not very reliable and therefore not satisfactory, either from the point of view of the Dominion or of Newfoundland, though Newfoundland would be safer under (3) than under (1) or (2). A further objection would be that grants of fixed sums, either annually or as a capital sum for the period, might raise difficulties with other provinces.

#### PLAN V

##### SHARING OF DEFICITS BY THE DOMINION OVER AN INTERIM PERIOD

Still another plan for meeting the remaining gap, after a provisional statutory subsidy of \$1,800,000 and tax agreement payment, would be for the Dominion to agree to share deficits on current account over an interim period of, say, 10 years. Newfoundland would be entitled to withdraw from surplus or to borrow to meet its share of deficits. Since deficits are likely to be heavier at the outset, it is suggested that the Dominion should assume a larger share at the outset, but that its share should be on a declining basis to, say, 50 per cent. For the first year or two, the Dominion might assume 75 per cent of deficits; for the next year, say, 65 per cent; for the next, say 55 per cent; and thereafter 50 per cent.



Such an arrangement would work out as follows:

#### FIRST YEAR OR FIRST TWO YEARS

|  |                 |              |
|--|-----------------|--------------|
| Newfoundland Expenditures Current Account                |                 | \$15.0 mill. |
| Newfoundland Revenues: Remaining taxes at existing rates | \$3.000 million |              |
| Interest on surplus                                      | .700 million    |              |
| Tax Agreement payment 1947 basis                         | 7.600 million   |              |
| Total revenues   | \$11.3 million  | 11.3 mill.   |
| Deficit  |                 | \$3.7 mill.  |
| Dominion's share — 75 per cent                           |                 | \$2.77 mill. |

#### SECOND (OR THIRD) YEAR

|  |  |             |
|--|--|-------------|
| Assuming no additional taxes raised by Newfoundland and same total expenditures Dominion's Share (65%) |  | \$2.4 mill. |
|--|--|-------------|

#### THIRD (OR FOURTH) YEAR

|   |  |             |
|---|--|-------------|
| Assuming no additional taxes raised by Newfoundland and same total expenditures. Dominion's Share (55%) |  | \$2.0 mill. |
|---|--|-------------|

#### FOURTH (OR FIFTH) YEAR AND THEREAFTER

|   |  |             |
|---|--|-------------|
| Assuming no additional taxes raised by Newfoundland and same total expenditures. Dominion's Share (50%) |  | \$1.8 mill. |
|---|--|-------------|

This plan would probably give the least grounds for complaint from the existing provinces since none of them face prospective deficits over the next few years under existing tax agreements. Moreover, a Newfoundland Government would have a strong incentive to raise additional tax revenues since otherwise it would be frittering away its surplus in meeting budget deficits. Other merits would be that it is straightforward and not specious, that it is flexible and would be more or less self-adjusting to Newfoundland's fiscal need.

A scheme providing for fixed total annual payments by the Dominion might well be objected to, both in Newfoundland and Canada, on the ground that our information as to Newfoundland's prospective budgetary needs was unreliable or inadequate. A scheme such as outlined in Plan V above would have the merit of avoiding any such criticism.

M. W. S[HARP]  
R. A. M[ACKAY]

392.

243s

*Procès-verbal d'une réunion entre la délégation à Ottawa de la  
Convention nationale de Terre-Neuve et des représentants  
du gouvernement du Canada*

*Minutes of a Meeting between the Delegation to Ottawa from the  
National Convention of Newfoundland and Representatives  
of the Government of Canada*

**SECRET**

A meeting between delegates from the National Convention of Newfoundland and representatives of the Government of Canada was held in Room 258, House of Commons, Ottawa, on Thursday, July 31, 1947, at 8:00 p.m.

Present:

**CANADIAN MEMBERS:**

The Secretary of State for External Affairs, (Mr. St. Laurent), Chairman,  
The Minister of Justice, (Mr. Ilsley),  
The Minister of Finance, (Mr. Abbott),  
The Minister of National Defence, (Mr. Claxton),  
The Minister of National Revenue, (Dr. McCann).

**NEWFOUNDLAND MEMBERS:**

Mr. F. G. Bradley, K.C.,  
(Delegation Chairman),  
Mr. T. W. G. Ashbourne,  
Mr. Charles H. Ballam,  
The Reverend Lester  
Burry,  
Mr. P. W. Crummey,  
Mr. G. F. Higgins, K.C.,  
Mr. J. R. Smallwood  
(Delegation Secretary).

**SECRETARIAT:**

Mr. J. R. Baldwin, Privy Council Office,  
Mr. J. E. Howes, Bank of Canada,  
Miss Muriel Mosley, Department of Secretary of State.

Also present:

The Canadian High Commissioner in Newfoundland, (Mr. J. Scott Macdonald),  
Representatives of the Department of Finance, (Mr. M. Sharp, Mr. A. Hockin),  
Representatives of the Department of External Affairs, (Mr. R.A. MacKay, Mr. Paul Bridle),  
Representative of the Bank of Canada, (Mr. J. Coyne).

## I. PUBLIC DEBT; REPORT OF SUB-COMMITTEE

1. THE CHAIRMAN, referring to the decision at the meeting of July 23, 1947, submitted a report, copies of which were circulated, from the Sub-Committee on Public Debt.

This report contained information on the Canadian and the Newfoundland outstanding public debt, both direct and indirect, and described possible courses which might be followed in regard to the Newfoundland debt and the Newfoundland surplus in the event of union.

(First report of Sub-Committee on the Newfoundland debt situation, July 28, 1947.)

2. MR. ST. LAURENT suggested that an arrangement involving division of the public debt of Newfoundland on the basis of assumption by the federal government of that portion of the debt incurred for federal purposes would offer a solution which could be readily explained in both Canada and Newfoundland and would not be likely to cause serious difficulties in federal relationships with the existing provinces.

It was recognized as well that it would be desirable to have the surplus appear as available to the people of Newfoundland for provincial development purposes and provincial use generally.

In the matter of establishment of special machinery for development purposes, it might reasonably be assumed that if a clear division of responsibility were agreed upon, the appropriate authorities could be relied upon to work out any necessary measures for consultation and cooperation.

3. THE MINISTER OF NATIONAL DEFENCE pointed out that extension of federal services in Newfoundland would be a task of some magnitude. Coordinated planning on the part of federal officials would be desirable both from the point of view of economy and efficiency and from the point of view of indicating clearly the scope of the development involved.

4. MR. SMALLWOOD suggested that if a division of Newfoundland public debt on the basis of purpose for which the debt was incurred should be arranged it might be desirable to review further the ratio of division since information contained in the Amulree report and already used in this connection did not appear to be complete.

5. THE MEETING, after discussion, noted the report of the Sub-Committee and the comments thereon.

## II. TRANSPORTATION SUB-COMMITTEE

6. THE SECRETARY reported that the Transportation Sub-Committee had reviewed the position of the Newfoundland Government Railway System. Canadian members had obtained a substantial amount of information from the Newfoundland members on the Sub-Committee and had submitted reports to the Chairman of the Sub-Committee, the Minister of Transport. The substance of these reports had been made available to the members of both delegations.

7. THE CHAIRMAN pointed out that the reports of the Canadian members of the Sub-Committee had reviewed the situation which would exist if the Newfoundland Government Railway System were taken over in full by the Canadian

government. It might reasonably be assumed that should this be done the C.N. Railways would undertake to provide in Newfoundland a service that would in no way be inferior to that presently available. Moreover, since the Newfoundland system was presently operating at a deficit, it might also be assumed that the C.N. Railways would use its best efforts to develop a more efficient and more productive operation, undertaking whatever improvements were necessary in this connection.

8. THE MEETING, after discussion, noted the reports of the Chairman and the Secretary.

### III. SUB-COMMITTEE ON BASIS FOR UNION

9. THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, referring to the decision at the meeting on July 23rd suggested that, with the completion of the work of the various sub-committees, it would now be appropriate to proceed with the establishment of a further sub-committee, which could undertake the preparation of a factual report on the arrangements which would have to be made if union between Newfoundland and Canada should take place, in order to ensure that the union would be workable.

10. THE MEETING, after discussion, agreed that a sub-committee composed of Mr. Smallwood, Mr. Higgins and Mr. Ashbourne, the Minister of Justice, the Minister of National Revenue and appropriate Canadian advisers be established to prepare a report upon a fair and workable basis for union between Canada and Newfoundland.

### IV. DURATION OF FINANCIAL ARRANGEMENTS

11. MR. SMALLWOOD inquired what the position would be in regard to the duration of any financial arrangements which might be made between the federal government and Newfoundland in the event of union.

12. THE CHAIRMAN suggested that the arrangements might provide for renewal and future adjustments to cover a period of years long enough to assure reasonable security to the people of Newfoundland, any future adjustments to be not less favourable to the ratepayer of Newfoundland than the original tax agreement.

13. THE MEETING noted the proposal of the Chairman.

The meeting adjourned at 10:30 p.m.

[PIÈCE JOINTE/ENCLOSURE]

*Premier rapport du sous-comité sur la situation  
de la dette de Terre-Neuve*

*First Report of the Sub-committee on the  
Newfoundland Debt Situation*

SECRET

Ottawa, July 28, 1947

Present:

FOR NEWFOUNDLAND:

F. G. Bradley

T. G. W. Ashbourne

C. H. Ballam  
G. F. Higgins  
J. R. Smallwood

## FOR CANADA:

R. A. MacKay, Dept. of External Affairs, Chairman  
J. S. Macdonald, Dept. of External Affairs  
P. A. Bridle, Dept. of External Affairs  
M. W. Sharp, Dept. of Finance  
A. B. Hockin, Dept. of Finance  
J. R. Baldwin, Privy Council  
J. E. Howes, Bank of Canada  
G. S. Watts, Bank of Canada

The Sub-Committee held two meetings on July 24 and July 28.

Two factual memoranda were prepared for the Sub-Committee and are attached as appendices:

Appendix A — A Comparative Statement  
of the Newfoundland & Canadian debts<sup>†</sup>

Appendix B — Debts assumed and Debt  
Allowances at Confederation<sup>†</sup>

The Sub-Committee explored alternative methods of dealing with the Newfoundland debt and surplus in the event of union with Canada and submits the following summary of its discussions:

All of Newfoundland's external debt (except the railway debt to U.S. Defence Supplies Corp.) is guaranteed by the U.K. Government. To the extent that Canada assumes responsibility for payment of interest and principal of this external debt, the U.K. Government will be relieved of its contingent liability (in fact, if not in form). On the other hand if Newfoundland remains the principal debtor under any of these existing bonds, presumably the U.K. would become the guarantor of a Canadian province, unless the U.K. were replaced by Canada as guarantor, which would raise issues of a different kind.

Whatever the decision as to the division of the debt burden between Canada and Newfoundland, it would be possible to avoid complications with regard to existing obligations by having Canada replace Newfoundland as principal debtor on all existing obligations and by setting up a debt owed by Newfoundland to Canada corresponding to the proportion of the debt burden ultimately assumed by the province.

*Alternative Methods of Dealing with the Debt*

It was agreed that Canada would be expected to assume some part of the Newfoundland debt at the time of union. An infinite number of bases for division of the debt between provincial and central Governments can be envisaged, including the following:

*(1) Debt Allowance*

Application of the most favourable debt allowance offered to any of the existing provinces (\$50 per capita in the case of P.E.I.) would relieve Newfoundland

of approximately \$16,850,000 of the present debt, leaving some \$54,000,000 (or if, as the B.N.A. Act would seem to require, the surplus is deducted, \$24,000,000) to be carried by the province. According to the pattern of Confederation this balance would carry interest at 5 per cent, payable by the province to the central government, though in view of the drop in interest rates on the federal debt since the other provinces entered Confederation a lower rate might be justified.

*(2) Division of the debt according to purpose*

This involves an analysis of the debt on the basis of the purpose for which it was incurred. Canada would assume debt incurred for what might be termed federal purposes and Newfoundland as a province, the remainder. Rough calculations based on the report of the Amulree Commission suggest that Canada might on this basis assume 75 per cent and Newfoundland 25 per cent (assuming the railway to be taken over by the Federal Government). Canada would, of course, at the same time assume all public works relating to the subject matter of federal legislative power.

*(3) Division of the debt on the basis of the present relationship between the Canadian debt and the total debt of the existing provinces*

This is a variant of (2) above. As at the end of the 1946 fiscal year, the *per capita* gross debt less sinking fund of Canada was \$1493 and of the provinces \$226 roughly a 87-13 split.

*The Disposal of the Surplus*

According to the Newfoundland delegation, the accumulated surplus is looked upon by the people of Newfoundland as a fund for use in the development of the country and to assure its future solvency. Any proposal to use all or a substantial part of the surplus for the repayment of debt would in their opinion meet with disfavour.

If a decision were made to leave the Newfoundland surplus intact, the suggestion was advanced that it might be placed in a special fund for developmental purposes. Consideration was also given to the formation of a joint Newfoundland-Canadian board which would advise, not only with respect to expenditures from this special fund, but also with respect to expenditures by the Federal Government for developmental purposes.

Canada might offer to pay interest at a reasonable rate on such part of the surplus as is placed on deposit with the central government, thus providing an earning asset against the Newfoundland debt.

*Mémorandum de la deuxième direction politique*  
*Memorandum by Second Political Division*

Ottawa, August 1, 1947

SUMMARY OF STATEMENT MADE TO THE PRESS AT THE  
CONCLUSION OF A MEETING BETWEEN CANADIAN AND  
NEWFOUNDLAND REPRESENTATIVES ON JULY 31, 1947

Discussions between Canadian and Newfoundland representatives regarding the possibility of Newfoundland becoming the tenth province of Canada have now reached the stage where it is thought possible to determine, in the terms of reference of the Newfoundland delegation, what fair and equitable basis may exist for the federal union of Canada and Newfoundland. This announcement was made late on Thursday, July 31, at the conclusion of a plenary session of the conference presided over by the Right Honourable L. S. St. Laurent, Secretary of State for External Affairs, and attended by the Newfoundland delegation, other Canadian Ministers and their advisers.

Since the Newfoundland delegation arrived in Ottawa on June 25, both the Canadian and Newfoundland representatives have been engaged in a factual study of the question of how Newfoundland might fit into the Canadian federal system. After the field had been explored generally, a number of sub-committees were appointed to look into certain specific matters — notably fisheries, public finance, transportation and the public debt. At Thursday's meeting reports were made on the latter two questions, thus largely completing investigations in the factual field.

A sub-committee has now been set up to examine the question of what would constitute a fair and equitable basis for union in the event that, in due course, the people of Newfoundland and the Parliament of Canada should decide that union is desirable. In announcing the setting up of this sub-committee, the spokesman for the conference emphasized that the Canadian and Newfoundland members of the sub-committee are in no sense undertaking negotiations; they are merely undertaking to determine, in the light of the relevant facts, what might constitute a suitable basis for union for consideration by the people of Newfoundland and the Parliament of Canada. It is expected that the sub-committee will in due course report its findings to the general conference.

P. A. B[RIDLE]

394.

243s

*Mémorandum de la deuxième direction politique  
à l'adjoint du sous-ministre des Finances*<sup>130</sup>

*Memorandum from Second Political Division  
to Assistant to Deputy Minister of Finance*<sup>130</sup>

SECRET

Ottawa, August 1, 1947

NEWFOUNDLAND FINANCIAL ARRANGEMENTS

It occurred to me after the discussions last evening that perhaps the guaranteed minimum payment suggested under plan V was too small, and that something further ought to be thrown in to sweeten the pot.

I wonder whether a combination of plans IV and V might not be possible. It would not be much more expensive from the Dominion's standpoint to provide a confederation grant of, say, \$1,000,000 yearly for five years, reducing thereafter by \$200,000 per year. These payments would not be counted under the tax agreement. The Dominion would agree to meet 50 per cent of the deficits rather than on a reducing scale from 75 to 50 per cent as in plan V as presently drafted, or the present proposals might be continued.

I understand you are to have a meeting with Mr. Ilesley on Tuesday. I am going to Halifax but hope to be back by Tuesday afternoon.

R. A. MacKAY

395.

243s

*Mémorandum de la deuxième direction politique au  
sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Second Political Division to  
Under-Secretary of State for External Affairs*

SECRET

Ottawa, August 9, 1947

As it was not possible to complete the attached note until Saturday afternoon, Mr. Reid asked me to sign it and leave it for you. It has been revised by Mr. MacKay.<sup>131</sup>

P. A. BRIDLE

<sup>130</sup>M. W. Sharp.

<sup>131</sup>La note suivante était écrite sur ce mémorandum:

<sup>131</sup>The following note was written on the memorandum:

I was present at the meeting between Mr. St. Laurent and Mr. Ilesley this morning when some adjustments to the "terms" were decided on. They are, I think, an improvement. Mr. MacKay will have told you about them. L. B. P[EARSON]



## [PIÈCE JOINTE/ENCLOSURE]

*Extrait d'un mémorandum du chef, la deuxième direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

*Extract from Memorandum from Head, Second Political Division,  
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, August 9, 1947

## NEWFOUNDLAND DISCUSSIONS

...

3. Mr. Ilsley told the four Newfoundland representatives on Friday that his colleagues on the Cabinet committee might feel that our present proposal goes too far. The Newfoundlanders had made a number of suggestions on Wednesday which went a good deal farther than our present proposal and, with the exception of Mr. Bradley and Mr. Ashbourne, they impressed our Ministers as being pretty irresponsible. To the plan put forward on Friday, they replied somewhat diffidently that they had a rather similar proposal in mind but that it envisaged a larger annual payment over a longer period. It is possible that at the meeting on Monday afternoon they will suggest amending our proposal along these lines. On the other hand, they may have been so impressed with Mr. Ilsley's uncompromising attitude that they will suggest only minor revisions. It was made clear to them that suggestions along the latter lines would be welcomed.

4. I would judge, from statements which Mr. St. Laurent has made in meetings with members of the Cabinet committee and with the Newfoundland delegation, that he is prepared to go as far as may be necessary under the Cabinet decision of July 18, a copy of which is attached.<sup>132</sup> Mr. Ilsley, on the other hand, is of the opinion that the proposal we put forward on Friday goes as far as the government can possibly be expected to go. A copy of this proposal is also attached.<sup>133</sup>

5. A comparison of these documents indicates that on points (b) and (c) our present proposal makes a very liberal interpretation (with respect to the tax agreement, Newfoundland is to be arbitrarily allowed the largest possible statutory subsidy); that it falls somewhat short of (a); and that it is, strictly speaking, consistent with (d) but does not make as generous an interpretation as the Newfoundlanders might wish.

6. I believe you have in mind a possible method of providing more debt relief to Newfoundland should this be considered desirable. So far as (d) is concerned, there would probably be room for some upward adjustment of the amount we have suggested for the Confederation grant — say by \$500,000, though this should perhaps be contingent on whatever arrangement we are able to make regarding the debt.

7. The Cabinet decision contemplates a considerable period of special financial assistance, "up to 25 years." The present proposal provides for special assist-

<sup>132</sup>Voir le document 382.

<sup>132</sup>See Document 382.

<sup>133</sup>Voir la pièce jointe du document suivant.

<sup>133</sup>See enclosure of following document.

ance for a period of eight years, with a reassessment to take place before the end of this period. It is possible that at the time of reassessment, a further period of financial assistance might be recommended. However, the Newfoundlanders might prefer a somewhat longer certain period than eight years.

8. As a matter of fact, the Newfoundland representatives seem to be rather more concerned about the early years of union than about the longer-term arrangements. We understand that they would like the Confederation grant to continue without reduction for a period of five years. Although a proposal of this magnitude does not appeal to our officials as financially sound, some compromise on this score might be considered.

9. I should, perhaps, mention that our officials have had to bear in mind two considerations which make it somewhat difficult to frame a proposal which would entirely meet even the most reasonable schemes so far broached by the Newfoundlanders. The first is that it is hard to predict with accuracy the budgetary position of the Newfoundland provincial government, even during the first years of union. The other is that it is considered desirable to make some arrangement which provides Newfoundland with an incentive to raise additional revenue from new taxation beginning at as early a date as possible. Both these considerations impose certain limitations on the form and scale of special financial assistance which it is felt we can properly propose.

...

P. A. BRIDLE  
for Pol. II E. Reid

396.

PCO-CRF

*Mémorandum du secrétaire adjoint du Cabinet au  
secrétaire d'État aux Affaires extérieures*  
*Memorandum from Assistant Secretary to the Cabinet to  
Secretary of State for External Affairs*

SECRET

Ottawa, August 9, 1947

NEWFOUNDLAND DISCUSSIONS; BASIS FOR UNION

During the past week, in your absence, two meetings of the sub-committee which is to report on a workable basis for union have been held. The first one was attended on our side by Mr. Ilsley and Dr. McCann, together with Canadian officials and the second by Mr. Ilsley. In addition, Mr. Ilsley met several times with the Canadian officials to discuss the situation.

It became apparent quite early in the first meeting that our earlier thought as to a plan whereby after a payment of a statutory subsidy of \$1,800,000 (comparable on a *per capita* basis to that paid to P.E.I.), the two governments would share any remaining deficit possibly on a sliding scale with the federal government assuming the larger proportion to begin with was quite unacceptable to the Newfoundland group who felt strongly that it could never carry support in Newfoundland. We therefore reverted to what they felt more desirable, the idea of a

special transitional grant on a declining scale and we attempted to recognize their position that for the first year or two at least it might be reasonable to place them in a position where they need expect no deficits on current account in order to allow them a reasonable time to proceed with development of tax sources.

The attached plan in this connection was read to them at the second meeting by Mr. Ilsley, as representing arrangements which the Canadian officials thought would meet the situation. Mr. Ilsley stressed that he had not consulted any of his colleagues in the Cabinet and that discussion of this arrangement must be considered tentative and exploratory until you had returned and the plan could be taken up with you. He indicated, however, that he felt personally that this represented as far as overall amounts were concerned, the farthest that the federal government could go, although he suggested that, subject to this proviso, certain internal adjustments in the proposals might be made, e.g. in regard to the period of time for transitional payment, a percentage rate of decline, period before the decline began, etc.

The Newfoundland delegation are discussing this over the weekend and we have provisionally arranged to meet again with them on Monday afternoon in sub-committee on the assumption that you can attend at that time.

I understand that the Newfoundland delegation are somewhat disappointed in that they had hoped for a rather larger transitional payment to carry on over a longer period. Our own officials feel, however, that the shorter period plus the proposed formula for reassessment is a greater protection to Newfoundland than a longer period without any such provision. It might be possible, however, to retain the reassessment provision but extend the period somewhat if the Newfoundlanders wished, both as regards the duration of the transitional payments and as regards the time before reassessment.

As regards the amount, our officials feel that calculated on the basis of the present G.N.P., the payments to Newfoundland under our scheme would pretty well bridge the gap on the basis of a \$15 million budget leaving them something less than a million to raise in new taxes. Since this figure of one million is what they themselves suggested could be raised in new taxes at an early date, they should, for the first two or three years, break even and possibly even have a small surplus. Further increases in their taxes would carry them over the balance of the period and even though these should not materialize, the earmarking of a third of the surplus under any calculation we would be able to make would more than meet any deficits over an eight-year period. In any probability, they would not have to draw on the surplus for more than four or five millions in this connection, even if our tax rental payments to them declined to the minimum in three or four years' time.

On the other hand, the Newfoundland claim centres around the fact that they, for safety's sake, must calculate on the basis of the minimum payment under the tax rental agreement rather than on the basis of the present level of payment; that their \$15 million budget may well prove to be somewhat out of line and the proposed federal scheme offers them little protection in this event and that in addition, our calculations have included in their revenues interest on their surplus amounting to \$750,000, a sum which would disappear rapidly since they would

expect to spend their surplus. I do not know whether in these circumstances it would be desirable to consider, if necessary, some slight upward adjustment in the \$3 million, perhaps by another half million or so. The need for this will become more apparent at Monday's meeting.

There are one or two other points which have arisen as well, but I would prefer to describe these to you orally rather than make this note unnecessarily long.

J. R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

243s

*Mémorandum des représentants du Canada sur le  
sous-comité sur les arrangements pour l'union  
de Terre-Neuve et du Canada*

*Memorandum by Representatives of Canada on  
Sub-committee on Arrangements for Union  
of Newfoundland and Canada*

TOP SECRET

Ottawa, August 8, 1947

DRAFT OF FINANCIAL ARRANGEMENTS FOR  
DISCUSSION IN SUB-COMMITTEE

- (1) Canada to assume responsibility for three-quarters of the debt.
- (2) Newfoundland to retain its accumulated surplus for developmental purposes, subject to earmarking as in (5) below.
- (3) Canada to take over and operate the Railway with its steamship services.
- (4) Canada to provide Newfoundland with a permanent statutory subsidy of \$1,800,000 (in addition to those provided in the B.N.A. Act of 1907, namely, \$180,000 for support of Government and legislation, and .80¢ *per capita*).
- (5) Canada to provide a Confederation grant of \$3,000,000 for the first two years after union, the grant to decline yearly thereafter by 10% of the total (i.e. \$300,000), subject to:
  - (a) The "earmarking" of one-third of the surplus to be available during the first eight years of union for expenditures on current account in order to facilitate the maintenance and improvement of provincial services, any unspent portion to revert to Newfoundland.
  - (b) A reassessment of Newfoundland's financial needs before the expiration of 8 years, in accordance with the following formula:

In view of the difficulty of predicting with sufficient accuracy the financial consequences of adjustment to provincial status, the Canadian Government undertake to appoint before the expiration of 8 years a commission consisting of one nominee of each of the Newfoundland and Canadian Governments, together with a chairman to be selected by agreement between the two governments, to inquire into the financial position of Newfoundland with a view to recommending the form and scale of financial assistance which might be required by the New-

foundland Government to enable it to continue provincial services at prevailing levels in Newfoundland without resorting to combined provincial and municipal taxation more burdensome in relation to capacity to pay than that of the provinces of New Brunswick, Nova Scotia and Prince Edward Island.

(6) Newfoundland to be entitled to a tax agreement for three years on terms no less favourable than those for existing provinces, the tax agreement to be renewable at the option of Newfoundland at the end of the three-year period on terms no less favourable than those of the original agreement. The Confederation grant would not be included in the tax agreement.

R. A. M[ACKAY]

M. W. S[HARP]

397.

243s

*Mémoire de la deuxième direction politique au  
sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Second Political Division to  
Under-Secretary of State for External Affairs*

SECRET

Ottawa, August 13, 1947

MEETING OF SUB-COMMITTEE ON ARRANGEMENTS FOR UNION  
OF NEWFOUNDLAND AND CANADA, AUGUST 11, 1947

1. A very satisfactory meeting was held. It was agreed that a drafting committee composed of Mr. Smallwood and myself should proceed to draw up a draft statement of the basis of union. This draft is to include the following financial arrangements:

(a) Canada to take over the Newfoundland Railway and its associate steamship services and operate them in a manner no less serviceable to the Newfoundland public than at present;

(b) Canada to take three-fourths of Newfoundland debt;

(c) Newfoundland to retain surplus for developmental purposes subject to "earmarking" of one-third to be used as necessary for expenditures on current account to maintain and extend provincial services over eight years;

(d) In addition to the small statutory subsidies to which she would be entitled, special statutory subsidy of \$1,500,000 to be paid Newfoundland;

(e) Newfoundland to be given a Confederation grant of \$3,500,000 for three years declining thereafter by 10% of the total (\$350,000) annually;

(f) Provision for a reassessment of Newfoundland's financial situation before the end of eight years with a view to enabling Newfoundland to carry on its services at prevailing levels without resort to taxation more burdensome than the Maritime provincial average;

(g) Newfoundland to be accorded a tax agreement for three years with the option of renewal on a formula yet to be drafted;

(h) With respect to the two-thirds of the surplus to be retained by Newfoundland for developmental purposes, it was agreed that a formula should be drafted to preclude Newfoundland from using the surplus to subsidize the fishing industry and so to compete unfairly with the Maritime industry.

2. With respect to education it was pointed [out] to the Newfoundland delegation that section 93 of the B.N.A. Act would perpetuate the present denominational system of education in Newfoundland and prevent the provincial legislature from altering it. It was further made clear that the Canadian Government would have no wish to dictate to Newfoundland regarding the situation and it was left for the Newfoundland delegation to make specific proposals.

3. With regard to the manufacture and sale of oleomargarine, Mr. St. Laurent proposed that a clause might be drafted to the effect that the section of the Federal statutes prohibiting manufacture and sale should not apply to Newfoundland except with the concurrence of the Newfoundland legislature.

4. With respect to divorce, Mr. St. Laurent said that he did not think any assurances could be given the Newfoundland delegation but that it was probable the whole matter of divorce by act of parliament would be discussed by parliament at an early date and if so this might incidentally give certain assurances to the Newfoundland people.

5. On the matter of the Newfoundland Fisheries Board, it was stated that Newfoundland legislation in this respect would stand after confederation, unless repealed. No undertaking not to repeal could be given, but it was pointed out that this was unlikely since the development of marketing arrangements for fish in Canada was likely to be in such a direction as to make the Newfoundland set-up relatively unobjectionable.

6. Sir Alexander Clutterbuck telephoned Mr. Bridle on August 12th to enquire how the Newfoundland talks were going. Mr. Bridle gave him a general résumé of the position but did not go into much detail regarding financial arrangements, since he thought that you might wish to discuss these with him yourself.<sup>134</sup>

R. A. MACKAY

398.

243s

*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, August 14, 1947

NEWFOUNDLAND; DISCUSSIONS WITH DELEGATION;  
PROGRESS REPORT

At the meeting of the Cabinet on August 14th a report<sup>†</sup> submitted on the progress of negotiations with the delegation from the Newfoundland Convention

<sup>134</sup>Note marginale:

<sup>134</sup>Marginal note:

I have done so. L. B. P[EARSON]

was noted, and it was agreed that the Cabinet should not come to any final conclusion on precise conditions at the present time, but that discussions with the Newfoundland delegation should continue with a view to arriving at an agreed statement upon the nature of a fair and workable basis for union.

399.

*Extrait de The Mackenzie King Record*<sup>135</sup>

*Extract from The Mackenzie King Record*<sup>135</sup>

...  
After Bridges' death on August 10, Mackenzie King lost no time in trying to arrange to fill the vacancy from New Brunswick in the House and in the Cabinet. Despite the party's success in the Halifax by-election, he was far from optimistic about the prospects in New Brunswick and about the political effect of the negotiations with Newfoundland in the Maritimes. At the Cabinet meeting on August 14, there was "a long discussion on Newfoundland matters. Mr. St. Laurent reported the point at which he . . . and McCann had reached with the Newfoundland delegates, indicating the extent of the undertakings we would have to give in order to meet what the Newfoundland delegation believed would alone enable them to carry their people in favour of the federation.

On hearing from Mr. St. Laurent that the delegation would like to make the suggested terms known as soon as possible, and that probably within the next couple of weeks at the latest, I raised at once the situation which had arisen because of the death of Mr. Bridges. I pointed out that we no longer had in the Cabinet a direct link with Mr. McNair, the Premier of New Brunswick, and that I felt a very serious situation would arise if the Newfoundland federation became the subject of debate in the by-election in York-Sunbury.

I strongly advocated bringing on the by-election at the earliest date possible . . . I said I thought we would have to let McNair know confidentially what was being proposed and ascertain whether he would be prepared to support our Government in its proposals if the question came up in the by-election.

St. Laurent was a bit hesitant about this, saying that the question of the federation of Newfoundland should be settled on its merits. McCann supported this view, saying we had to look ahead and see how the future would view what we had done. Ilsley, too, presented a similar point of view.

This caused me to speak very frankly about just how the matter was to be dealt with and who was to take responsibility for the course that might be decided upon. St. Laurent had said that he was sure the Gallup poll would show that 80% of the country was for Newfoundland coming in. I replied that was perfectly true, until they knew the terms. Once the terms were known, the different provinces would begin to take exception to them. This, more especially, as St. Laurent had pointed out we would have to give terms better to Newfoundland than we were giving to New Brunswick. We would be asked why we were treating strangers better than our own people and supporters. It was suggested that the matter

<sup>135</sup>Volume 4, pp. 75-78.

might be met in some other way, but everyone admitted that Macdonald, as well as McNair, might prove very difficult in agreeing to the terms being suggested . . . . They all would question the terms. We would have utter chaos in Canada, and the Government would be beaten, and we would be further away from federation with Newfoundland than ever. Unless we could make perfectly sure of winning the forthcoming by-election, I felt it would be much better to let the present delegation go back and tell their people that we could not agree to their terms.

There was then some further debate, and I thought it well to put the situation as a practical problem clearly before the Cabinet. I then said: now let us consider the situation. We have the by-election. Who is going to handle this by-election? Mr. Ilsley will have to take that responsibility. He is at present the only Minister in the Maritimes. Did Quebec ministers think they could carry the by-election, and they said no. I then asked who was to carry it? I suggested myself, with Fogo, to take some responsibility and work with Mr. Ilsley, but if the question of the federation of Newfoundland would come up and the terms of the Maritime provinces discussed, Ilsley would be left alone in this. I then said we ought to go a step further and ask how are we going to get this matter through Parliament? . . .

I then said that I was calling a meeting in September to ask my colleagues to let me know the date which should be settled for a convention. That I might ask my party to select a successor. I wanted a decision in September, so that I could plan accordingly. I then said I had not the heart to ask Ilsley or St. Laurent to continue for another year as they had gone much beyond anything intended, but that I must tell Council frankly if they were both out before the New Year it would be just folly for me to attempt to carry through another session of Parliament.

I then asked pointedly who was going to handle this Newfoundland matter in the Commons. That better be carefully thought out before any pronouncements were publicly made as to what terms were being proposed. This seemed to have a real sobering effect in the discussion and to bring the Ministers down to earth instead of looking at some future which may turn out to be in the approach a mere mirage. I pointed out how hopeless it was to do anything that Mr. McNair himself would not become responsible for."

St. Laurent then suggested that McNair should be invited to come to Ottawa to discuss the political situation, both the question of a candidate in the by-election and the Newfoundland proposals. "Some colleagues thought that McNair himself wished to come to Ottawa, with a view to going later on the Bench. I said that I could not believe but that he would wish to stay where he is and, if it was his wish to go to the Bench, to go from there.

I found, too, that some of the Ministers had discovered Bridges' brother would make a very good candidate. I told them I had the highest opinion of him personally and even spoke to him about the possibility without consulting anyone. He had said that McNair would settle everything . . . .

I pointed out to the Cabinet that Hanson had held the seat for twenty years and that the man whom Bridges had defeated had since become political organizer



for the province and had things pretty well in his own hands. I said the constituency was probably very corrupt and that the Tories would make every attempt to win the seat, and to lose that seat would be very unfortunate. All agreed that there was nothing to be gained by postponing the by-election. I agreed to ask McNair to come as soon as he could.

It seems to me that the Newfoundland business is going to be almost impossible for us to put over, with the Government in the shape it is — a majority none too certain, and the provinces at sixes and sevens in their attitude towards the Ottawa Government. I think all of the Ministers have begun to see that now.

Mr. St. Laurent summed up the situation by saying he thought the only thing he could do was to continue discussions with the Newfoundland delegates, get to the point where they agreed, and then ourselves decide whether we could offer them those particular terms. If no, let them know and have the matter dropped.

Losing Bridges at this moment is one of the hardest hits the Government has had. It may mean failure in bringing the Newfoundland matter to a satisfactory conclusion and also mean the loss of a seat. However, whatever it means, we have to face the situation and go ahead and meet it the best we can. It certainly shows up the weak position in which the Administration is in regard to its representation as it at present exists in the Maritimes. No one dislikes organization matters more than Ilsley, and knows less about them. Wishart Robertson might be of some help, but he has not been over-enthusiastic.”

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*Mémorandum de la deuxième direction politique*<sup>136</sup>

*Memorandum by Second Political Division*<sup>136</sup>

MINUTE ON ARTICLE APPEARING IN MONTREAL GAZETTE  
ON AUGUST 18, 1947, DESCRIBING CERTAIN OPINIONS  
HELD IN THE QUEBEC CAPITAL REGARDING FEDERATION  
WITH NEWFOUNDLAND

1. An article dated Quebec, P.Q., by Abel Vineberg, appeared in the *Montreal Gazette* on August 18th on the subject of opinions held by what is described as “a strong school of opinion” in Quebec City regarding the possibility of federation with Newfoundland.
2. Unlike most articles and editorials which have appeared on this subject in English language newspapers during the past few months, this article raises a number of objections to Newfoundland becoming a tenth province without consultation with the existing provinces. It is stated that the school of opinion quoted in the article is also concerned about the future of Labrador.
3. Their main contention, however, appears to be that, since the admission of Newfoundland would place an additional burden on Canadian taxpayers, provincial governments (which secure revenues from these taxpayers), should be con-

<sup>136</sup>P. A. Bridle.

sulted on the question of federation with Newfoundland. In this connection it is argued that admission of Newfoundland on the same basis as existing provinces would be in itself unfair to Canadian taxpayers because Newfoundland would receive the benefits of social legislation which has been made possible by taxation to which Newfoundlanders have so far contributed nothing. The main purpose motivating the school of thought described in the article would appear to be to put forward ground for demanding that provinces should be consulted about the admission of Newfoundland.

*Comment made by Mr. St. Laurent:* Mr. Vineberg is very close to Mr. Duplessis and his inner circle of sycophants. This looks like a "feeler" put out by them to see if it could not be used effectively against the Federal government, not to overthrow it but to strengthen Mr. Duplessis in his role of saviour of Quebec against the inroads of the Federal government. See editorial of *Montreal Star*, August 27th "Complicating Confederation."

L. ST. LAURENT

401.

DF/Vol. 786

*Mémorandum de la deuxième direction politique*<sup>137</sup>

*Memorandum by Second Political Division*<sup>137</sup>

MINUTE ON DESPATCH NO. 399<sup>f</sup> FROM THE OFFICE OF  
THE HIGH COMMISSIONER FOR CANADA, ST. JOHN'S,  
NEWFOUNDLAND, DATED AUGUST 19TH, 1947

EDITORIALS APPEARING IN NEWFOUNDLAND NEWSPAPERS  
ON THE CONFEDERATION QUESTION, AUGUST 9-19, 1947

1. The St. John's *Daily News*, the Grand Falls *Advertiser* and the St. John's *Observer's Weekly* continue their attacks on confederation and on the discussions now taking place in Ottawa. The *Daily News* repeats its charge that the pro-confederate members of the delegation now in Ottawa are deliberately endeavouring to prevent a referendum this fall and to "railroad" confederation through in a referendum next year, thus avoiding the danger of placing the issue in the hands of a duly elected Newfoundland government. The newspaper argues once more that only through such a government should Newfoundland make such an irrevocable decision. The Grand Falls *Advertiser* takes much the same position and urges that the delegation should cease its alleged efforts to extract "terms" from the Canadian Government and come home. The *Observer's Weekly* follows the same lines as the *Daily News* though it does not go as far as the column entitled "In the News" which appeared in this paper on August 19th which contained the disarming statement that those planning responsible government "are mostly sincere amateurs who are at a distinct disadvantage without political organization to equal that of those who would barter away the country's independence for a mess of Canadian pottage."

2. The Grand Falls *Advertiser* also refers to an address which Major Cashin apparently made in Grand Falls recently and endorses a number of statements

<sup>137</sup>P. A. Bridle.

said to have been made by him, among them "that there is a plot afoot to stall the referendum and place the country on the auction block with the U.K., Canadian and Commission Governments in cahoots" and that the people of Newfoundland should ignore the convention and present a National Petition to the British Government demanding the "fulfilment of 1933 pledge" — restoration of Responsible Government.

3. The Newfoundland *Trade Review* published weekly in St. John's and the St. John's *Evening Telegram* adopt a more moderate attitude. The *Trade Review* cites the *Evening Telegram* as having pointed out that the delegation now in Ottawa are simply doing what a majority of the Convention has instructed them to do — to ascertain for the Convention what basis exists for confederation and upon what terms Newfoundland might enter the Dominion of Canada. It says that surely there is no cause for fear in learning what the terms of union might be and that it is clearly understood in all responsible quarters that the delegation has no authority to negotiate union between Newfoundland and Canada. The *Evening Telegram* argues that Newfoundlanders might do well to consider carefully the benefits which might accrue to the Newfoundland economy by the bringing about of closer union with another country of the same nationality and employing the same political and economic principles as Newfoundland. Before Newfoundland turns its back on such a course, it argues, it must be clearly shown that the best interests of Newfoundland can be served by its continuing to function on its own.

402.

243s

*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, August 25, 1947

NEWFOUNDLAND; DISCUSSIONS WITH CONVENTION DELEGATION

At the meeting of the Cabinet on August 25th, after considering a report<sup>138</sup> submitted concerning various problems which had arisen, it was agreed that it would be desirable to defer final decision regarding any terms of union for Newfoundland until the Cabinet included an elected representative of the Province of New Brunswick.<sup>138</sup> Meanwhile, this would permit the Minister of Finance to discuss, during his forthcoming visit to the United Kingdom, the disposition of Newfoundland's sterling debt with the U.K.

<sup>138</sup>Voir le document 399.

<sup>138</sup>See Document 399.

403.

*Extrait de The Mackenzie King Record*<sup>139</sup>  
*Extract from The Mackenzie King Record*<sup>139</sup>

...  
 "We discussed a little the question of Newfoundland.<sup>140</sup> McNair was of the view that generally speaking, the Maritimes would favour bringing Newfoundland in but, if the terms were to be better than those given the other provinces, might raise serious issues. He was very strongly of the view that it would be well to avoid that issue being raised."

At the Cabinet meeting that day, Mackenzie King reviewed the discussion which had taken place in Cabinet on August 14. He also "spoke of the possibility of merchants of Newfoundland using their money to win their point by defeating the Government's candidate in York-Sunbury which I think is true. Also the folly of attempting to debate an issue of the kind with arguments being used in Newfoundland which would be used against us in the Maritimes. The only place for debate, I said, was in Parliament where our opponents could be met in arguments in the open and bound to answer, and not on the hustings.

"I think all came to feel that it was well to get McNair's impression as to what was desirable. McNair made it quite clear that he thought it would be a great mistake to have this question dealt with pending the election. It was practically agreed that St. Laurent and others would let Bradley of the Newfoundland delegation know that until we got a Minister for the province of New Brunswick who would be responsible, we would have to let the matter await final decision."

...

404.

2828-40

*Le secrétaire d'État aux Affaires extérieures au  
 haut commissaire par intérim à Terre-Neuve*  
*Secretary of State for External Affairs to  
 Acting High Commissioner in Newfoundland*

TELEGRAM 130

Ottawa, August 26, 1947

An article appearing in the *Manchester Guardian* on August 7th datelined St. John's and under the by-line quote from our correspondent unquote states quote If the issue were left to the unfettered choice of the people, confederation with Canada, provided that the terms are attractive, would undoubtedly win the day, but a factor to be reckoned with is that one religious section, which constitutes

<sup>139</sup>Volume 4, p. 79.

<sup>140</sup>Mackenzie King, accompagné de MM. St. Laurent, Ilsley, Howe et Abbott, rencontra J. B. McNair, Premier ministre du Nouveau-Brunswick, lors de sa visite à Ottawa le 25 août.

<sup>140</sup>Mackenzie King, along with Messrs St. Laurent, Ilsley, Howe and Abbott, met with J. B. McNair, Premier of New Brunswick, during his visit to Ottawa on August 25.

over a third of the population, will be instructed to vote for Responsible Government, and this will tend to make the vote a close one unquote.

2. We would appreciate any information you may have as to whether or not the quote religious section unquote referred to in the article is the Roman Catholic section of the community and also as to whether or not there is any truth in the statement that they will be instructed to vote for Responsible Government.

3. A copy of the article in question is going forward to you by mail.

405.

2828-40

*Mémorandum de la deuxième direction politique*<sup>141</sup>

*Memorandum by Second Political Division*<sup>141</sup>

MINUTE ON TWO CLIPPINGS FROM THE MONTREAL GAZETTE  
DATED AUGUST 27TH, 1947, REPORTING A SPEECH BY  
MR. ANGUS L. MACDONALD WHEN INTRODUCING A  
BILL RATIFYING DOMINION-PROVINCIAL TAX  
AGREEMENT WITH NEWFOUNDLAND

1. In the course of his speech Mr. Macdonald is reported to have said that the question of Newfoundland becoming a province of Canada would be a suitable topic for discussion at a Dominion-Provincial conference. He is quoted as saying "before a final decision is reached I think that all the nine provinces should be consulted."

2. Mr. Russell Cunningham, C.C.F. Opposition Leader in the Maritime Legislature, is also reported to have remarked on the current discussions with the Newfoundland delegation. He alleged that "vested interests" are interested in confederation because it would "eliminate" a dispute which he feels is imminent between Newfoundland and Quebec over ownership of the iron ore deposits on the boundary between Labrador and Quebec.

406.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures  
Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 408

St. John's, August 28, 1947

CONFIDENTIAL

Sir,

I have the honour to refer to your telegram No. 130 of August 26th concerning an extract from an article appearing in the *Manchester Guardian* of August 7th which implied that members of one religious denomination comprising a third of

<sup>141</sup>P. A. Bridle.

the population of Newfoundland have been instructed to vote for Responsible Government.

2. In reply to the query raised in your telegram, there has not been any official pronouncement by His Grace Archbishop E. P. Roche or other leading dignitaries of the Roman Catholic Church in Newfoundland which could be deemed as a definite instruction to Catholics as to the form of Government for which they should vote when a plebiscite is held. His Grace prepared a message for delivery to the St. Bonaventure's Old Boys Association at their reunion breakfast on July 20th, 1947. This took the form of a letter and was read by the Coadjutor Archbishop in the absence of His Grace, in which reference was made to the crucial year facing Newfoundland and the desirability of the youth of the country accepting the responsibilities entailed.

3. The letter has been interpreted by certain prominent members of the Roman Catholic laity as being anti-Confederate and favouring Responsible Government. This view is held by the Commissioner for Justice, the Honourable A. J. Walsh, or at least this was the opinion he expressed to me personally regarding it. It is entirely conceivable, therefore, that the correspondent for the *Manchester Guardian* has used this for his source material. A copy of His Grace's letter is enclosed.<sup>†</sup>

4. The correspondent, in using the phrase "will be instructed" was ill-advised as it is inconceivable that the Catholic laity would receive such a directive on a question of this nature from their spiritual leaders. The Roman Catholic section of the Newfoundland community is comprised mainly of people of Irish descent who are highly individualistic and would be bound to take exception to any form of coercion.

5. His Grace is regarded as a diplomat of the highest order and, whatever his private views may be, is unlikely to commit himself openly as favouring any one form of Government. The letter has had quite wide circulation and as the Archbishop is held in such high regard by members of all denominations, his opinions carry considerable weight.

I have etc.

J. C. BRITTON

407.

243s

*Extraits d'un memorandum du secrétaire adjoint du Cabinet  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Memorandum from Assistant Secretary to the Cabinet  
to Secretary of State for External Affairs*

SECRET

Ottawa, September 8, 1947

NEWFOUNDLAND DISCUSSIONS; PROCEDURE

I am informed that the members of the Newfoundland delegation are becoming restive and a little worried with regard to the timetable for the discussions.

These difficulties arise out of the following circumstances:

- (a) The majority of the delegation have virtually nothing to do now and some of them are anxious about their businesses and occupations in Newfoundland.
- (b) The prolongation of the discussions here is not understood in Newfoundland and public feeling in consequence is reportedly running counter to the delegation and to the question of union.
- (c) Mr. Bradley has given a commitment to the steering committee of the National Convention that it would be summoned within ten days following his return.

The programme which the federal government is following at present in regard to the timing of the discussions has its bearing upon this situation, of course. However, the members of the Newfoundland delegation would feel somewhat happier if some sort of timetable could be agreed upon and if a public announcement could be made jointly by yourself and Mr. Bradley on the present state of the discussions and on probable future procedure.

I have discussed this at some length with both Mr. MacKay and Mr. Macdonald who have been in touch with Mr. Bradley and Mr. Smallwood. The course which was suggested in the last memorandum<sup>†</sup> I sent to you on this subject appears to the Canadians the best one, subject possibly to the addition of a public statement now. In effect this would mean that we would complete the preparation of the report, submit it for review by the Department of Justice and subsequently to the Canadian government. The Newfoundland delegation could then return to Newfoundland with the assurance that it would receive word as to the decision of the Canadian government within a specified time.

...

The Newfoundland delegation is, however, apparently split internally on the question of timetable. Some of them wish to clean up the work at once and return to Newfoundland regardless of the procedure to be followed by the Canadian government. Others, including the Chairman, are inclined to try to drag discussions out until about October 12th although they realize this would cause much unrest both within the delegation and in Newfoundland.

A third possibility which might do much to relieve the position of the Newfoundland delegation, who are under criticism at home for participating in drafting, for carrying on actual negotiations and for deliberate delaying tactics, might be, if the Canadian government is prepared to go that far, to let the Newfoundland delegation go home now whenever they wish since the only points outstanding are ones which we will have to decide ourselves anyway. When the delegation left, an announcement would be made by the Canadian government that the discussions had concluded in a satisfactory fashion; that after full exploration of all issues involved by the two delegations a fact-finding committee had been asked to prepare a report on the nature of a fair and equitable basis for union; that this committee had completed its work and that its findings had been submitted to the Canadian government; that the Canadian government, as a result of the discussions and the work of the committee, had reached the conclusion that a fair and equitable basis for union could be found and was accordingly preparing

proposals based upon the findings of the committee; that these proposals would probably be ready by the end of September and that at that time the Ministers most directly concerned with the discussions presently out of town would have returned to Ottawa; and that at that time the Canadian government would give prompt attention to the proposals with a view to indicating its views thereon to the Chairman of the Newfoundland delegation at the earliest possible date and in any event no later than October 31st.

Mr. MacKay and I would welcome a chance to discuss this matter with you if you desire. I believe, however, it would be helpful if you could see Mr. Bradley at as early a date as possible.

J. R. B[ALDWIN]

408.

243s

*Mémorandum de la deuxième direction politique  
au secrétaire adjoint du Cabinet*

*Memorandum from Second Political Division  
to Assistant Secretary to the Cabinet*

SECRET

Ottawa, September 8, 1947

NEWFOUNDLAND DISCUSSIONS — CLAUSE PROTECTING  
NEWFOUNDLAND FISHERIES BOARD

A meeting was held on September 5th in the office of Mr. Varcoe, Deputy Minister of Justice, attended by the following:

Mr. Varcoe,  
Mr. Stewart Bates — Deputy Minister of Fisheries  
Mr. Ozere — Department of Fisheries  
Mr. Bradley — of the Newfoundland delegation  
Mr. Smallwood — of the Newfoundland delegation  
Mr. R. A. MacKay — Department of External Affairs

2. It was noted that the powers of the Newfoundland Fisheries Board include matters which fall within provincial jurisdiction (e.g. inspection, grading, licensing, canneries, etc.) and others which would fall under the federal parliament (e.g. marketing abroad, regulations regarding seasons, method of catch, etc.).

The Newfoundland delegates present indicated that their main concern was the preservation of the present quasi-cartel arrangements for foreign marketing.

3. Various alternatives for providing for the continuance of the Newfoundland Fisheries Board were discussed, among them, the following:

- (a) provision for exclusive jurisdiction by the province over fisheries;
- (b) provision for concurrent jurisdiction over fisheries;
- (c) a clause to the effect that the Board should continue subject to the authority of the appropriate legislature;
- (d) a clause providing for the continuance of the Board for a specified period, say 5 or 10 years.



4. With respect to (a) — exclusive provincial jurisdiction over fisheries — the Newfoundland delegates observed that this would deprive Newfoundland of the assistance of the federal department of fisheries, and that they did not wish to deprive Newfoundland of these services. It was also noted that this proposal would not meet the end in view which was the control of external marketing, which would fall under "Trade and Commerce" head of Sec. 91 of the B.N.A. Act.
5. With respect to (b) — concurrent legislative jurisdiction — it was pointed out that legislation by the Parliament of Canada on Trade and Commerce would be paramount over legislation by the province and that accordingly, this would not give to the Board the constitutional protection the Newfoundland delegates seem to want.
6. With respect to (c), it was pointed out that since the province would not have the authority to legislate on Trade and Commerce, the effect of a clause to continue the Board until its powers were altered or amended by the competent authority would be to freeze the *status quo* except as it might be altered by the Parliament of Canada.
7. With respect to (d) — continuance for a specified period — the Newfoundland delegates present thought that the period should be reasonably long — 15 or 20 years — in order to assure the industry of continuance of the existing marketing system.
8. Mr. Varcoe undertook to discuss the matter with his Minister and to advise the members present through Mr. MacKay.
9. On September 6th, Mr. Varcoe telephoned Mr. MacKay to the effect that the Minister thought that provision for the continuance of the Board for a period of, say, 10 years might be a satisfactory arrangement.
10. On September 8th, Mr. MacKay telephoned Mr. Bates who expressed dissent to the proposal on the ground that continuance of the Board would probably place the Newfoundland industry in a stronger competitive position than the Maritime industry, that this might enable the Newfoundland industry to undercut the Canadian industry in the Canadian market as well as abroad, and that the Newfoundland industry would receive all the benefits from Canadian policy without being subject to effective control by the Canadian Government. He felt that the Maritime industry would certainly object, and that accordingly Maritime members would be under strong pressure to oppose such a proposal. He said that he thought a general undertaking that the Board continue subject to the legislative authority of Parliament would be politically less objectionable. He felt that it was unlikely that Parliament would interfere except as a last resort since Newfoundland would be represented in Parliament by seven members.
11. On September 8th, Mr. MacKay telephoned Mr. Varcoe who said he would discuss the matter further with his Minister. Mr. Varcoe telephoned later in the day to the effect that Mr. Ilsley felt that in view of Bates' objection, about the best that could be done would be a clause continuing Newfoundland legislation in effect until amended or repealed by the competent authority. Mr. Varcoe suggested that the whole matter should be discussed further with Mr. St. Laurent on his return.

R. A. MACKAY

409.

243s

*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, September 11, 1947

NEWFOUNDLAND; DISCUSSIONS WITH CONVENTION DELEGATION

At the meeting of the Cabinet on September 11th, a report<sup>1</sup> was submitted on developments in the discussions with the Newfoundland delegation.

It was agreed that the Newfoundland delegation be informed that, as it would not be possible for the government to reach any final decisions until the government included an elected representative of New Brunswick and that, because the discussions had now reached a point from which further progress depended on major policy decisions by the Cabinet, the government therefore requested that the discussions be now adjourned, on the understanding that the government would take decisions as soon as possible after the condition referred to had been fulfilled.

410.

*Extrait de The Mackenzie King Record*<sup>142</sup>  
*Extract from The Mackenzie King Record*<sup>142</sup>

...  
 At the Cabinet meeting on September 11, the question of Newfoundland was discussed again. According to Mackenzie King, "everyone fell in line eventually with my view that the truth of the situation should be given as the reasons for discontinuing discussions for the present, namely, that they concerned New Brunswick.

"We did not wish to continue anything until we had a Minister from that province present in Council. I could hardly understand the wish of St. Laurent and some of the others to not let the Newfoundland people break off at this time. It begins, however, now to be apparent that whatever we agree to as reasonable, they will want many more things in addition, etc. It will be all to the good if it became increasingly apparent that nothing came of the negotiations at present. It may be infinitely better to have nothing done until Newfoundland has a responsible government of its own. We are dealing with one section of the people only."

...

<sup>142</sup>Volume 4, p. 80.

411.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures<sup>143</sup>  
Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs<sup>143</sup>*

DESPATCH 429

St. John's, September 13, 1947

CONFIDENTIAL

Sir,

I have the honour to enclose text of telegrams exchanged between a group of members of the National Convention and the Chairman of the Convention, at present in Ottawa.

2. There is no doubt in my mind that the press despatches from Ottawa and in particular those of Gerald Waring, special correspondent of the St. John's *Daily News*, covering the Ottawa talks, have considerably influenced the group of Convention members in demanding the immediate recall of the Ottawa delegation. Waring has continuously stressed the slow tempo of the talks and the inactivity of the majority of the delegation. The Responsible Government group were under the impression that this propaganda had influenced the people to the extent that they would receive whole-hearted support for any move pressing for the immediate return of a delegation, which, as Waring reported, was to all intents and purposes doing nothing in Ottawa but sitting around waiting for the convenience of Canadian Ministers, wasting the country's money and preventing Newfoundland from obtaining an immediate return to Responsible Government.

3. These *démarches*, however, seem only to have caused a further lowering of the Convention's prestige in the eyes of the public and if, as it is rumoured, steps will be taken when the Convention reconvenes to oust Mr. Bradley from the Chair and submit to vote a recommendation that the Convention's business be terminated and a referendum held immediately calling for a straight vote on the question as to whether or not the people of Newfoundland are in favour of the restoration of Responsible Government, it is more than likely, if the scheme works, that very few voters would present themselves at the polls and the outcome will be determined by a minority of the population.

4. It is difficult to see whether or not Mr. Bradley will succeed in out-manoeuvring his opponents, but there is no doubt that the diehard Responsible Government members, who have a majority in the Convention, will operate as a solid bloc.

5. I shall not fail to keep you fully informed of any new developments in this connection.

I have etc.

J. C. BRITTON

<sup>143</sup>Cette dépêche fut signalée au Premier ministre.

<sup>143</sup>This despatch was referred to the Prime Minister.

## [PIÈCE JOINTE L/ENCLOSURE 1]

*Télégramme d'un groupe de membres de la Convention nationale de Terre-Neuve au président, la délégation à Ottawa de la Convention nationale de Terre-Neuve*

*Telegram from a Group of Members of the National Convention of Newfoundland to Chairman, Delegation to Ottawa from the National Convention of Newfoundland*

St. John's, September 8, 1947

On July sixteenth past, majority delegates National Convention concerned with unjustified delay your delegation Ottawa, requested reassembly Convention. You dictatorially refused this request. Subsequent developments prove our apprehension as to nature Ottawa discussions fully warranted.

Your openly negotiating with Canadian Government wholly unauthorized and beyond terms of reference as you are fully aware. We now advise you that we wholly dissociate ourselves from all negotiations conducted by you or delegation in excess strict legal limitation. We desire draw your attention to dispatch from Quebec City, published in *Montreal Herald* September fifth captioned Quebec Hints Labrador Ours. New map ignores boundaries. Privy Council ruling defied.

This should indicate clearly to you antagonistic attitude towards Newfoundland of Quebec Government. In all circumstances we consider any further negotiations should cease immediately and the delegation return to Newfoundland forthwith. We are telegraphing copy this telegram to Prime Minister King. In addition to undersigned other delegates being communicated with.

JACKMAN, FUDGE, NORTHOTTE, GOODRIDGE, CASHIN, KENNEDY,  
HANNON, HOLLETT, BAILEY, MCCORMACK, FOGWELL, MILLER,  
CROSBIE, CRANIFORD, HICKMAN, JONES, PENNEY, FOWLER,  
DAWE, HARRINGTON, BUTT

## [PIÈCE JOINTE 2/ENCLOSURE 2]

*Télégramme du président, la délégation à Ottawa de la Convention nationale de Terre-Neuve, au secrétaire, la Convention nationale de Terre-Neuve*

*Telegram from Chairman, Delegation to Ottawa from the National Convention of Newfoundland, to Secretary, National Convention of Newfoundland*

Ottawa, September 10, 1947

Please inform signatories to the cable to me dated September 8th as follows: Ottawa delegation is conforming in every way with instructions given them by National Convention. At no time have they exceeded those instructions. If the discussions appear to be long it is because of the desire of the members to do a thorough job. I can state emphatically that any suggestion of ownership of Labrador not remaining with Newfoundland is entirely without foundation. I repeat

that from the beginning Labrador is an asset that Newfoundland would never consider parting with. Delegation of one mind on this question and at no time has any suggestion been made to us that parting with Labrador should be a condition of union. Will you please assure those members that delegation will return at earliest possible moment after completion of their task. Please release this message to press and radio immediately after delivery to members who signed cable.

F. GORDON BRADLEY

[PIÈCE JOINTE 3/ENCLOSURE 3]

*Télégramme d'un groupe de membres de la Convention nationale  
de Terre-Neuve au président, la délégation à Ottawa de la  
Convention nationale de Terre-Neuve*

*Telegram from a Group of Members of the National Convention  
of Newfoundland to Chairman, Delegation to Ottawa from the  
National Convention of Newfoundland*

St. John's, September 10, 1947

Your telegram to Secretary Convention received. We do not agree with your statement regarding terms of reference not being exceeded and point out that in our view your duty was confined solely to the ascertaining from the Canadian government equitable [terms?] on which basis Newfoundland might enter union with Canada. This particular information desired by Convention could certainly have been ascertained in less time than you and delegation have taken. You yourself stated at private meeting before departure Ottawa that such business would be terminated before July 15th last and that Convention should reassemble by that date. With regard Labrador our telegram pointed out that it was the provincial government of Quebec which had indicated its antagonism to Newfoundland by issuing an official map showing Newfoundland Labrador as part of the Province of Quebec. As the French-speaking province of Quebec forms part of the federal union of Canada and has strong political influences on the Canadian federal government we are of opinion this particular province is determined to do everything within its power to appropriate Newfoundland Labrador and indications are that it is their intention to take further legal proceedings against Newfoundland to try and upset decision Privy Council 1927. Under such circumstances we feel that the federal government of Canada would be forced to discriminate against Newfoundland and consequently we are convinced that any further negotiations should be discontinued at once. The undersigned twenty-six members of Convention insist that the Secretary of National Convention be instructed immediately by you to reconvene the Convention in accordance with your statement at last meeting that if deemed necessary the Secretary could call us together at our request.

JACKMAN, FUDGE, NORTHCOTTE, GOODRIDGE, CASHIN, KENNEDY,  
HANNON, HOLLETT, BAILEY, MCCORMACK, FOGWELL, MILLER,  
CROSBIE, CRANIFORD, HICKMAN, JONES, PENNEY, FOWLER,  
DAWE, HARRINGTON, BUTT, BROWNE, VARDY, WATTON,  
REDDY, ROBERTS, RYAN

## [PIÈCE JOINTE 4/ENCLOSURE 4]

*Télégramme du président, la délégation à Ottawa de la Convention nationale de Terre-Neuve, au secrétaire, la Convention nationale de Terre-Neuve*

*Telegram from Chairman, Delegation to Ottawa from the National Convention of Newfoundland, to Secretary, National Convention of Newfoundland*

Ottawa, September 12, 1947

Please inform signers of telegram to me as follows: I have told them repeatedly that the delegation is confining itself strictly within the terms of reference and I resent and repudiate their attempt to dictate my duty. This is just misrepresentation. The Delegation is faithfully and honourably endeavouring to carry out the Convention's instructions to the letter. That is to ascertain a fair and equitable basis for federal union if such exist. We are endeavouring to accomplish this task with the utmost care because we know the Newfoundland people want full information. In this connection it will be remembered that when the Canadian Government accepted the Convention's proposal to send the delegation to Ottawa they indicated the magnitude of the task in the following words: "It is essential to have a complete and comprehensive exchange of information and careful exploration of all the issues involved so that an accurate appreciation of the position may be gained on each side." The Convention accepted this condition when it sent this delegation. The signers of the telegram cannot estimate the time required to explore the situation because they have no knowledge of the facts. The magnitude of the issues involved is shown by the fact that over seventy meetings have already been held. The members of the delegation regard themselves in this matter as being the representatives of the National Convention and not of any group of members.

The attempt to drag Labrador into the picture is either the result of ignorance of the facts or else a deliberate attempt to play party politics for their own ends. Their statement about Labrador which is based upon sensational headlines in a tabloid newspaper is sheer nonsense in the light of the British North America Act which states clearly that the boundaries of a Province can only be changed by the Dominion Parliament with the full consent of that Province. No amount of political influence can change that and their statement is therefore without any foundation and is certainly no reason for breaking off discussions with the Government of Canada. No suggestion or hint of any kind has been made by us or by Canadian Government that one inch of Labrador be separated from Newfoundland. Confederation or no Confederation Labrador is part of Newfoundland and always will be.

The present situation is that our task is nearly completed and in about a fortnight we will leave for home. To make this possible the Chairman of the discussions Right Honourable Louis St. Laurent will return from his duties at United Nations Conference to hold the final meeting with us on September 29th the day before the delegation leaves for St. John's. The Convention will then be

duly convened about October 8th. Surely some of the men who signed the telegram do not realise what harm they are doing the people's interest by joining in these repeated attacks to wreck the delegation's work. Such attempts may turn out to be nothing short of national treachery. I refuse to take responsibility for breaking off the talks just as they are nearly completed and thus rob the people of a chance to examine and give their verdict upon a basis of union which may be the solution to their difficulties. As the country well knows I have stood before against an organized attempt to prevent the Newfoundland people from having their say when their fate was being decided and I am prepared to do so again regardless of what may happen to me personally but I will not be a party to cheating the people of their right to know the full results of our work here for them.

Please release this message to press and radio.

F. GORDON BRADLEY

[PIÈCE JOINTE 5/ENCLOSURE 5]

*Télégramme du président, la délégation à Ottawa de la Convention nationale de Terre-Neuve, au secrétaire, la Convention nationale de Terre-Neuve*

*Telegram from Chairman, Delegation to Ottawa from the National Convention of Newfoundland, to Secretary, National Convention of Newfoundland*

Ottawa, September 13, 1947

Please notify all members that Convention will reassemble around eighth of October.

F. GORDON BRADLEY

412.

243s

*Extrait d'un mémorandum de la deuxième direction politique au sous-secrétaire d'État par intérim aux Affaires extérieures<sup>144</sup>*

*Extract from Memorandum from Second Political Division to Acting Under-Secretary of State for External Affairs<sup>144</sup>*

TOP SECRET

Ottawa, September 15, 1947

NEWFOUNDLAND; DISCUSSIONS WITH CONVENTION DELEGATION

1. I have discussed the attached Cabinet decision<sup>145</sup> with Mr. MacKay and Mr. Macdonald. Mr. MacKay has asked me to let you know that Mr. St. Laurent saw Mr. Bradley, the Chairman of the Newfoundland delegation, shortly after

<sup>144</sup>L. Beaudry.

<sup>145</sup>Voir le document 409.

<sup>145</sup>See Document 409.

the Cabinet made its decision, and that Mr. Bradley pointed out that if the discussions were adjourned now and the delegation returned immediately to Newfoundland they would be placed in a very difficult position. Mr. Bradley would be obligated to call the Convention together within ten days of his return and he would hardly be in a position either to justify the delegation's lengthy stay in Ottawa or to convince the Convention that it would be advisable to await the Canadian Government's decision before concluding its business.

2. Mr. St. Laurent agreed to hold a plenary session of the Newfoundland Conference on September 13th. [ . . . ]

...

P. A. B[RIDLE]

413.

2828-40

*Procès-verbal d'une réunion entre la délégation à Ottawa de la  
Convention nationale de Terre-Neuve et des représentants  
du gouvernement du Canada*

*Minutes of a Meeting between the Delegation to Ottawa from the  
National Convention of Newfoundland and Representatives  
of the Government of Canada*

SECRET

A meeting between delegates from the National Convention of Newfoundland and representatives of the Government of Canada was held in Room 258, House of Commons, Ottawa, on Saturday, September 13th, 1947, at 10:30 a.m.

Present:

CANADIAN MEMBERS:

The Secretary of State for External Affairs (Mr. St. Laurent), Chairman,  
The Minister of Reconstruction and Supply (Mr. Howe)  
The Minister of National Revenue (Dr. McCann)

NEWFOUNDLAND MEMBERS:

Mr. F. G. Bradley, K.C.  
(Delegation Chairman)  
Mr. T. W. G. Ashbourne  
Mr. Charles H. Ballam  
The Reverend Lester  
Burry  
Mr. P. W. Crummev  
Mr. G. F. Higgins, K.C.  
Mr. J. R. Smallwood  
(Delegation Secretary)



## SECRETARIAT:

Mr. E. W. T. Gill, Privy Council Office  
Miss Muriel Mosley, Department of Secretary of State

## Also Present:

The Canadian High Commissioner in Newfoundland (Mr. J. Scott Macdonald)

Representatives of the Department of Finance (Mr. M. Sharp, Mr. A. Hockin)

Representatives of the Department of External Affairs (Mr. R. A. MacKay, Mr. Paul Bridle)

Representative of the Bank of Canada (Mr. J. Coyne)

## I. FORM OF REPORT; FUTURE PROGRAMME

1. THE CHAIRMAN asked the meeting to consider what form the report on the discussions should take.

Originally it had been contemplated that the whole Committee would prepare a report on what they considered, as a result of their discussions, were mutually satisfactory terms for union. This course might, however, lend support to charges that negotiations were proceeding and it was therefore suggested that the Canadian section report to Cabinet, who would then decide the terms they were prepared to recommend to Parliament as the basis for union. After a decision by Parliament,<sup>146</sup> the Canadian government would then communicate formally with the Newfoundland National Convention. In this communication, explanatory statements could be made on any particular points raised by the Newfoundland representatives.

From present indications it appeared likely that the sub-committees would have completed their studies by September 20th, which would permit a final meeting of the Committee to be held on September 29th. It was hoped that the Canadian Cabinet might be in a position to consider the report early in November, but this depended on the results of the by-election scheduled for October 20th since Cabinet did not wish to reach a final decision on the matter until the government included an elected representative of New Brunswick.

2. THE NEWFOUNDLAND REPRESENTATIVES concurred in the procedure and programme proposed, but inquired whether the report to Cabinet would be available to them since by their terms of reference they were to "ascertain" whether a satisfactory basis for union existed and if so, upon what terms. It would be helpful to return to Newfoundland with some document covering the conversations.

3. THE CHAIRMAN explained that it would not be feasible to make available copies of a Cabinet document of this kind. The Newfoundland representatives were, however, free to compile their own report based upon the discussions that had taken place.

<sup>146</sup>Un memorandum daté du 22 septembre du secrétaire par intérim, E. W. T. Gill, signala que les mots "After a decision by Parliament" devraient être remplacés par les mots "After reaching a decision on the matter."

<sup>146</sup>A memorandum dated September 22 by the Acting Secretary, E. W. T. Gill, indicated that the words "After a decision by Parliament" should be replaced by "After reaching a decision on the matter."

4. THE MEETING, after further discussion:

- (a) agreed that the Canadian representatives should report to Cabinet in the manner suggested by the Chairman;
- (b) approved the programme proposed for the balance of the conversations;
- (c) agreed that, at the request of the Newfoundland representatives, the formal communication from the Canadian government to the National Convention should include explanatory statements on the following specific matters:
  - (i) provision for a National Park in Newfoundland;
  - (ii) the application of Section 109 of the British North America Act;
  - (iii) reasons why special financial benefits available to Canadian merchant seamen who had served in dangerous waters would not be applicable to Newfoundland.

II. FISHERIES

5. MR. MACKAY reported that discussions between the sub-committee and the Departments of Justice and Fisheries had not yet been concluded. It was therefore suggested that the sub-committee remain in being to consult with the Department of Fisheries regarding the operation of the Fisheries Price Support Board. Consideration of this subject could be concluded within the time schedule agreed.

6. THE MEETING, after discussion, noted Mr. MacKay's report.

III. VETERANS

7. MR. SHARP submitted a sub-committee report on the position of Newfoundland veterans in respect of Canadian veterans' benefits, (copy of which is attached as Annex A).†

The sub-committee had discussed the benefits to be made available to Newfoundland merchant seamen and would shortly submit a report on that subject. It had not been possible, however, to reach any conclusion as to the position of the Newfoundland Forestry Unit, a civilian organization recruited in Newfoundland and employed in forestry operations in Scotland. It was suggested that the Sub-Committee on Veterans' Benefits should make a factual report on the Forestry Unit for consideration by the Canadian government.

8. THE MEETING, after discussion, noted the report submitted by Mr. Sharp and approved his suggestion regarding the position of the Newfoundland Forestry Unit.

IV. ECONOMIC SURVEY

9. THE CHAIRMAN explained that the Cabinet Committee on Reconstruction were preparing a list of "shelf projects" which could be undertaken by the Federal Government when it was economically expedient to do so. The question had come up as to whether projects in Newfoundland would be included in such a list. It was proposed to discuss this question with Mr. Skelton and present a report thereon to Mr. Howe for his consideration.

10. MR. HOWE concurred in the procedure proposed, but pointed out that it might be difficult to agree to any specific projects.

11. THE MEETING, after further discussion, noted these remarks and approved the procedure proposed.

V. MARITIME FREIGHT RATES ACT;  
EXTENSION TO NEWFOUNDLAND

12. MR. MACKAY submitted the following draft clause designed to make the Maritime Freight Rates Act applicable to Newfoundland:

"For purposes of regulating railway freight rates, the province of Newfoundland will be deemed to be within the Maritime region of Canada and any legislation of the Parliament of Canada, such as the Maritime Freight Rates Act, 1927, and amendments, providing for special rates on freight traffic carried within, into, or out of, the Maritime region shall, so far as appropriate, be deemed to apply to Newfoundland, as from the date of union."

It was noted that the wording went farther than the terms of the present Act, by including traffic "into" the Maritime region. Its effect, however, would be to place Newfoundland in the same position as other Maritime provinces of Canada.

13. THE CHAIRMAN asked if attention had been given to the enquiry raised at the last meeting whether freight carried within Newfoundland could be treated differently from freight carried out of Newfoundland.

14. MR. MACKAY said this matter would be followed up.

15. THE NEWFOUNDLAND REPRESENTATIVES intimated that the same difficulties in distinguishing between these types of traffic would arise in the case of traffic in Newfoundland as had arisen in the case of traffic in the existing Maritime provinces.

16. THE MEETING, after discussion, agreed to the terms of the draft clause submitted, subject to further consideration of the question raised by the Chairman.

VI. FERRY SERVICE — NORTH SYDNEY  
TO PORT AUX BASQUES

17. THE CHAIRMAN reported that a preliminary estimate had been made of the cost of providing a suitable ferry service between North Sydney and Port aux Basques. No calculation, however, had been made of the rates that should be charged or of the prospective earnings.

This was one of the items upon which the Government would decide whether they could make a specific proposal or merely say something in general terms.

18. MR. SMALLWOOD indicated that the inauguration of an efficient ferry service between Cape Breton and Newfoundland would be regarded as a matter of considerable importance to the Newfoundland people. At the present time the ferry was operated by the Newfoundland Railway and it was understood that their operations were profitable.

19. THE MEETING, after further discussion, noted the report made on this subject.

VII. EXTENSION OF UNEMPLOYMENT INSURANCE BENEFITS TO  
NEWFOUNDLAND WORKERS AS FROM DATE OF UNION

20. MR. BRADLEY reported that there had been some discussion on the question of unemployment insurance benefits being made applicable to Newfoundland workers who were thrown out of work as a result of union. It was impossible to say how many persons would be affected, possibly very few, but there would no doubt be some dislocation and it was desirable to reach some satisfactory arrangement to cover them.

21. MR. SHARP reported that some consideration had been given to crediting Newfoundland workers, who came under the Act, with six months' payments, but it was thought that this might prove to be rather expensive. A more economical and practical alternative might be to credit workers with six months' payments until such time as they had made payments equivalent to the credit and thus qualified for benefits within the terms of the Act. In this way the appropriate categories of workers would be covered during the initial transition period.

22. THE MEETING, after further discussion, agreed that this matter be referred to the Economic Sub-Committee for further consideration.

VIII. HOUSING; POSITION OF ST. JOHN'S HOUSING  
CORPORATION IN THE EVENT OF UNION

23. MR. HIGGINS submitted a short memorandum on the housing situation in St. John's and the activities of the St. John's Housing Corporation. (Copy attached as Annex B.)<sup>†</sup>

From discussion with Mr. Mansur of the Central Mortgage and Housing Corporation, it appeared that any further financing of the Corporation's work in the event of union would not fit in under existing Canadian plans. The question raised, however, was whether it would be possible to provide any form of financial assistance to the St. John's Housing Corporation in the event of union.

24. THE MEETING, after discussion, agreed that Mr. Howe be asked to consider this matter and to report at the final meeting of the Committee.

IX. POSITION OF INDIANS AND ESKIMOS  
IN LABRADOR IN THE EVENT OF UNION

25. THE REVEREND MR. BURRY observed that it would be helpful to have a clearer picture of the position of Indians and Eskimos in Labrador in the event of union. It was accordingly suggested that arrangements be made for a discussion of this subject with the Indian Affairs Branch of the Department of Mines and Resources.

26. THE MEETING, after discussion, approved Mr. Burry's suggestion and agreed that arrangements be made accordingly.

X. PROVISIONS OF CANADIAN INCOME TAX ACT REGARDING  
FAMILY ALLOWANCES AND TAXATION OF MARRIED PERSONS

27. MR. SMALLWOOD AND MR. CRUMMEY asked if further information could be secured on the provisions of the Canadian Income Tax Act in respect to family allowances and the taxing of married persons. The particular points of interest were whether or not family allowances were regarded as taxable income and

whether the incomes of married persons, both of whom were earners, were grouped for income tax purposes.

28. MR. SHARP, referring to the first question, stated that, technically, the position was that family allowances were not taxable and a categorical statement could be made to this effect. However, the basis upon which a Canadian taxpayer was being taxed had been changed since the advent of family allowances by reducing exemptions for children by an equivalent amount.

29. THE CHAIRMAN suggested that the information sought by the Newfoundland representatives could be readily ascertained from the Bill To Amend The Income War Tax Act submitted at the last session of Parliament and from income tax forms.

30. THE MEETING, after further discussion, agreed that the copies of the Bill submitted to the last session of Parliament and of income tax forms be made available to the Newfoundland representatives.

#### XI. CANADIAN CRIMINAL CODE; APPLICABILITY TO NEWFOUNDLAND IN THE EVENT OF UNION

31. MR. HIGGINS inquired whether in the event of union a definite date would be set on which the provisions of the Canadian Criminal Code would become applicable to Newfoundland.

32. THE MEETING agreed that this question be referred to the Minister of Justice for his comments.

#### XII. HEALTH PROGRAMME

33. MR. SMALLWOOD inquired whether the health programmes drawn up for the Dominion-Provincial Conference last year were likely ever to come into effect. It was realized that they formed part of a general Dominion-Provincial arrangement which had not been accepted. The question was, however, to what extent they would be affected as a result of the subsequent taxation agreements which had been entered into with some of the provinces.

34. MR. HIGGINS inquired whether some consideration might be given to providing special financial assistance to the Newfoundland T.B. Association because of the high incidence of the disease on the Island.

35. MR. ASHBOURNE stressed the importance of adequate health measures. Recently Newfoundland had initiated an elaborate and necessary hospitalization programme, and the ability to carry on this programme under union with Canada was a matter to which the people of Newfoundland would attach considerable importance.

36. THE CHAIRMAN AND DR. MCCANN explained that the objectives of the Dominion-Provincial health scheme remained unchanged, but in light of the new tax agreements entered into with some of the provinces, details of the original plan were naturally subject to revision.

While it was difficult to be specific as to what precise health measures would be undertaken in Newfoundland in the event of union, it was reasonable to assume that the Department of Health and Welfare would give special attention to the problem.

It was to be noted that health was essentially a matter for which provincial authorities were responsible. The federal department acted as a central agency for discussion and planning but not for operating.

37. THE MEETING, after discussion, noted the remarks made on this subject.

### XIII. VITAL STATISTICS; MAINTENANCE OF RECORDS AND COLLECTION OF INFORMATION

38. MR. SMALLWOOD inquired as to the relative responsibilities of the Dominion Bureau of Statistics and the Provincial Statistical Bureau.

39. DR. McCANN explained that the collection of vital statistics and the maintenance of records was a provincial responsibility and that the provinces transmitted data to the Dominion Bureau of Statistics for the compilation of statistics on a national basis.

40. THE MEETING noted these remarks.

### XIV. PUBLIC ANNOUNCEMENT OF MEETING

41. THE CHAIRMAN submitted a draft press release<sup>†</sup> stating briefly that a plenary meeting of the two delegations had been held and announcing that the talks would be concluded on September 29th.

42. MR. HIGGINS AND MR. SMALLWOOD suggested that, in view of the charges levelled by certain quarters in Newfoundland that the delegations were negotiating the transfer of Labrador territory, it would perhaps be appropriate to issue a public denial.

43. THE CHAIRMAN expressed the view that any reference to this might serve only to arouse suspicions that the status of Labrador had been brought up in the discussions and this might only aggravate the situation.

The Canadian government accepted without reservation the existing situation with respect to Labrador and the sole purpose of the survey which was under consideration was to locate on the ground the boundary between Quebec and Labrador as defined in the Privy Council judgment. If Newfoundland remained outside Confederation, this survey would be undertaken by the Canadian and Newfoundland authorities, but under union it would be a matter for arrangement between Quebec and Newfoundland.

44. THE MEETING, after further discussion, approved with minor amendments, the terms of the draft statement submitted by the Chairman.

414. 2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*  
*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 433

St. John's, September 16, 1947

Sir,

I have the honour to advise you that an editorial from the September issue of the Canadian monthly magazine *Relations*<sup>147</sup> appeared in the St. John's *Daily News* of September 16th. Copies of the article are enclosed for your information.†

2. The editorial was read in its entirety by a news commentator over the network of the Newfoundland Broadcasting Corporation today. Editorials of this nature will serve to confirm the impression which the advocates of Responsible Government seem anxious to disseminate, that under Confederation, Labrador would become a part of the Province of Quebec. It is unfortunate that an editorial of this nature made its appearance at the present time.

I have etc.

J. C. BRITTON

415. 2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*  
*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 443

St. John's, September 24, 1947

Sir,

I have the honour to report that C. E. Hunt, K.C., delivered the first of a series of broadcasts on Saturday, September 20th, for the Responsible Government League. It is the intention of the League to have a speaker broadcast each Saturday night for a number of weeks on the subject of self-government for Newfoundland. The complete text of Mr. C. E. Hunt's speech has not been published in the press but it was summarized in both the St. John's daily papers of September 23rd and copies of the summary are enclosed.†

2. The speaker, who is perhaps one of the most influential citizens in Newfoundland, introduced nothing new and the general consensus of opinion is that the speech was disappointing. Advocates of Responsible Government expected something spectacular from a speaker of Mr. Hunt's established reputation but

<sup>147</sup>*Relations* est une revue publiée par un groupe de Pères de la Compagnie de Jésus à Montréal.

<sup>147</sup>*Relations* is a magazine published by a group of Fathers of the *Compagnie de Jésus* in Montreal.

he advanced no convincing arguments in support of their cause, nor did he malign the Commission of Government to the extent desired by the more radical elements of the Responsible Government League.

3. The speech, which was of fifteen minutes' duration, was largely devoted to a presentation of the shortcomings of Confederation. He endeavoured to prove that Confederation would increase the cost of Government and would result in unemployment through the closing of most of Newfoundland's secondary industries, while it would not increase the earnings of those employed in the pulp and paper and mining industries of the country. All the points raised were dealt with in a dispassionate manner and he was not sufficiently vitriolic in his attack on Confederation to earn the approbation of anti-Confederates.

I have etc.

J. C. BRITTON

416.

243s

*Le secrétaire d'État par intérim aux Affaires extérieures  
' au consul général à New York*

*Acting Secretary of State for External Affairs  
to Consul General in New York*

TELETYPE 961

Ottawa, September 25, 1947

IMMEDIATE. SECRET. Following for Pearson,<sup>148</sup> from Heeney, Begins: Baldwin tells me that the final plenary session with the Newfoundland delegation has been tentatively arranged for three o'clock Monday afternoon, September 29th.

The Newfoundland delegation are extremely anxious to take some sort of document back with them and, accordingly, a factual statement is being prepared, giving the history of the discussions, the various sub-committees established and their terms of reference, and similar information, ending with the statement that the Canadian delegates will now report to the Cabinet which would hope to give its decision by the end of October. It is suggested that this be given to them as the official record of the discussions, to be made public here and in Newfoundland when the National Convention reassembles, and that they be asked to return their copies of the minutes of discussions in exchange for this document.

Attached to the factual statement will be a series of annexes, including the long memorandum on Canadian government presented to the Newfoundland delegation at the beginning of the discussions, written answers to Newfoundland questions given during discussions, and various supplementary factual memoranda. These have all been reviewed carefully by officials here who do not think that they contain anything controversial or likely to cause difficulties.

<sup>148</sup>MM. Pearson et St. Laurent étaient alors à New York pour participer à la deuxième session régulière de l'Assemblée générale des Nations Unies.

<sup>148</sup>Messrs Pearson and St. Laurent were then in New York to attend the Second Regular Session of the General Assembly of the United Nations.



In addition, the official sub-committee which was preparing a report on the nature of a working basis for union will have completed its work and its report will be ready. No copy is, of course, being given to the Newfoundland delegation, although individual members have been shown different parts of it. Bradley is most anxious that Mr. St. Laurent either summarize or read this at the final meeting, if necessary requesting that no notes be made and indicating that it represents only the official report at this stage and would be subject to further modification.

The press will undoubtedly expect that, since Monday's meeting is the final session, Mr. St. Laurent and Mr. Bradley will go up to the press gallery afterwards for a brief conference.

All the reports I have referred to above will be ready by Saturday. Would you ascertain from Mr. St. Laurent whether the proposed arrangements are satisfactory and whether he would prefer to have the reports in question delivered to him on Sunday or on Monday morning for his consideration. Ends.

417.

R.A.M./Vol. 2

*Le sous-ministre des Pêcheries au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Fisheries to Under-Secretary of State  
for External Affairs*

Ottawa, September 26, 1947

Dear Sir,

ATTENTION: DR. R. A. MACKAY

I have your letter of September 24th, 1947,<sup>†</sup> indicating the procedure that might be followed in continuing the Newfoundland laws existing at the time of Union, and proposing a revised draft of a clause with respect to the continuation of the Fisheries Board Act of Newfoundland.

If there is to be a general clause, whereby the laws of Newfoundland will remain in force until altered or repealed by the appropriate legislative authority, it would seem that in such case none of the Federal laws presently in force in Canada will apply to Newfoundland unless and until the Parliament of Canada has by appropriate legislation made the laws of Canada applicable to the newly formed province.

In such case it would seem that no express reference need be made either to the continuation in effect of the Newfoundland Fisheries Board Act, or to the exclusion of the Fisheries Prices Support Act.

It is becoming increasingly clear that the subject matter covered by the Newfoundland Fisheries Board Act will in the event of Confederation be divided between the Federal and Provincial Legislatures and that to achieve the objects of the present Newfoundland Act will require concurrent legislation of the two legislative bodies, each one legislating in its own sphere. This can best be

achieved by co-operation between the Federal and Provincial Governments, after the union.

Yours truly,

STEWART BATES

418.

PCO-CRF

*Mémorandum du secrétaire du Cabinet au Premier ministre*  
*Memorandum from Secretary to the Cabinet to Prime Minister*

CONFIDENTIAL

Ottawa, September 27, 1947

RE: DISCUSSIONS WITH NEWFOUNDLAND DELEGATION

A final plenary session of the Canadian representatives with the delegation from the Newfoundland Convention is being held on Monday afternoon next, when Mr. St. Laurent will preside.

The procedure at this meeting as approved by Mr. St. Laurent is to be as follows:

1. *Report of working committee*

A report prepared by the working officials (Canada and Newfoundland) on an acceptable basis for union will be presented. The intention is that the report should be read or summarized at the meeting but that no copies should be given to the Newfoundland delegates who will be asked not even to take notes of its contents. It will be made quite clear that this report has no formal status of any kind, and that it has not been considered by the Canadian government.

2. *Summary of discussions*

A summary account of the course of actual discussions since the delegation came to Ottawa has also been prepared and will be submitted. This the Newfoundland delegates will be able to take away with them to present to the Convention, with their report to that body. It states that the Canadian government will be considering the report referred to in 1 above and will give a definitive statement to the Convention by the end of October; otherwise it is wholly non-committal. The document will become public either immediately or when the Convention meet to hear the delegates' report.

Attached to this report of discussions will be a number of voluminous annexes containing factual information assembled by the officials during the discussions.

Mr. St. Laurent wished you to have an opportunity of seeing the documents referred to in 1 and 2 above before Monday's meeting. They have just been completed this morning and I am, therefore, sending you a copy of each, at once.<sup>149</sup> It is Mr. St. Laurent's intention to go over them prior to the meeting.

A. D. P. H[EENEY]

<sup>149</sup>Le rapport du comité d'étude n'est pas reproduit. Pour le sommaire des délibérations, voir la pièce jointe du document 421.

<sup>149</sup>The report of the Working Committee is not printed. For the Summary of Proceedings, see the enclosure of Document 421.

419.

PCO-CRF

*Extrait d'un memorandum du secrétaire adjoint du Cabinet  
au secrétaire d'État aux Affaires extérieures*

*Extract from Memorandum from Assistant Secretary to the Cabinet  
to Secretary of State for External Affairs*

SECRET

Ottawa, September 27, 1947

NEWFOUNDLAND DISCUSSIONS; FINAL PLENARY  
MEETING, SEPTEMBER 29TH

The following procedure is suggested for your consideration. Mr. Bradley is in general agreement with it:

*1. Draft statement on the nature of a fair  
and workable basis of union.*

The Canadian officials, with the assistance of members of the Newfoundland delegation, have completed this document, a copy of which is attached.<sup>1</sup> It has not yet been reviewed by the Department of Justice. I am sending copies to Mr. Claxton, Dr. McCann, and Mr. Howe, along with copies of this memorandum to you. No copies have gone to the Newfoundland delegation, although individual members of that delegation have seen separate parts and have participated in its preparation. Mr. Bradley feels that in order to keep their delegation abreast of the situation it would be desirable for you either to summarize this report at the plenary session or read it. No copies of it would be made available to the Newfoundland delegation and they would be requested not to make notes on it. They would also be informed that it represents, up to the present, merely the work of the official sub-committee and has yet to be considered by the Canadian Cabinet Committee and the Cabinet and may undergo change.

*2. Statement on history of discussions.*

In the absence of "terms" the Newfoundland delegation wish to take some statement back with them. It would be unwise to permit them to use minutes of the meetings for this purpose. Even though these minutes are fairly general, they do contain certain information which for the present, at least, should be kept secret. Because of the difficulties we have already experienced in leaks of confidential information from the delegation they should not retain the minutes at all. The Convention would undoubtedly demand the minutes if it were known that the delegation had them in their possession. It has been suggested, therefore, that we ask for the return of all minutes of meetings of the two delegations and in their place substitute a general report of a factual nature which could be made public both in St. John's and in Ottawa presumably on October 8th, the day the National Convention reassembles. A copy of this report is attached.<sup>150</sup>

*3. Annexes to statement on history of discussions.*

These constitute a wide amount of background factual information prepared to enable the Newfoundland delegation to understand the position of a province

<sup>150</sup>Voir la pièce jointe, document 421.

<sup>150</sup>See enclosure, Document 421.

of Canada. Included is the statement on the nature and workings of the federal government and its departments which was presented to the Newfoundland delegation on their arrival, the statement which they supplied to us covering certain phases of Newfoundland government, the answers which we gave to certain questions which they presented to us and a number of supplementary general statements of a factual nature arising out of the work of various sub-committees. Copies are attached.<sup>†</sup> They have been reviewed by officials of External Affairs and of Finance.

J. R. BALDWIN

420.

*Extrait de The Mackenzie King Record*<sup>151</sup>  
*Extract from The Mackenzie King Record*<sup>151</sup>

...  
 Mackenzie King's enthusiasm for the project was certainly not increased when he read a memorandum on September 28 outlining the proposed terms of the federal offer to Newfoundland.<sup>152</sup> He felt "that we were giving Newfoundland pretty much everything that she wanted without adequately weighing what Canada would be getting in return. I also felt strongly that we should give no guarantee of the time at which our decisions would be made known to the Newfoundland Government." Next morning, he had a telephone conversation with St. Laurent about "the Newfoundland report which he [St. Laurent] had gone over and eliminated everything that made for a committal. Spoke of an article in the *Gazette* which was mischievous to which he proposed to reply this afternoon. Went over what he intended to say. I cautioned strongly against saying anything that might lead the provinces to assume we were not going to consult them; also anything that might give the electors of York-Sunbury a chance to feel that we were determined to get through the annexation of Newfoundland, once the election was over. I told him that I believed New Brunswick was dead against Newfoundland coming in on practically any terms and it would only help Sansom [General Sansom was the Conservative candidate in York-Sunbury] if anything were said which indicated we were keen on having Newfoundland brought in. He agreed to make wholly clear that there was no commitment of any kind.

I also spoke against giving any assurance to the delegates that the Government's decision would be made known at a specific date. I told him at most to say that it would be given as expeditiously as circumstances would permit after Cabinet had a chance to consider what was a mere factual report."

...

<sup>151</sup>Volume 4, p. 80. Les crochets étaient dans l'original.

<sup>152</sup>Le rapport du comité d'étude mentionné dans le document 418.

<sup>151</sup>Volume 4, p. 80. The square brackets were in the original.

<sup>152</sup>Report of Working Committee mentioned in Document 418.

421.

243s

*Procès-verbal d'une réunion entre la délégation à Ottawa de la  
Convention nationale de Terre-Neuve et des représentants  
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*Minutes of a Meeting between the Delegation to Ottawa from the  
National Convention of Newfoundland and Representatives  
of the Government of Canada*

## SECRET

A meeting between delegates from the National Convention of Newfoundland and representatives of the Government of Canada was held in Room 258, House of Commons, Ottawa, on Monday, September 29th, 1947, at 3:00-p.m.

## Present:

## CANADIAN MEMBERS:

The Secretary of State for External Affairs (Mr. St. Laurent), Chairman,  
The Minister of Reconstruction and Supply (Mr. Howe),  
The Minister of National Defence (Mr. Claxton),  
The Minister of National Revenue (Dr. McCann).

## NEWFOUNDLAND MEMBERS:

Mr. F. G. Bradley, K.C.,  
(Delegation Chairman),  
Mr. T. G. W. Ashbourne  
Mr. Charles H. Ballam  
The Reverend Lester Burry  
Mr. P. W. Crummey  
Mr. G. F. Higgins, K.C.  
Mr. J. R. Smallwood  
(Delegation Secretary)

## SECRETARIAT:

Mr. J. R. Baldwin, Privy Council Office,  
Mr. E. W. T. Gill, Privy Council Office,  
Miss Muriel Mosley, Department of Secretary of State.

## Also Present:

The Canadian High Commissioner in Newfoundland (Mr. J. Scott Macdonald),  
Representatives of the Department of Finance (Mr. M. Sharp, Mr. A. Hockin),  
Representatives of the Department of External Affairs (Mr. R. A. MacKay, Mr. P. A. Bridle, Mr. M. Wershof),  
Representative of the Bank of Canada (Mr. G. Watts),  
Representative of the Department of Trade and Commerce (Mr. G. A. Newman),  
Representative of the Department of Fisheries (Mr. S. V. Ozere).

### I. NATURE OF CANADIAN COMMUNICATION TO NEWFOUNDLAND ON THE QUESTION OF UNION

1. MR. ST. LAURENT summarized the major matters which would have to be covered in any document setting forth terms of union between Newfoundland and Canada, indicating the basis on which these might be dealt with.
2. THE NEWFOUNDLAND REPRESENTATIVES inquired whether any basis for union would represent a final offer or might be amended by later representations.
3. MR. ST. LAURENT indicated that financial aspects of any basis for union acceptable to the Canadian government might be assumed to be the limit to which the government would go. Other aspects of the offer need not necessarily be regarded as final and the government would be reasonable in considering requests for modification or addition. If terms acceptable to the Canadian government were rejected by referendum in Newfoundland, it would probably be regarded as having lapsed and any new arrangements would have to be made in the light of the situation then existing.
4. THE MEETING, after further discussion, noted the Chairman's statements.

### II. SUMMARY OF PROCEEDINGS

5. MR. ST. LAURENT read a Summary of Proceedings prepared as a joint public report of the discussions. Various appendices containing information submitted during the discussions would be attached to this summary.

Copies would be made available to the Newfoundland representatives for presentation at the next meeting of the National Convention. Until that time, however, it should be treated as confidential.

The report also indicated that the Canadian government would forward definite word regarding its decision on the existence of a basis for union to the Newfoundland Convention as soon as possible.

(Meetings between delegates from the National Convention of Newfoundland and representatives of the government of Canada — Summary of Proceedings, September 29, 1947.)

6. MR. SHARP inquired regarding the inclusion in the documents appended to the Summary of material on Newfoundland's revenues and expenditures if Newfoundland became a province.
7. THE MEETING, after further discussion, agreed that:
  - (a) the Summary be approved for joint release as indicated by the Chairman; and
  - (b) that an estimate of Newfoundland provincial revenues and expenditures in the event of union be included in the appendices to the summary based on the estimates made available by the Newfoundland representatives.

### III. DEFENCE QUESTIONS

8. MR. BALLAM observed that very little had been said during the discussions on the strategic position of Newfoundland. At the present time, the major basic defence measures on the Island were being undertaken by the United States. These considerations were put forward in the hope that the Canadian government would take them into account in arriving at conclusions as to the basis of union.

9. MR. CLAXTON suggested that union with Newfoundland would involve the Canadian government in increased defence expenditures. Special financial arrangements for Newfoundland based on its strategic position would therefore appear difficult.

While it would not be the immediate plan to establish Canadian bases on the Island, any report that the U.S. bases would be closed down was without foundation.

10. THE MEETING noted the remarks made on this subject.

#### IV. REPORTS OF PREVIOUS MEETINGS; DISPOSITION

11. MR. ST. LAURENT raised the question of the disposition of the circulated minutes of previous meetings.

12. THE MEETING, after discussion, agreed that the minutes of previous meetings be regarded as secret documents.

#### V. CONCLUSION OF DISCUSSIONS

13. MR. BRADLEY, on behalf of the Newfoundland delegation, expressed appreciation for the assistance of the Canadian government and departmental officials to facilitate the discussions. The Newfoundland delegation had done their utmost to inform the Canadian representatives fully regarding all matters relating to Newfoundland and had in turn secured full information from the Canadian government.

The delegation would now report to the National Convention. It was to be hoped that the conclusions reached would serve the best interests of Canada and Newfoundland.

14. THE CHAIRMAN, on behalf of the Canadian representatives, thanked Mr. Bradley for his remarks and expressed appreciation for the friendly and co-operative spirit of the Newfoundland delegation during the course of the discussions.

#### [PIÈCE JOINTE/ENCLOSURE]

#### *Sommaire des délibérations*<sup>153</sup>

#### *Summary of Proceedings*<sup>154</sup>

#### MEETINGS BETWEEN DELEGATES FROM THE NATIONAL CONVENTION OF NEWFOUNDLAND AND REPRESENTATIVES OF THE GOVERNMENT OF CANADA

Members of the delegation from the National Convention of Newfoundland sent to Ottawa to ascertain from the Government of Canada what fair and equitable basis may exist for federal union of Newfoundland and Canada were welcomed by the Prime Minister, the Right Honourable W. L. Mackenzie King, at a

<sup>153</sup>Le texte français de ce sommaire se trouve à la page 657.

<sup>154</sup>The Summary of Proceedings was considered and agreed to at the final meeting. The Summary and all the appendices referred to were reproduced in two mimeographed volumes called *Meetings between Delegates from the National Convention of Newfoundland and Representatives of the Government of Canada*. The report was tabled in the House of Commons on December 8, 1947 and was made available to the National Convention where it was often referred to as the black book because of the colour of its cover.

meeting open to the press and to the public, in the Railway Committee Room of the House of Commons on Wednesday June 25th, 1947, at 10:30 a.m. The Prime Minister's opening statement and the reply of Mr. F. Gordon Bradley, K.C., Chairman of the delegation, are set forth in Appendix I.<sup>155</sup>

2. The Newfoundland delegation was composed of the following members:

Mr. F. G. Bradley, K.C.  
(Chairman),  
Mr. T. G. W. Ashbourne,  
Mr. Charles H. Ballam,  
Rev. Lester L. Burry,  
Mr. P. W. Crummey,  
Mr. G. F. Higgins, K.C.,  
Mr. J. R. Smallwood.

3. Members of the Cabinet designated to hold conversations with the Newfoundland delegation:

The Right Honourable Louis S. St. Laurent,  
Secretary of State for External Affairs,  
The Right Honourable J. L. Ilsley,  
Minister of Justice,  
The Right Honourable C. D. Howe,  
Minister of Reconstruction and Supply,  
The Honourable Brooke Claxton,  
Minister of National Defence,  
The Honourable D. C. Abbott,  
Minister of Finance,  
The Honourable J. J. McCann,  
Minister of National Revenue,  
The Honourable H. F. G. Bridges,  
Minister of Fisheries, and  
The Honourable W. McL. Robertson,  
Leader of the Government in the Senate.

#### TERMS OF REFERENCE

4. The terms of reference under which the Newfoundland delegation entered into conversations with representatives of the Canadian Government are set forth in the following section of a Resolution of the National Convention of February 28th, 1947, which was communicated by His Excellency the Governor of Newfoundland to the Canadian Government:

“RESOLVED that the National Convention desires to send a delegation consisting of the chairman and six other of its members to Ottawa to ascertain from the Government of Canada what fair and equitable basis may exist for federal union of Newfoundland and Canada.”

The relevant section of the Canadian Government's reply is as follows:

“The Canadian Government is of the opinion that the questions to be discussed with the delegation are of such complexity and of such significance for both

<sup>155</sup>See Document 356.



countries that it is essential to have a complete and comprehensive exchange of information and a full and careful exploration by both parties of all the issues involved so that an accurate appreciation of the position may be gained on each side."

#### ORGANIZATION OF THE DISCUSSIONS

5. In accordance with a suggestion of the Prime Minister the Newfoundland delegates and the Committee of the Canadian Cabinet designated to hold conversations with them met on the afternoon of the opening day to arrange the procedure to be followed in the discussions.

6. On motion of Mr. F. G. Bradley, Chairman of the Newfoundland delegation, the Right Honourable Louis S. St. Laurent, Secretary of State for External Affairs, was elected to act as Chairman. Mr. J. R. Baldwin of the Privy Council Office was designated to act as Secretary.

7. It was agreed that no verbatim record of the conversations would be kept but that the Chairmen of the two delegations would meet the press, from time to time, to give them information on the general progress of the conversations.

#### EXCHANGE OF INFORMATION

8. The Newfoundland delegation presented, for the information of the Canadian representatives, a report outlining Newfoundland services which, in the event of union with Canada, would appear to fall within the federal sphere. (see Appendix II)<sup>156</sup>

9. The Canadian representatives, on their part, circulated a general memorandum outlining the constitution of the Federal Government and the functions of its various Departments and agencies. (See Appendix III)<sup>157</sup> Arrangements were made under which the members of the Newfoundland delegation would have access to the Parliamentary Library and to the various Departments of Government in order to enable them to secure any more detailed information they might desire on the subjects covered in the memorandum. It was agreed to adjourn for a week to permit the respective representatives to study the documents exchanged.

10. At the plenary meeting held on July 2nd, the Canadian memorandum was discussed and the Newfoundland delegation submitted questions on an extended list of subjects including the following on which they desired further information: Representation in the House of Commons and Senate; Provincial jurisdiction over public lands; Income and corporation taxes; Voting qualifications in federal elections; Agricultural services; National parks; Farm loan legislation; Federal assistance in the construction of roads; Jurisdiction of the Federal Government and the Provinces in matters of divorce and education; Sick mariners' services; Radio broadcasting. After considerable discussion and exploration of these various questions it was agreed that appropriate officials of the Canadian Government should be asked to prepare statements for submission at later meetings.

11. At the next plenary session held on July 7th, these statements were circulated and an extended discussion took place upon them. (For the texts of these

<sup>156</sup>See footnote 102 of Document 357.

<sup>157</sup>See enclosure 3, Document 347.

questions and answers which served as a basis for discussion see Appendix IV.)<sup>158</sup> It was decided that the conversations had reached a point where sub-committees might profitably be set up to explore more fully and more expeditiously than would be practicable in general meetings a number of subjects which would require to be dealt with in detail as a preliminary to considering the question of a basis of union.

#### ORGANIZATION OF SUB-COMMITTEES

12. The following sub-committees were appointed: Sub-committee on the Public Debt of Newfoundland, composed of Dr. R. A. MacKay, Mr. M. W. Sharp, and Mr. G. S. Watts of the Public Service of Canada, and Mr. T. G. W. Ashbourne, Mr. C. H. Ballam, Mr. G. F. Higgins, and Mr. J. R. Smallwood of the Newfoundland delegation, to bring together and examine data on the amount, maturities, interest rates, etc., of the various issues constituting the outstanding public debt of Newfoundland. An abstract of information brought together by the sub-committee for the information of the plenary meetings covering the treatment of the public debts of the existing Provinces at the time of their entry into the Dominion and a condensed statement on the outstanding public debt of Newfoundland is attached as Appendix V to this report.<sup>†</sup>

Sub-committee on Finance, composed of Mr. J. E. Coyne, Dr. R. A. MacKay, Mr. M. W. Sharp, and Mr. G. S. Watts of the Public Service of Canada, and Rev. Lester L. Burry, Mr. P. W. Crummey, and Mr. J. R. Smallwood of the Newfoundland delegation, to examine the financial implications of union, the effect of the Federal Tax Rental Agreements on Newfoundland, in the event of union, and the probable situation in respect of federal and provincial revenues and expenditures. A condensed statement on the application to Newfoundland of a tax agreement similar to those with existing Provinces and a statement showing probable federal revenues and expenditures with respect to Newfoundland in the event of union, together with a statement indicating how existing Newfoundland revenues and expenditures might be affected by union, is attached as Appendix VI.<sup>†</sup>

Sub-committee on Transportation, composed of the Hon. Lionel Chevier, Minister of Transport, Mr. C. P. Edwards, Deputy Minister of Transport, Mr. S. W. Fairweather of the Canadian National Railways, and Mr. H. J. Rahlves of the Park Steamship Company, and Mr. C. H. Ballam, Mr. G. F. Higgins, and Mr. J. R. Smallwood of the Newfoundland delegation, to bring together information on the Newfoundland Railway and Steamship Services with a view to enabling the Canadian representatives to examine the problems that would be involved, in the event of union, in the integration of the Newfoundland Government Railway and Steamship Services with the Canadian transportation system. A brief statement of what would be involved, in the opinion of the officials consulted, in the integration of the Newfoundland Government Railway System and Steamship Services is attached as Appendix VII.<sup>†</sup>

Sub-committee on Veterans' Benefits, composed of Mr. J. L. Melville, Mr. G. Murchison, Mr. E. J. Rider, Mr. T. J. Rutherford, and Mr. M. W. Sharp of the

<sup>158</sup>See Document 363 and footnote 109 of Document 366.

Public Service of Canada, and Mr. T. G. W. Ashbourne, Mr. C. H. Ballam, Mr. G. F. Higgins, Rev. Lester L. Burry, and Mr. J. R. Smallwood of the Newfoundland delegation, to examine, for the information of the plenary meetings, the extent to which, in the event of union, the rights enjoyed by Canadian veterans with respect to pensions, medical and dental treatment, hospitalization, vocational training, etc., would be extended to Newfoundland veterans. A table prepared under the direction of the Sub-committee showing present benefits in Newfoundland and in Canada is attached as Appendix VIII.<sup>†</sup>

Sub-committee on Economic Development, composed of Mr. A. D. Skelton, Mr. G. S. Watts, and Dr. E. P. Weeks of the Public Service of Canada, and Mr. P. W. Crummey, Rev. Lester L. Burry and Mr. J. R. Smallwood of the Newfoundland delegation, to examine into the availability of data on the physical resources and general economic conditions of Newfoundland.

Sub-committee on Unemployment Insurance, composed of Mr. R. G. Barclay, Mr. S. H. McLaren, Mr. G. Murchison, Mr. M. W. Sharp, and Mr. R. J. Tallon of the Public Service of Canada, the Rev. Lester L. Burry, Mr. P. W. Crummey, and Mr. J. R. Smallwood of the Newfoundland delegation, to review the application of Unemployment Insurance benefits to workers in Newfoundland industries in the event of union. A brief memorandum on unemployment insurance in Canada is attached as Appendix IX.<sup>†</sup>

Sub-committee on Maritime Freight Rates, composed of Mr. C. P. Edwards, Deputy Minister of Transport, and Mr. S. W. Fairweather of the Canadian National Railways, and Mr. C. H. Ballam, Mr. P. W. Crummey, and Mr. J. R. Smallwood of the Newfoundland delegation, to examine information on the reduced freight rates accorded to goods moving within or out of the Maritime region of Canada and the applicability, in the event of union with Canada, of such reduced rates to products moving within or out of Newfoundland. A brief memorandum on freight rates is attached as Appendix X.<sup>†</sup>

Sub-committee on Indians and Eskimos, composed of Mr. R. Hoey and Mr. C. W. Jackson of the Public Service of Canada, and Mr. T. G. W. Ashbourne, Rev. Lester L. Burry and Mr. J. R. Smallwood of the Newfoundland delegation, to bring together and examine information on the numbers, economic conditions and general situation of the Indians and Eskimos of Labrador and how they would be provided for in the event of union. A preliminary statement regarding the position of Indians and Eskimos, in the event of union, is attached as Appendix XI.<sup>†</sup>

Sub-committee on Housing, composed of the [Right] Hon. C. D. Howe, Minister of Reconstruction and Supply, and Mr. D. B. Mansur, President, Central Mortgage and Housing Corporation, and Mr. G. F. Higgins and Mr. J. R. Smallwood of the Newfoundland delegation, with a view to examining information on federal aids to housing. A descriptive memorandum is attached as Appendix XII.<sup>†</sup>

Sub-committee on Fisheries composed of the Hon. H. F. G. Bridges, Minister of Fisheries, Mr. Stewart Bates, Mr. D. H. Sutherland, Mr. S. V. Ozere, Mr. J. S. McArthur of the Public Service of Canada, Mr. T. G. W. Ashbourne, P. W. Crummey and the Rev. Lester L. Burry and Mr. J. R. Smallwood of the New-

foundland déléation. The Sub-committee explored the respective fields of jurisdiction of the Federal Government and the Provinces with respect to fisheries. The provisions of the Fisheries Prices Support Act, which covers the fisheries products of Canada as a whole and which would become applicable to Newfoundland in the event of union, were examined in some detail and a general memorandum was prepared for the information of the plenary sessions. A memorandum on the "Application of the Benefits of the Sick and Distressed Mariners' Fund to Fishermen" was also prepared for submission to the plenary meeting. For copies of documents relating to these questions see Appendix XIII.<sup>1</sup>

13. The work of the Sub-committee, and, indeed, the progress of the discussions generally, sustained a great loss in the untimely death of the Hon. H. F. G. Bridges on August 10th while the Sub-committee was in the midst of its labours. His extensive knowledge of fisheries questions proved of the greatest value both in the Sub-committee, of which he was Chairman, and in the plenary sessions and all those who participated in the discussions experienced a deep sense of personal loss at his sudden passing.

14. At many of the Sub-committee meetings technical experts of the Departments most directly concerned were present and answered questions put to them by members of the Sub-committees. A number of supplementary questions concerning miscellaneous points were raised in the course of the discussions and were dealt with in brief memoranda, copies of which are attached as Appendix XIV.<sup>159</sup> Material on the subjects under consideration, additional to that set forth in Appendix II, was obtained from time to time by the Newfoundland déléation from the Government departments in St. John's by telegram and air-mail. Published reports of the Newfoundland Government and of the National Convention were also made available.

15. It was decided to set up a further Sub-committee composed of the Right Hon. J. L. Ilesley, Minister of Justice, the Hon. J. J. McCann, Minister of National Revenue, assisted, by Dr. R. A. MacKay, Mr. M. W. Sharp and other officials from time to time, and Mr. T. G. W. Ashbourne, Mr. G. Higgins and Mr. J. R. Smallwood of the Newfoundland déléation, to coordinate the information brought together by the various Sub-committees already appointed. After examination by this Sub-committee of the various reports submitted, and discussion of the means whereby the principal issues involved in union might be met, the Canadian members undertook to report promptly to the Cabinet Committee regarding a basis for union which might be fair and equitable to both Newfoundland and Canada.

16. Further plenary sessions were held on July 23rd, September 13th and 29th for further exchange of information and views.

<sup>159</sup>Not printed. The subjects of these questions were the date on which the Canadian Criminal Code would become applicable in Newfoundland, the price of fishermen's supplies in Canada, National Parks, orphans in relation to family allowances, old age pensions, tax rebates on exports, services provided by the Department of Trade and Commerce, countries having diplomatic missions in Canada, services provided by the Dominion Bureau of Statistics, the Merchant Seamen Compensation Act, the Industrial Development Bank, income tax in Canada and Newfoundland, oleomargarine and Labrador.

17. At the concluding meeting the Chairman voiced his appreciation of the spirit of cordiality and co-operation which had marked the progress of the conversations, and stated that the full and careful exploration of the various legislative and administrative problems that would have to be dealt with in the event of union between Newfoundland and Canada and the comprehensive exchange of information which had been effected, would be of great value in reaching conclusions as to what might be a fair and equitable basis of union. The Chairman further stated that the Committee of the Cabinet who had had the opportunity of discussing these matters with the Newfoundland delegation would bring the information arising out of the conversations and their conclusions thereon to the attention of the Cabinet promptly and that the reply of the Canadian Government would be forwarded to His Excellency the Governor of Newfoundland, for transmission to the National Convention, as expeditiously as circumstances would permit.

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**SOMMAIRE DES TRAVAUX DES DÉLÉGUÉS DE LA CONVENTION  
NATIONALE DE TERRE-NEUVE ET DES REPRÉSENTANTS  
DU GOUVERNEMENT CANADIEN<sup>159a</sup>**

Les membres de la Délégation envoyée à Ottawa par la Convention nationale de Terre-Neuve afin d'examiner, de concert avec le Gouvernement canadien, la possibilité de trouver une base juste et équitable d'union fédérale de Terre-Neuve et du Canada, ont été reçus par le Premier ministre, le très honorable W.L. Mackenzie King, en présence des journalistes et du public, à une réunion tenue dans la salle du Comité des chemins de fer de la Chambre des communes, le mercredi 25 juin 1947, à 10 heures 30 du matin. La déclaration d'ouverture du Premier ministre et la réponse de M. F. Gordon Bradley, C.R., Président de la Délégation, sont reproduites à l'Annexe 1.<sup>159b</sup>

2. La Délégation de Terre-Neuve comprenait les personnes suivantes:

M. F. G. Bradley, C.R.,  
(Président)  
M. T. G. W. Ashbourne,  
M. Charles H. Ballam,  
Le Révérend Lester L.  
Burry,  
M. P. W. Crummey,  
M. G. F. Higgins, C.R.,  
M. J. R. Smallwood,

<sup>159a</sup> Le sommaire des travaux a été examiné et approuvé à la réunion de clôture. Le sommaire et toutes les annexes dont il est question dans le texte furent reproduits dans deux volumes photocopiés qui avaient comme titre *Rapport des entretiens des délégués de la Convention nationale de Terre-Neuve et des représentants du Gouvernement canadien*. Ce rapport fut déposé à la Chambre des Communes le 8 décembre 1947 et il était disponible aux membres de la Convention nationale qui l'appelaient souvent le livre noir à cause de la couleur de la couverture.

<sup>159b</sup> Voir le document 356.

3. Les membres du Cabinet dont les noms suivent avaient été désignés pour participer aux entretiens avec la Délégation de Terre-Neuve:

Le très honorable Louis-S. Saint-Laurent,  
Secrétaire d'État aux Affaires extérieures;

Le très honorable J. L. Ilsley,  
Ministre de la Justice;

Le très honorable C. D. Howe,  
Ministre de la Reconstruction et des Approvisionnements;

L'honorable Brooke Claxton,  
Ministre de la Défense nationale;

L'honorable J. J. McCann,  
Ministre du Revenu national;

L'honorable H. F. G. Bridges,  
Ministre des Pêcheries;

L'honorable W. McL. Robertson,  
Leader du Gouvernement au Sénat;

L'honorable D. C. Abbott,  
Ministre des Finances.

4. Le mandat en vertu duquel la Délégation de Terre-Neuve a entamé ces entretiens avec les représentants du Gouvernement canadien est exposé dans l'article suivant d'une résolution de la Convention nationale, en date du 28 février 1947, qui fut communiquée au Gouvernement canadien par Son Excellence le Gouverneur de Terre-Neuve:

"IL EST RÉSOLU que la Convention nationale désire envoyer à Ottawa une délégation formée de son Président et de six autres de ses membres, afin d'examiner, de concert avec le Gouvernement canadien la possibilité de trouver une base juste et équitable d'union fédérale de Terre-Neuve et du Canada."

Suit la partie essentielle de la réponse du Gouvernement canadien:

"Le Gouvernement canadien est d'avis que les questions à étudier avec la Délégation sont d'une telle complexité et d'une telle importance pour les deux pays qu'il est indispensable de procéder à un échange complet de renseignements, ainsi qu'à un examen approfondi des questions en jeu, par les deux parties, de manière que l'une et l'autre puissent se former une idée nette de la situation."

#### ORGANISATION DES ENTRETIENS

5. Se conformant à une suggestion du Premier ministre, les délégués de Terre-Neuve et le comité du Cabinet canadien désigné pour conférer avec eux se réunirent l'après-midi, le jour de l'ouverture, afin d'arrêter la méthode à suivre au cours des entretiens.

6. Sur la proposition de M. F. G. Bradley, Président de la délégation de Terre-Neuve, le très honorable Louis-S. Saint-Laurent, Secrétaire d'État aux Affaires extérieures, a été élu Président. M. J. R. Baldwin, du Bureau du Conseil privé, a été désigné pour faire fonction de Secrétaire.

7. Il a été convenu qu'il ne serait pas tenu de compte rendu *in extenso*, mais que les présidents des deux Délégations mettraient les journalistes au courant de la marche générale des entretiens.

## ÉCHANGE DE RENSEIGNEMENTS

8. La Délégation de Terre-Neuve a remis aux représentants canadiens un rapport indiquant les services de Terre-Neuve qui ressortiraient à l'autorité fédérale, advenant l'union avec le Canada (voir Annexe II).<sup>159c</sup>

9. De leur côté, les représentants du Canada ont distribué un mémoire où sont exposées dans leurs grandes lignes la constitution du Gouvernement fédéral et les fonctions de ses divers ministères et services (voir Annexe III).<sup>159d</sup> Il a été pris des dispositions pour que les membres de la Délégation de Terre-Neuve aient accès à la Bibliothèque du Parlement et aux divers ministères de l'État, afin de pouvoir se documenter davantage sur les sujets visés par le mémoire. D'un commun accord, les entretiens ont été ajournés à une semaine afin de permettre aux représentants des deux parties d'examiner les documents échangés.

10. À la réunion plénière tenue le 2 juillet, les entretiens ont porté sur le mémoire canadien, et la Délégation de Terre-Neuve a posé des questions sur un grand nombre de points sur lesquels elle désirait de plus amples renseignements: représentation à la Chambre des communes et au Sénat; compétence provinciale en matière de terres domaniales; impôts sur le revenu et sur les sociétés; droit de suffrage aux élections fédérales; services agricoles; parcs nationaux; lois concernant les prêts agricoles; aide fédérale aux travaux de voirie; compétence du Gouvernement fédéral et des provinces en matière de divorce et d'instruction publique; services assurés aux marins malades; radiodiffusion. Ces diverses questions ayant été longuement examinées et discutées, il a été convenu de demander aux fonctionnaires compétents du Gouvernement canadien de préparer des exposés en vue des réunions ultérieures.

11. À la réunion plénière suivante, tenue le 7 juillet, ces exposés ont été distribués et ont fait l'objet d'une longue discussion (voir à l'Annexe IV le texte des questions et des réponses qui ont servi de base aux entretiens).<sup>159e</sup> Il a été décidé qu'au point où en étaient les conversations, il y aurait avantage à constituer des sous-comités qui pourraient étudier plus à fond et plus expéditivement — ce qui serait difficile en séance générale — un certain nombre de questions qu'il importerait d'examiner dans le détail avant de rechercher une base d'union.

## LES SOUS-COMITÉS

12. Les sous-comités suivants ont été constitués:

Le sous-comité de la dette publique de Terre-Neuve, composé de MM. R. A. MacKay, M. W. Sharp et G. S. Watts, du personnel administratif du Canada, ainsi que de MM. T. G. W. Ashbourne, C. H. Ballam, G. F. Higgins et J. R. Smallwood, de la Délégation de Terre-Neuve, avait pour mission de réunir et d'examiner les données relatives aux montants, aux échéances et aux taux d'intérêts, etc., des titres constituant la dette publique de Terre-Neuve. On trouvera à l'Annexe V' au présent rapport un résumé des renseignements réunis par le sous-comité en vue des séances plénières, concernant l'aménagement des dettes

<sup>159c</sup> Voir la référence 102 du document 357.

<sup>159d</sup> Voir la pièce jointe 3, document 347.

<sup>159e</sup> Voir le document 363 et la référence 109 du document 366.

publiques des provinces existantes à l'époque de leur entrée dans le Dominion, ainsi qu'un état sommaire de la dette publique de Terre-Neuve.

Le sous-comité des finances, composé de MM. J. E. Coyne, R. A. MacKay, M. W. Sharp et G. S. Watts du personnel administratif du Canada, ainsi que du Révérend Lester L. Burry et de MM. P. W. Crummey et J. R. Smallwood, de la Délégation de Terre-Neuve, chargé d'examiner les conséquences d'ordre financier qu'entraînerait l'union, l'effet sur Terre-Neuve des accords de location fiscale avec le Dominion, advenant l'union, et la situation probable en ce qui concerne les recettes et les dépenses fédérales et provinciales. L'Annexe VI<sup>†</sup> au présent rapport comprend un exposé succinct de l'application à Terre-Neuve d'un accord fiscal analogue à ceux qui existent aujourd'hui avec les provinces, un état indiquant les recettes et les dépenses fédérales probables que comporterait l'union et un état indiquant quel serait l'effet de l'union sur les recettes et les dépenses actuelles de Terre-Neuve.

Le sous-comité des transports composé de l'honorable Lionel Chevrier, ministre des Transports, du lieutenant-commander C. P. Edwards, sous-ministre des Transports, de MM. S. W. Fairweather, des Chemins de fer Nationaux du Canada et H. J. Rahlves, de la Park Steamship Company, ainsi que de MM. C. H. Ballam, G. F. Higgins et J. R. Smallwood, de la Délégation de Terre-Neuve, chargé de réunir les données relatives aux services ferroviaires et maritimes de Terre-Neuve en vue de permettre aux représentants du Canada d'examiner les problèmes que poserait, advenant l'union, l'intégration des services ferroviaires et maritimes du Gouvernement de Terre-Neuve dans le réseau des transports du Canada. On trouvera à l'Annexe VII<sup>†</sup> un état sommaire de ce qu'entraînerait, de l'avis des hauts fonctionnaires consultés, l'intégration des services ferroviaires et maritimes du Gouvernement de Terre-Neuve.

Le sous-comité des prestations aux anciens combattants, composé de MM. R. L. Melville, G. Murchison, E. J. Rider, T. J. Rutherford et M. W. Sharp, du personnel administratif du Canada, ainsi que de MM. T. G. W. Ashbourne, C. H. Ballam, G. F. Higgins, du Révérend Lester L. Burry et de M. J. R. Smallwood, de la Délégation de Terre-Neuve, chargé d'examiner, en vue des séances plénières, dans quelle mesure, advenant l'union, les anciens combattants de Terre-Neuve jouiraient des droits que possèdent les anciens combattants du Canada en matière de pensions, de traitements médicaux et dentaires, d'hospitalisation, de formation professionnelle, etc. Un tableau dressé sous la direction du sous-comité et indiquant les prestations actuellement accordées par Terre-Neuve et par le Canada figure à l'Annexe VIII.<sup>†</sup>

Le sous-comité du développement économique, composé de MM. A. D. Skelton, G. S. Watts, E. P. Weeks, du personnel administratif du Canada, ainsi que de M. P. W. Crummey, du Révérend Lester L. Burry et de M. J. R. Smallwood, de la Délégation de Terre-Neuve, chargé d'étudier la possibilité de se procurer des données sur les ressources physiques et l'ensemble des conditions économiques de Terre-Neuve.

Le sous-comité de l'assurance-chômage, composé de MM. R. G. Barclay, S. H. McLaren, G. Murchison, M. W. Sharp et R. J. Tallon, du personnel administratif du Canada, ainsi que du Révérend Lester L. Burry, de MM. P. W.



Crummey et J. R. Smallwood, de la Délégation de Terre-Neuve, chargé d'étudier l'application des prestations d'assurance-chômage aux ouvriers des industries de Terre-Neuve au cas où l'union viendrait à se réaliser. On trouvera à l'Annexe IX<sup>t</sup> un bref mémoire relatif à l'assurance-chômage au Canada.

Le sous-comité des tarifs-marchandises, composé de MM. C. P. Edwards, sous-ministre des Transports, et S. W. Fairweather, des Chemins de fer Nationaux du Canada ainsi que de MM. C. H. Ballam, P. W. Crummey et J. R. Smallwood, de la Délégation de Terre-Neuve, chargé d'examiner les données relatives aux tarifs-marchandises réduits appliqués aux marchandises transportées à l'intérieur ou hors de la région maritime du Canada, ainsi que la possibilité d'appliquer, en cas d'union avec le Canada, lesdits tarifs réduits aux produits transportés à l'intérieur ou hors de Terre-Neuve. Voir à l'Annexe X<sup>t</sup> un bref mémoire sur les tarifs-marchandises.

Le sous-comité des Indiens et des Esquimaux, composé de MM. R. Hoey, et C. W. Jackson, du personnel administratif du Canada, ainsi que de MM. T. G. W. Ashbourne, du Révérend Lester L. Burry et de M. J. R. Smallwood, de la Délégation de Terre-Neuve, chargé de réunir et d'examiner les données relatives au nombre, aux conditions économiques et à la situation générale des Indiens et des Esquimaux du Labrador, ainsi que le traitement qui leur serait fait, advenant l'union. Voir à l'Annexe XI, un exposé préliminaire de ce que serait la situation des Indiens et des Esquimaux advenant l'union.

Le sous-comité de l'habitation, composé du très honorable C. D. Howe, ministre de la Reconstruction et des Approvisionnements, et de M. D. B. Mansur, président de la Société centrale d'hypothèques et de logement, ainsi que de MM. G. F. Higgins et J. R. Smallwood de la Délégation de Terre-Neuve, chargé d'examiner les données relatives aux secours fédéraux en matière de logement. Un mémoire signalétique est consigné à l'Annexe XII.<sup>t</sup>

Le sous-comité des pêcheries, composé de l'honorable H. F. G. Bridges, ministre des Pêcheries, de MM. Stuart Bates, D. H. Sutherland, S. V. Ozere, J. S. McArthur, du personnel administratif du Canada, ainsi que de MM. T. G. W. Ashbourne, P. W. Crummey, J. R. Smallwood et du Révérend Lester L. Burry, de la Délégation de Terre-Neuve. Le sous-comité a examiné les domaines respectifs de compétence du Gouvernement fédéral et des provinces en matière de pêche. Les dispositions de la loi sur le soutien des prix des produits des pêcheries, laquelle embrasse les produits de la pêche de tout le Canada et devra s'appliquer à Terre-Neuve, advenant l'union, ont fait l'objet d'une étude sérieuse ainsi que d'un mémoire général préparé à l'intention des séances plénières. Il a aussi été préparé, en vue de la séance plénière, un mémoire sur la "participation des pêcheurs à la Caisse des prestations des marins malades et nécessiteux." Les documents relatifs à ces questions sont reproduits à l'Annexe XIII.<sup>t</sup>

13. La mort soudaine de l'honorable H. F. G. Bridges, survenue le 10 août alors que le sous-comité était à l'oeuvre, a porté un rude coup aux travaux du sous-comité ainsi qu'à la marche générale des entretiens. Sa connaissance étendue de la question des pêcheries s'est révélée de la plus grande utilité, tant au sous-comité dont il était président qu'aux séances plénières. Tous ceux qui ont pris part à ces délibérations ont profondément ressenti sa disparition subite.

14. Divers spécialistes des ministères les plus directement intéressés ont assisté à plusieurs séances des sous-comités et répondu aux questions qui leur furent posées. Un certain nombre d'autres questions soulevées au cours des délibérations ont fait l'objet de brefs mémoires qui sont reproduits à l'Annexe XIV.<sup>159f</sup> A l'occasion, la Délégation de Terre-Neuve s'est procuré auprès du Gouvernement de Saint-Jean, par fil télégraphique et par courrier aérien, la documentation relative aux sujets à l'étude en plus de celle qui figure à l'Annexe II. Divers rapports publiés par le Gouvernement et la Convention nationale de Terre-Neuve ont aussi été mis à la disposition de la Conférence.

15. Il a été décidé de former un dernier sous-comité composé du très honorable J. L. Ilsley, ministre de la Justice, de l'honorable J. J. McCann, ministre du Revenu national, secondés à l'occasion par MM. R. A. MacKay, M. W. Sharp, et par d'autres hauts fonctionnaires ainsi que par MM. T. G. W. Ashbourne, G. Higgins et J. R. Smallwood, de la Délégation de Terre-Neuve, en vue de coordonner les renseignements réunis par les autres sous-comités. Après que ce sous-comité eut étudié les rapports qui lui furent soumis, et analysé les moyens par lesquels on pourrait résoudre les principaux problèmes auxquels l'union donnerait lieu, les membres canadiens se sont appliqués à présenter sans retard au comité du Cabinet un rapport concernant une base d'union qui serait juste et équitable tant pour Terre-Neuve que pour le Canada.

16. D'autres séances plénières ont eu lieu le 23 juillet ainsi que les 13 et 29 septembre, afin de permettre d'autres échanges de vues et de renseignements.

17. À la dernière séance, le président s'est déclaré satisfait de la cordialité et de l'esprit de coopération qui ont marqué les entretiens. L'analyse complète et minutieuse de divers problèmes d'ordre législatif et administratif qu'il y aura lieu de résoudre, advenant l'union de Terre-Neuve et du Canada, et l'échange complet de données auxquelles on a procédé seront, a-t-il dit, d'une grande utilité pour en arriver à des conclusions sur ce qui constituerait une base d'union juste et équitable. Le président a ajouté que le comité du cabinet qui avait eu l'avantage d'étudier ces questions, de concert avec la Délégation de Terre-Neuve, signalerait promptement au cabinet les données ressortant des conversations ainsi que ses conclusions; il a dit que la réponse du Gouvernement canadien serait transmise avec le plus de célérité possible à Son Excellence le Gouverneur de Terre-Neuve afin qu'il puisse en communiquer la teneur à la Convention nationale.

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<sup>159f</sup>Non reproduit. Les questions portaient sur l'entrée en vigueur à Terre-Neuve du Code criminel du Canada, le prix de l'attirail de pêche au Canada, les parcs nationaux, les orphelins par rapport aux allocations familiales, les pensions de vieillesse, les remboursements d'impôts sur les exportations, les services offerts par le ministère du Commerce, les pays qui avaient des missions diplomatiques au Canada, les services offerts par le Bureau fédéral de la statistique, la Loi de l'indemnisation des marins marchands, la Banque du développement industriel, l'impôt sur le revenu au Canada et à Terre-Neuve, l'oléomargarine et le Labrador.

422.

*Extrait de The Mackenzie King Record*<sup>160</sup>  
*Extract from The Mackenzie King Record*<sup>160</sup>

...  
 In Cabinet on October 1, the Prime Minister "made it clear that the Cabinet had not yet considered the report of the Committee; also pointed out it was inadvisable we should discuss the matter in the Cabinet until Newfoundland itself had passed upon what we were proposing. St. Laurent pointed out that the opposition might move a resolution that the terms were not satisfactory — either too much or too little. That is true but I doubted if they would. The real danger will be the Maritime provinces becoming aroused when they see the terms and some objection being raised to any terms being offered without further consideration of Maritime claims.

"I was glad to get Gardiner's<sup>161</sup> strong support on the view that the British Government should take our terms as those on which the referendum would take place. That we should not discuss matters in Parliament until after the referendum.

"I took strongly the view that we had gone as far as we could be expected to go, virtually confining ourselves to their terms if they were acceptable to Newfoundland. If they were not acceptable, the matter would end there. If acceptable, the Government would then stake its existence on putting them through. I am sure if the Newfoundland Government [*sic*] accepted the terms, the Canadian feeling generally would favour their acceptance."

...

423.

243s

*Le secrétaire d'État aux Affaires extérieures  
 au président, la délégation à Ottawa de la  
 Convention nationale de Terre-Neuve*  
*Secretary of State for External Affairs to  
 Chairman, Delegation to Ottawa from the  
 National Convention of Newfoundland*

Ottawa, October 1, 1947

Dear Mr. Bradley,

On behalf of the Committee of the Cabinet designated to meet with you and your colleagues of the National Convention, I should like to thank you and your colleagues for your assistance and co-operation in providing us with information about Newfoundland and its problems and in exploring many questions which would be involved in the union of our two countries. The information which has

<sup>160</sup>Volume 4, p. 81.<sup>161</sup>J. G. Gardiner, ministre de l'Agriculture.<sup>161</sup>J. G. Gardiner, Minister of Agriculture.

been assembled as a result of these discussions will be highly useful in enabling the Canadian Government to reach conclusions as to what might be a fair and equitable basis of union.

It was earlier hoped that an answer could be given to you and your colleagues at the conclusion of our discussions. You will appreciate, however, that the situation has changed considerably since the discussions began. The death of the Honourable H. F. G. Bridges, Minister of Fisheries, who was an active member of the Canadian Committee, represented a serious loss to both the Cabinet and to the discussions with your delegation. In a question of such great importance to the Maritime Provinces and to the whole of Canada as union of Newfoundland and Canada, it has been considered desirable to have a full Cabinet including an elected representative of New Brunswick to decide this matter. Under these circumstances no answer from the Canadian Government can be given you and your colleagues at the present time.

My colleagues of the Committee and I will, however, bring our recommendations before the Cabinet at the earliest practicable date, and I can assure you that an answer will be despatched as expeditiously as possible under the circumstances to His Excellency, the Governor of Newfoundland, for transmission to the National Convention.

Yours sincerely,

LOUIS S. ST. LAURENT

424.

2828-40

*Le secrétaire d'État aux Affaires extérieures au  
haut commissaire par intérim à Terre-Neuve  
Secretary of State for External Affairs to  
Acting High Commissioner in Newfoundland*

TELEGRAM 142

Ottawa, October 2, 1947

IMMEDIATE. CONFIDENTIAL. Newfoundland delegation, with exception of Mr. Ashbourne who, we understand, is making a visit to New York, left Ottawa by train on the afternoon of September 30th. They expect to arrive in St. John's on October 4th.

They are returning with copies of a summary of the proceedings of the conference to which are attached appendices containing documents exchanged, reports of sub-committees, answers to questions, etc. This material is not to be released until the National Convention reassembles when, we understand, Mr. Bradley intends to make it public. Mr. Bradley has asked us to supply him with sufficient copies for the Convention, the Press, etc. We assume that he will also wish to make copies available to the Governor, and members of the Commission of Government, and perhaps to other persons prominent in the public life of the Island. One copy of this material is going forward to you by air to-day for your own use. Fifty or sixty copies will follow by Air Express next week.

It is imperative that we should have these copies in Mr. Bradley's hands well in advance of the opening session of the Convention. We understand that he has called the Convention to meet on October 10th and our present plans are based on this assumption. If you should learn that there is any likelihood of the Convention meeting at an earlier date, we would appreciate your advising us immediately.

Mr. St. Laurent has written a letter to Mr. Bradley which we would like delivered to him privately as soon as possible after his return to St. John's. This letter is going forward to you by air to-day.<sup>162</sup>

425.

PCO-CRF

*Le secrétaire adjoint du Cabinet au secrétaire d'État  
aux Affaires extérieures*  
*Assistant Secretary to the Cabinet to Secretary of State  
for External Affairs*

TOP SECRET

Ottawa, October 3, 1947

Dear Mr. St. Laurent,

I enclose, for your consideration, copy of the statement<sup>1</sup> on a basis for admission of Newfoundland as a province of Canada prepared by Canadian officials with the assistance of and in consultation with members of the Newfoundland Delegation.

This document is prepared in the form of a document which would be submitted by the Cabinet Committee on Newfoundland to the Cabinet. In its present form the section on Financial Arrangements (pages 4 to 9 inclusive) represents the basis set down by the Sub-committee under the Chairmanship of the Minister of Justice. Most of the other points covered in the document represent a basis discussed or provisionally cleared at ministerial level during the conversations with the Delegation. Certain sections, however, which have been prepared during the last two or three weeks represent new material and you may wish to consider these sections, particularly the following:

1. Transportation, page 10.
2. Position of Civil Servants, etc., page 11 (Prepared in the Department of Finance).
3. Unemployment Insurance, page 12 (Prepared by the Department of Labour).
4. Education, page 13 (Prepared on the suggestion of the Chairman of the Newfoundland Delegation, but may be amended further to provide that up to two years after union changes might be made in this on the request of provincial legislature.)
5. Contract Rights, page 16.

<sup>162</sup>Voir le document précédent.

<sup>162</sup>See preceding document.

It is intended, I understand, to place this matter before Cabinet before the end of October.

Yours sincerely,

J. R. BALDWIN

426.

PCO-CRF

*Mémoire de la deuxième direction politique*

*Memorandum by Second Political Division*

MINUTE ON LETTER DATED OCTOBER 3RD, 1947, FROM MR. T. F. M. NEWTON, INFORMATION OFFICER, CANADIAN EMBASSY, WASHINGTON, TO MR. ALLAN ANDERSON OF THE INFORMATION DIVISION, DEPARTMENT OF EXTERNAL AFFAIRS, REPORTING A SERIES OF ARTICLES ON THE POLITICAL FUTURE OF NEWFOUNDLAND WHICH HAVE APPEARED RECENTLY IN THE CHICAGO TRIBUNE

1. The *Chicago Tribune* has recently published despatches from Ottawa, London and Washington deprecating the idea of Newfoundland becoming a Canadian province and advocating steps to make it possible for Newfoundland to become a state of the American union. Our Ambassador in Washington says that "it looks as though Colonel McCormick had told his boys what to say."

2. The *Tribune* has been taking the line that Canada wants Newfoundland because it is an important market for Canadian goods; that 80% of Newfoundlanders want to join the United States but the National Convention is prevented by Britain from investigating the possibilities of such a move in Washington; and that Newfoundlanders should vote for the return of Responsible Government in order that they might petition for admission to the American union.

3. On October 3rd the *Tribune* carried an article stating that one of its editorials in the above vein entitled "How to be Annexed" was broadcast over all Newfoundland radio stations and that Newfoundlanders were "electrified" to learn that this held out the first hope for a possibility of union with the United States.

P. A. B[RIDLE]

427.

PCO-CRF

*Mémoire de la deuxième direction politique*

*Memorandum by Second Political Division*

ARTICLE APPEARING IN THE CHRISTIAN SCIENCE MONITOR OF OCTOBER 9, 1947, ENTITLED "NEWFOUNDLAND'S POLITICAL FUTURE" BY NEAL STANFORD

1. The Newfoundland National Convention has apparently "extracted little promise of financial help from London" in the event of Newfoundland returning to Dominion status. The Convention is now seeking to discover "how anxious Ottawa is to make Newfoundland the tenth province." Meanwhile there is con-

siderable press (and apparently spontaneous public) interest in Newfoundland for joining the United States. Newfoundlanders "may well feel that their chance of help in hard times, if such return, is better if they are an American State than if they are a Canadian province or a British dominion, or continue in their present uncertain status."

2. Newfoundlanders may decide to retain their present political status. On the other hand, they may be interested in joining Canada or the United States. As yet, the United States Congress appears to be "conspicuously unconditioned" for such an event.

3. However, "it is not too late for Americans to take an active interest in Newfoundland with one eye on sizing it up as a future member of the family. While Newfoundland before the war was an economic liability to Britain, there is no gainsaying its strategic importance. Nor should the untold mineral wealth of Labrador, which belongs to Newfoundland, possibly including atomic energy sources, be ignored. Americans could do worse than cultivate Newfoundland for statehood, particularly as that cultivation would apparently be welcomed."

P. A. B[RIDLE]

428.

PCO-CRF

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*<sup>163</sup>

*Secretary of State for External Affairs to High Commissioner  
in Great Britain*<sup>163</sup>

TELEGRAM

Ottawa, October 9, 1947

IMPORTANT. Not for release earlier than 1830 G.M.T. Friday October 10th.

Ottawa October tenth. Canadian Department External Affairs today released 350-page report summarizing meetings which took place Ottawa June 25 to September 29 between delegates from National Convention of Newfoundland and representatives of Canadian Government concerning possible basis upon which Newfoundland might become Canadian province. Report was also tabled today in National Convention at St. John's.

Newfoundland Delegation had come to Ottawa quote to ascertain from the Government of Canada what fair and equitable basis may exist for federal union of Newfoundland and Canada end quote. Summary of proceedings issued today is documented with appendices which contain information concerning factors which would have to be taken into consideration in formulating basis for federal union Canada and Newfoundland. With respect to possible basis for Union, report states that reply of Canadian Government will be forwarded to National Convention as expeditiously as circumstances will permit.

<sup>163</sup>Ce texte fut communiqué aussi à l'ambassadeur aux États-Unis et au consul général à New York.

<sup>163</sup>This text was also communicated to the Ambassador in United States and to the Consul General in New York.

In agreeing to receive delegation from National Convention Canadian Government expressed view that full and careful exploration of all issues involved would be essential. At commencement of discussions, lengthy documents were exchanged outlining constitution and Government of Canada and Canadian federal system, and Newfoundland services which, in event of union, would appear to fall within federal sphere. During three-month discussions which followed major matters involved in union were examined in detail by several sub-committees, and large number of questions were put forward by Newfoundland delegation and answered by Canadian representatives.

Report indicates that if Newfoundland became Canadian province Canada would probably spend some twenty-five million dollars annually to extend existing federal services to Newfoundland. This amount would include over eight million dollars in family allowances and more than two million dollars in old age pensions. This amount does not include cost of servicing any part of Newfoundland debt, any costs in respect of Newfoundland railway or steamship services, any capital expenditures or any special subsidies. Federal revenues which would probably accrue as result of inclusion of Newfoundland might run to twenty million dollars annually at new tax rates and at present level of economic activity.

The Newfoundland net direct debt now stands at about sixty-nine million dollars. Operating deficit of Newfoundland railway and steamship services in 1945-46 was six hundred and ninety-eight thousand dollars. If Newfoundland railway and steamship services were integrated with Canada's substantial additional costs for rehabilitation would have to be undertaken in early years of union. Report does not indicate what special subsidies might be awarded to Newfoundland but points out that seven of nine existing provinces receive certain statutory subsidies in addition to those to which all are automatically entitled. It may be deduced from report that, without taking account of any special subsidies which Newfoundland might receive, or, on the other hand, of any expenditures in connection with the railway or the public debt, Newfoundland provincial budget would fall short of balancing by some four million nine hundred thousand dollars.

Report indicates that among federal services to which Newfoundland would be entitled would be those connected with development of Agriculture, Fisheries, Mines and Resources and Trade and Commerce. Canada would assume responsibility for aids to navigation, the postal service, services to Indians and Eskimos, and the public broadcasting service. Gander airport would likely become federal responsibility. Canada, in extending present defence policy to include Newfoundland would probably establish reserve army and navy units there. Unemployment Insurance, and a number of administrative services, such as customs collection and statistical services, would be extended to Newfoundland.

Customs duties would be lowered very considerably on the average and passenger and freight rates would likely be reduced. At same time personal income tax rates would be somewhat higher. Also certain Canadian products are subject to sales or excise taxes and rebates of such taxes on exports to Newfoundland would no longer be operative.

Apart from its own provincial government, Newfoundland as a province of Canada would be entitled to six members in Canadian Senate and seven in House



of Commons. (Newfoundland's population is about three hundred and twenty thousand.)

The report makes it clear that it was assumed by both Canadian and Newfoundland representatives in discussions that Labrador area awarded to Newfoundland in 1927 would remain part of Newfoundland if it became Canadian province.

National Convention of Newfoundland, to whom report has been presented, has already received report from delegation which visited London last May to inquire what fiscal and financial relationships might be expected between United Kingdom and Newfoundland under various possible forms of government. Three forms of government to which Convention has so far devoted most attention are the present Commission of Government, Responsible Government (which Newfoundland possessed prior to 1934), and Confederation with Canada. It is expected that Convention will in due course recommend to United Kingdom Government forms of government to be placed before Newfoundland people in national referendum.

429.

PCO-CRF

*Mémorandum du secrétaire adjoint du Cabinet au  
secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Secretary to the Cabinet to  
Secretary of State for External Affairs*

SECRET

Ottawa, October 10, 1947

NEWFOUNDLAND DOCUMENT; CLAUSE ON EDUCATION

While the clause on education in the draft terms already circulated<sup>164</sup> is understood to be satisfactory to the main members of the Newfoundland delegation, and was, in fact, suggested by Mr. Bradley himself, it had the difficulty that it did not indicate why a clause of this nature was inserted, leaving the impression that this was what the federal government wished.

<sup>164</sup>Ce projet de clause sur l'éducation correspondait presque entièrement à la version finale. Voir annexe à la pièce jointe, document 442. Dans un mémorandum sans date dans ses documents, Mackenzie King avait écrit:

Mr. St. Laurent intimated to the Newfoundland delegation that the section on Education was primarily a matter of concern to Newfoundland rather than Canada and that the clause on Education should be drafted by them. This draft is by Messrs Bradley and Smallwood in consultation with some and possibly all their colleagues. It is designed: (a) to protect existing denominational rights, and, (b) to permit of voluntary amalgamation of denominational schools which is a matter of concern to certain Protestant denominations.

<sup>164</sup>This draft clause on education was substantially the same as the final version. See sub-enclosure, Document 442. In an undated memorandum in his papers, Mackenzie King had written:

Accordingly, an alternative draft<sup>165</sup>, a copy of which I attach, has been prepared which might be a little better. In this alternative the first four lines and the last section (c) are new and designed to make it clear that the federal government will fall in with the suggestions of the provincial government. Mr. MacKay discussed this alternative with one or two members of the Newfoundland delegation (Smallwood and Higgins) on the train en route to Sydney<sup>166</sup> and they found it, in general, satisfactory.

#### FISHERIES

The general disposition of the officials at present is that in view of all the difficulties in dealing specifically with this subject no reference should be made to it in the formal document whatsoever. The matter would then be covered under Clause 24 on "Continuance of Existing Laws and Courts until Altered."

#### APPLICABILITY OF B.N.A. ACT

The Legal Division of External Affairs has suggested that the following clause might also be added on the grounds that it would be necessary in the legislation to bring about union:

"The Provisions of the British North America Acts 1867 to 1946 shall, except those parts thereof which do not apply to all of the Provinces, and except in so far as the same may be varied by these terms of union, apply to the Province of Newfoundland, in the same way and to the like extent as they apply to the several Provinces of Canada and as if the Province of Newfoundland has been one of the Provinces originally united by the said Act."

J. R. BALDWIN

<sup>165</sup>Les quatre premières lignes de cet autre projet qui n'est pas reproduit ici, étaient écrites de façon à indiquer clairement que la clause sur l'éducation avait été rédigée afin de satisfaire aux intentions de la population de la "province." La section (c) additionnelle indiquait en effet que la clause sur l'éducation pouvait être modifiée n'importe quand deux ans après l'union à la demande de l'Assemblée provinciale. Aucun de ces amendements ne fut retenu.

<sup>166</sup>R. A. MacKay se rendait alors à l'Université Dalhousie à Halifax.

<sup>165</sup>The first four lines of this alternative draft, which is not reproduced, were drafted in order to make clear that the clause on education had been framed to meet the wishes of "the people of the province." The additional section (c) provided, in effect, that the clause on education could be altered at any time within two years after union at the request of the provincial legislature. Neither of these proposed changes survived.

<sup>166</sup>R. A. MacKay was then on his way to Dalhousie University in Halifax.

430.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 462

St. John's, October 11, 1947

CONFIDENTIAL

Sir,

In confirmation of my telegram No. 167 of October 10th<sup>1</sup> I have the honour to inform you that the National Convention opened at 3:00 yesterday afternoon with Mr. F. Gordon Bradley in the Chair.

...

3. It had been agreed at the meeting of the Steering Committee held earlier in the day that the session would begin with the presentation of the Report of the Ottawa delegation. On motion of Mr. J. R. Smallwood, seconded by Mr. C. A. Crosbie (St. John's City West) the "Summary of Proceedings" was read by the Secretary of the Ottawa delegation and the report was tabled.

4. Major Peter J. Cashin (St. John's City West) moved that, at the next session, the Convention resolve itself into a Committee of the Whole to consider further the report of the Finance Committee. The object of this initiative was to prevent any further discussion of the Report of the Ottawa delegation until information becomes available as to the intentions of the Canadian Government on the question of possible terms of union. Apparently the "Responsible Government" group did not feel justified in proceeding with a proposal, earlier attributed to them, of pushing through a recommendation that only one question, namely, the restoration of Responsible Government, be placed upon the ballot paper in the forthcoming referendum and then declaring the Convention dissolved, its task completed. Undoubtedly, also, there was a feeling among the rank and file of the members that having been summoned to St. John's they were entitled to sit for a further period and draw their *per diem* remuneration rather than adjourn to await the reply of the Canadian Government.

5. A further move on the part of the "Responsible Government" group, which appears to be acting under somewhat divided counsels, was to attack the Chairman with a view to securing the appointment of someone more favourable to their cause. In accordance with this plan Mr. A. B. Butt (St. John's West) rose to give notice of a motion that tomorrow he would move that: "Whereas the attention of the Convention has been called to a report that the present Presiding Officer, both in his official capacity and . . ." Before he could proceed further the Chairman interrupted him by stating that he had something he wished to say to the Convention.

6. Mr. Bradley, who had obviously foreseen the possibility of such a manoeuvre, made a very effective speech, expressing in forceful but dignified language

his outraged feelings at the conduct of certain members of the Convention and stressed the devastating effect of their bitterly partisan attitude on public confidence in representative institutions in Newfoundland. His frank statement appeared to make a considerable impression on a large number of members and it is not improbable that, had he desired, he could have been re-elected. Instead, however, he disdained to seek any such result and declaring dramatically that "this Convention is now without a Chairman" he stepped down from the Speaker's chair and abruptly left the chamber.

7. The scene which followed, marked as it was by confusion, shouting and vituperation, all of which was broadcast, must have contributed greatly to bring the Convention into disrepute and to destroy public confidence in representative government in Newfoundland. Indeed, the Honourable Mr. Job, the Reverend Lester Burry and several other members left the chamber in disgust without awaiting the official termination of the proceedings. Amid much commotion Mr. Butt moved that the Commission of Government be requested to select a new Chairman with the utmost despatch and the Secretary, Mr. Gordon Warren, who took upon himself temporarily the functions of Chairman, declared the session adjourned until the call of the Chair.

8. Mr. Bradley is calling at Government House this morning to place his resignation in the hands of the Governor. Next week the Commission of Government will meet to select a successor.

I have etc.

J. S. MACDONALD

431.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 463

St. John's, October 13, 1947

CONFIDENTIAL

Sir,

In confirmation of my telegram No. 168 of October 12th,<sup>†</sup> I have the honour to report that the Commission of Government, acting with unusual despatch, met late on Saturday and appointed Mr. John B. McEvoy, K.C., LL.B., Chairman of the National Convention in succession to Mr. Gordon Bradley. The appointment will take effect as from today.

2. Mr. McEvoy is a graduate of Dalhousie Law School and is regarded as well disposed toward Confederation.

3. The direction and expedition of the work of the Convention lies to a considerable extent within the control of the Chairman and it is to be expected that Mr. McEvoy, who is a good deal less conciliatory in temperament than either of his

predecessors, will insist on closer attention to the rules of debate and decorum in public discussion.

4. I enclose copies of Mr. Bradley's letter of resignation<sup>†</sup> and the reply on behalf of the Commission of Government.<sup>†</sup>

I have etc.

J. S. MACDONALD

432.

243s

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 469

St. John's, October 15, 1947

SECRET

Sir,

Yesterday I had tea with the Governor alone in his study. [ . . . ]

...

3. The Governor has not in any way changed his general view that, ultimately, Confederation with Canada would be in the best interests of Newfoundland, Canada and the Commonwealth generally. He feels, however, that the Commission of Government has the confidence of the great majority of the people of Newfoundland and that if Confederation is not an issue "retention of Commission for a period of five years" will achieve a commanding majority in the referendum over "restoration of responsible government" and that, unless exceptionally favourable terms were offered, [it] would receive a majority over Confederation also. He was, of course, speaking most informally and without any knowledge of specific terms that might be offered. Undoubtedly, also, he was assuming that retention of the Commission of Government would go on the referendum with the guarantee of the United Kingdom that it would be responsible, as hitherto, for the financial stability of Newfoundland if the people of Newfoundland vote to retain the Commission of Government for a further period.

...

I have etc.

J. S. MACDONALD

*Mémorandum de la deuxième direction politique**Memorandum by Second Political Division*

MINUTE ON LETTER DATED OCTOBER 16TH, 1947, FROM MR. G. L. MAGANN, CANADIAN EMBASSY, WASHINGTON, TO MR. D. M. JOHNSTON, DEPARTMENT OF EXTERNAL AFFAIRS, AND ON ITEMS 18 AND 19 FROM METROPOLITAN MORNING PRESS SCAN DATED OCTOBER 20TH AND ITEM 5 OF METROPOLITAN MORNING PRESS SCAN DATED OCTOBER 22ND — BOTH FROM MR. T. F. NEWTON, CANADIAN EMBASSY, WASHINGTON, TO MR. E. G. SMITH, DEPARTMENT OF EXTERNAL AFFAIRS

1. The Chicago *Tribune* is continuing its campaign in favour of Newfoundland joining the United States. On October 11th it published an editorial, "The Way to Statehood." It makes three main points: (1) 80% of Newfoundlanders are in favour of becoming part of the American union; (2) their desires so far have been frustrated by their own politicians, by members of the "confederation with Canada" clique, as well as by the State Department, which considers Newfoundland a British Empire problem; (3) as a condition to applying for statehood Newfoundlanders must first achieve "independence."

2. The *Tribune* takes credit for having already influenced Newfoundland opinion and says that the Responsible Government League is urging a return to self-government as a preliminary to establishing sovereign relations with the U.S.

3. On October 13th an article by Eugene Griffin datelined St. John's, appeared in the *Tribune*. It interpreted Mr. McEvoy's succeeding Mr. Bradley as Chairman as a move by the "British Commonwealth Office" to install a Chairman who would take care that Newfoundland should not leave the Empire. A further article on October 19th implies that Mr. Bradley's resignation was forced by those wanting union with the U.S.

4. On October 19th the Chicago *Tribune* published an editorial which points [out] that, should Newfoundland wish to become a state of the American union, Americans would have good reason to favour the proposal, in order that they might retain possession of their strategic bases on the Island.

5. On October 22nd the New York *Daily News* and the Washington *Times Herald* carried a column by John O'Donnell which attacked U.S. policy with respect to Newfoundland. The column stated that the U.S. needs Greenland and Newfoundland "to defend itself from an air bomb attack as vitally as a man needs his right fist in a slugging match." It said that, according to what it calls "the restrained, formal observations of Canada's Defence Minister Brooke Claxton," the situation, so far as United States bases are concerned, "would have to be looked at." It interprets this statement as meaning that, if Newfoundland becomes part of Canada, United States bases will come under Canadian military control — the United States being allowed to staff them if they want to but taking "top orders" from Ottawa. The column claims that President Truman secretly approves this idea and says that Canadians believe that he has entered into "a secret agreement" with Prime Minister Mackenzie King to the effect that

Canada has complete right to keep any foreign military establishment off its soil. The column asserts that "Newfoundlanders" have been told that President Truman would allow Canada to take over U.S. bases in Newfoundland in the event of Confederation.

NOTE: The following is an excerpt from the answer given to the Newfoundland delegation in reply to a question on the subject of Canadian defence policy in Newfoundland in the event of confederation:

"Should Newfoundland enter confederation, Newfoundland as part of Canada would come under the understanding respecting defence expressed in the declarations by the President of the United States of America and the Prime Minister of Canada in statements issued on February 12th, 1947. A copy of the statement of the Prime Minister is attached. . . .<sup>167</sup>

With regard to purely Canadian activities . . . in Newfoundland, as in other parts of Canada, there would be officers and personnel of the Navy, Army and Air Force, but it is not anticipated that there would be at present any large "bases" in active operation by Canada alone in addition to those now operated by the United States."

P. A. B[RIDLE]

434.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 473

St. John's, October 17, 1947

SECRET

Sir,

In previous despatches I have outlined the leading developments in the National Convention since its reassembly on October 10th and the views of the Governor on the present situation. Concurrently, there have been two or three developments behind the scenes which I think may be of some interest.

2. Mr. Smallwood tells me that he discussed the draft clauses on education and divorce<sup>168</sup> with the Lord Bishop of Newfoundland (Bishop Abraham), Anglican; the President (Dr. Burns) of the United Church Conference; and with the

<sup>167</sup>Voir Canada, Chambre des Communes, *Débats*, 1947, volume 1, pp. 350-3.

<sup>168</sup>Aucune trace d'un projet de clause sur le divorce n'a été trouvée. L'Acte de l'Amérique du Nord britannique de 1867 indique que le Parlement fédéral a juridiction exclusive en ce qui concerne le mariage et le divorce. Dans un mé-

<sup>167</sup>See Canada, House of Commons, *Debates*, 1947, Volume 1, pp. 345-8.

<sup>168</sup>No record of a draft clause on divorce has been found. The British North America Act of 1867 indicates that marriage and divorce are within the exclusive jurisdiction of the Federal Parliament. In a memorandum to J. R. Baldwin

head of the Salvation Army in Newfoundland (Brigadier Wiseman). None of them saw any objection to the wording. Mr. Higgins undertook to bring these draft clauses to the attention of the Roman Catholic Hierarchy. He called at the Palace and in the absence of the Archbishop, left copies of the two texts with Father O'Mara, the Archbishop's private secretary and Administrator of the Archdiocese. Archbishop Roche has since returned to the city but Mr. Higgins has not yet had any further contact with him.

3. I learn from an unimpeachable source that, while he has taken no public stand, the Archbishop in private holds rather strong views on the political situation. A few days ago, discussing the matter with a friend of long standing, he regretted the reluctance of the right type of citizen to offer himself for public service but nevertheless expressed himself in favour of a return to Responsible Government.

4. With respect to the Convention I have learned that the new Chairman, Mr. John B. McEvoy, has stronger Confederate leanings than he is generally credited with and that, in due course, if reasonably favourable terms are offered, he will take a public stand on the question. In the meantime he has intimated that he will rule out of order any motion that might be made to the effect that Confederation is not a form of Government and, therefore, should not be considered by the Convention or any similar manoeuvre that may be attempted to side-track consideration of the question.

5. I am reliably informed that, coincident with the appointment of the new Chairman of the Convention, an effort was made by a section of the Responsible Government group to have the broadcasting microphones removed from the Chamber. The reason advanced was that such action would tend to make the discussion more objective. Undoubtedly the real reason, however, was to prevent the Confederation group from getting information respecting the discussions in Ottawa and terms of union, if they should be offered, placed before the people of Newfoundland. The proposal to recommend the removal of the microphones was carried in the Steering Committee by four to three and in a private meeting of the Convention Mr. Gordon Higgins formally moved that the microphones be removed. Mr. Bradley led a strong attack against any such action and to his surprise received support from members from all parts of the Convention. Mr. Higgins' motion was eventually overwhelmingly defeated and the proceedings of the Convention will continue to be broadcast.

I have etc.

J. S. MACDONALD

morandum à J. R. Baldwin le 30 septembre, R. A. MacKay stated:  
A. MacKay avait déclaré:

Mr. Higgins was quite emphatic that something would have to be said about divorce. He apparently wants an undertaking from the federal government not to authorize a court in Newfoundland to grant divorce except as [*sic*] a request from the Newfoundland Legislature. He might, however, settle for an undertaking not to grant divorce except with the consent of the elected representatives of the people of Newfoundland — presumably representatives in the House of Commons. Mr. Higgins will probably write to Mr. St. Laurent on this point.



435.

2828-40

*Mémorandum de la deuxième direction politique**Memorandum by Second Political Division*

MINUTE ON DESPATCH NO. 475 OF OCTOBER 17TH FROM ST. JOHN'S  
AND ON ARTICLES APPEARING IN THE HALIFAX HERALD,  
OCTOBER 16TH, 1947, AND TORONTO GLOBE AND MAIL,  
OCTOBER 17TH, 1947, REPORTING FURTHER  
SESSIONS OF THE NATIONAL CONVENTION  
OF NEWFOUNDLAND

1. On October 15th, Mr. J. B. McEvoy was seated as Chairman of the National Convention on a motion by Mr. F. G. Bradley, seconded by the Honourable R. B. Job. All three men made short addresses in which they urged the members of the Convention to devote themselves without partisanship to the completion of their task.
2. Mr. Bradley is quoted by the press as saying, "Speaking for myself alone — as I see the position to-day — I shall have to recommend to His Majesty's Government one form of government which I cannot altogether like and another against which I shall be compelled to vote at the referendum but I must recommend them because they are forms of government which might be suitable."
3. After the brief public session at which Mr. McEvoy was installed the members decided in a private meeting to continue public broadcasting of the Convention's sessions. It is suggested by the press that this will prove of assistance to those favouring confederation because it is only through the radio that a great many Newfoundland people can at present be informed regarding developments of importance to their political future.
4. On October 16th the Convention turned to consideration of the report of the finance committee which was presented last April. The report describes the Island's present financial position as the strongest in its history.
5. The Responsible Government group in the Convention intend to discuss the finance committee's report in some detail and members favourable to confederation are cooperating in this program in order to keep the discussion alive and the Convention open.
6. On October 16th the new Chairman, pointing out that the chief responsibilities of the Convention were to inquire into the financial and economic conditions of Newfoundland and to submit a report to the appropriate authorities, stated that before the current debate ends the Convention should thoroughly explore two matters: (1) Newfoundland's need to export in order to survive; (2) Economic conditions as reflected by incidents of recent weeks.
7. A special meeting of the finance committee was called for October 18th to consider the possibility of an economic section being added to its report on finance.

P. A. B[RIDDLE]

436.

2828-40

*Extrait d'un mémorandum de la deuxième direction politique*<sup>169</sup>*Extract from Memorandum by Second Political Division*<sup>169</sup>

MINUTE ON DESPATCH NO. 480 OF OCTOBER 21ST, 1947,  
FROM THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S,  
AND ON AN ARTICLE ENTITLED "FUTURE OF NEWFOUNDLAND"  
AND AN EDITORIAL ENTITLED "NEWFOUNDLAND'S FUTURE"  
WHICH APPEARED IN THE LONDON TIMES ON OCTOBER 16TH

1. The Summary of Proceedings of the Ottawa meetings was well received in the Newfoundland press, emphasis being made on the extensive range of the discussions and the considerable work involved in obtaining so much detailed and statistical information. This reaction is also general among the public.

2. To date only the St. John's newspapers, the *Daily News* and the *Evening Telegram* have taken editorial notice of the report. The *Telegram* gave prominence to the Prime Minister's statement that the political future of Newfoundland is a matter for the people of Newfoundland to decide and to Mr. Bradley's statement that the delegation was purely a fact-finding body. The newspaper is of the opinion that, due to the definite interest in federal union with Canada found in a section of the population, any attempt to shelve the report without full discussion could only be regarded as contrary to the purpose for which the National Convention was created.

3. The *News* takes the stand that the Summary of Proceedings is nothing more than a preliminary exploration of the basis for union and that the actual terms would have necessarily to be the subject of lengthy negotiations between Governments.

4. The London *Times* Newfoundland correspondent, in the article entitled "Future of Newfoundland," emphasizes that during the recent discussions in Ottawa, no attempt had been made to negotiate terms of union. He states, however, that it has been intimated by the Chairman of the delegation that "early in November, the Canadian Government might submit terms under which it would accept Newfoundland as a province, thus opening the way to negotiations."

5. The correspondent adds that Canada went to great trouble to supply the information sought by the delegation and to discuss what union with the Dominion would involve. The Canadian Government, he says, while refraining from indicating that confederation would be unwelcome, has studiously avoided making any statements that might suggest that it desired to include Newfoundland as a tenth province.

...

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<sup>169</sup>P. A. Bridle.

437.

243s

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 175

St. John's, October 24, 1947

My despatch No. 481, October 21st.<sup>†</sup> Since this was sent no developments here.

With reference to concluding paragraph, National Convention has adjourned, while Finance Committee prepares an economic appendix to finance report. It is expected this will be brought down by Tuesday of next week and that it will provide material for discussion for remainder of the week, that is until November 1st. If at all practical, it would be highly desirable to have Canadian reply reach Convention early in the week of November 3rd.

438.

R.A.M./Vol. 3

*Procès-verbal d'une réunion du Comité du Cabinet sur Terre-Neuve*  
*Minutes of a Meeting of Cabinet Committee on Newfoundland*

SECRET

A meeting of the Cabinet Committee on Newfoundland was held in the Privy Council Chamber on Tuesday, October 28, 1947, at 10:00 a.m.

Present:

The Secretary of State for External Affairs (Mr. St. Laurent), Chairman,  
The Minister of National Defence (Mr. Claxton), Deputy Chairman,  
The Minister of Justice (Mr. Ilsley),  
The Minister of Reconstruction and Supply (Mr. Howe),  
The Minister of Finance (Mr. Abbott),  
The Minister of National Revenue (Dr. McCann),  
The Minister of Fisheries (Mr. Gregg).

Mr. J. R. Baldwin, Secretary,

Mr. R. A. MacKay, Department of External Affairs,

Mr. C. Stein, Department of Justice.

1. THE CHAIRMAN, referring to decision at the meeting of October 23rd, submitted a further revised draft of proposed arrangements for admission of Newfoundland, including a draft of a letter from the Prime Minister to the Governor of Newfoundland conveying the Canadian proposals to the National Convention of Newfoundland.

(Proposed Arrangements for Admission of Newfoundland (Third Draft, October 27, 1947).)<sup>170</sup>

2. THE COMMITTEE, after discussion, agreed to recommend that, subject to minor revisions in the light of the discussion, the draft communication to the Governor of Newfoundland and the proposed arrangements for admission of Newfoundland into Canada be approved by Cabinet for transmission to the National Convention in Newfoundland.

439.

243s

*Mémorandum du ministère des Affaires extérieures*

*Memorandum by Department of External Affairs*

SECRET

Ottawa, October 28, 1947

NEWFOUNDLAND; REPORT OF CABINET COMMITTEE

At the meeting of the Cabinet on October 28th, it was agreed that, subject to minor amendments, the proposed letter to the Governor of Newfoundland and the "Proposed Arrangements" for admission of Newfoundland to Canada be approved for despatch to Newfoundland.

It was also agreed that a public statement be prepared for release to the press in Ottawa at the time that the arrangements were communicated to the Newfoundland National Convention, dealing in particular with the financial provisions.

440.

*Extrait de The Mackenzie King Record*<sup>171</sup>

*Extract from The Mackenzie King Record*<sup>171</sup>

...  
 Gregg's victory in York-Sunbury on October 20 with a majority of over 3,000 votes, "a source of great relief and joy" to Mackenzie King, removed one major obstacle to the negotiations and, at the Cabinet meeting on October 28, the "discussion on Newfoundland passed off very pleasantly and with complete unanimity. Understanding being the people of Newfoundland would have to approve terms of basis of settlement before resolution respecting same would be introduced in our House. Gregg reported that Premier McNair was agreeable to what was being proposed. Ilsley was present at the meeting."  
 ...

<sup>170</sup>Pour la version finale, voir l'annexe à la pièce jointe, document 442.

<sup>171</sup>Volume 4, p. 81.

<sup>170</sup>For the final version, see sub-enclosure, Document 442.

441.

R.A.M./Vol. 2

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 177

St. John's, October 28, 1947

My telegram No. 175 of October 24th.

Members of Finance Committee preparing economic report have disagreed.

2. Of them, Job and Keough have resigned. Committee has found it impossible to complete report for today as originally expected and meeting of Convention has been further adjourned to Monday next, November 3rd, when it is expected Economic Report will be ready for presentation.

3. This development will give some further time for consideration of basis of union, if it is desired, since Economic Report will almost certainly give rise to several days' discussion.

442.

243s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*  
*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

DESPATCH 284

Ottawa, November 3, 1947

TOP SECRET

Sir,

I have the honour to enclose a letter to His Excellency, the Governor, from the Prime Minister of Canada, dated October 30th, 1947, with enclosure of the "Proposed Arrangements for the Entry of Newfoundland into Confederation." Would you kindly transmit this letter to His Excellency, the Governor.

2. Mr. Bridle of the Department, who will deliver this letter to you, is taking with him about one hundred and fifty copies of the document for the National Convention. It is proposed to print the document as quickly as possible so that additional copies will be available as required. You may keep from this present lot the number which you consider will be immediately required for the use of your office. Will you arrange for the delivery of the remainder to the appropriate officials of the National Convention or to the Governor, as you see fit.

I have etc.

ESCOTT REID  
for the Secretary of State  
for External Affairs

[ENCLOSURE]

2828-A-40

*Prime Minister to Governor of Newfoundland*<sup>172</sup>

Ottawa, October 29, 1947

My dear Governor,

On March 20, 1947, at the request of the National Convention of Newfoundland, you enquired whether the Government would receive a delegation which had been appointed by the Convention to come to Ottawa to ascertain what fair and equitable basis for union with Canada might exist.<sup>173</sup> The Government of Canada replied that it would be happy to receive this delegation, and that it was "of the opinion that the questions to be discussed with the delegation are of such complexity and of such significance for both countries that it is essential to have a complete and comprehensive exchange of information and a full and careful exploration by both parties of all the issues involved so that an accurate appreciation of the position may be gained on each side."

As you know, a delegation from the National Convention came to Ottawa late in June returning to Newfoundland early in October. During their visit to Ottawa they met from time to time with a committee of the Canadian Cabinet to exchange information and explore the many questions that would be involved in union. On their return to Newfoundland, the delegation of the Convention took with them a report of these discussions which it is hoped will be of use to the National Convention.

Following the discussions the committee of the Cabinet which met with the delegation advised their colleagues that in their opinion a basis for union exists that would be fair and equitable to both countries. The Government having considered and approved the recommendations of the committee of the Cabinet, I am now in a position to advise you regarding the arrangements which the Government would be prepared to recommend to Parliament as a basis for union. These proposed arrangements are set forth in the document annexed to this letter.

I feel I must emphasize that as far as the financial aspects of the proposed arrangements for union are concerned, the Government of Canada believes that the arrangements go as far as the Government can go under the circumstances. The Government could not readily contemplate any change in these arrangements which would impose larger financial burdens on Canada. On the other hand, with respect to those matters which are primarily of provincial concern, such as education, the Government of Canada would not wish to set down any

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<sup>172</sup>La traduction française de la lettre du Premier ministre et des arrangements proposés se trouve à la page 697. Cette traduction provient de Canada, *Rapport et documents relatifs aux négociations en vue de l'union de Terre-Neuve et du Canada*. Ottawa: Imprimeur du Roi, 1949.

<sup>173</sup>See enclosure, Document 279.

rigid conditions, and it would be prepared to give reasonable consideration to suggestions for modification or addition.

It is our understanding that the National Convention is entrusted with the responsibility of making recommendations to the United Kingdom Government regarding future forms of government to be submitted to the people of Newfoundland in a national referendum. The Government of Canada would not wish in any way to influence the National Convention nor the decision of the people, should they be requested to decide the issue of confederation. Should the people of Newfoundland indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a province of Canada on the basis of the proposed arrangements, the Canadian Government, subject to the approval of Parliament, would for its part be prepared to take the necessary constitutional steps to make the union effective at the earliest practicable date.

I should be grateful if you would bring this letter, together with its enclosure, to the attention of the National Convention.

Yours sincerely,

W. L. MACKENZIE KING

[SUB-ENCLOSURE]

*Proposed Arrangements for the Entry  
of Newfoundland into Confederation*<sup>174</sup>

1. Newfoundland will have, as from the date of union, the status of a province of Canada with all the rights, powers, privileges and responsibilities of a province.
2. The Province of Newfoundland will include the territory of Labrador defined by the award of the Judicial Committee of the Privy Council in 1927 as Newfoundland territory.

**PUBLIC SERVICES PROVIDED BY CANADA**

3. The public services provided from time to time by Canada for the people of Canada generally will be extended to the people of Newfoundland.
4. Welfare services presently provided by Canada, and therefore applicable to Newfoundland after union pursuant to clause 3, include the following:
  - (1) Family allowances, as provided by the Family Allowances Act, 1944 and amendments;
  - (2) Old age pensions and pensions for the blind, as provided by the Old Age Pension Act, 1927 and amendments, subject to agreement with the Government of the Province;
  - (3) Unemployment insurance, as provided by the Unemployment Insurance Act, 1940 and amendments;
  - (4) Sick mariners' benefits for merchant seamen and fishermen, as provided under the Canada Shipping Act, 1934 and amendments;
  - (5) Assistance for housing, as provided under the National Housing Act, 1944 and amendments.

<sup>174</sup>The following ten notes were in the original.

5. At the union, or as soon as practicable thereafter, the following services will be taken over by Canada and become subject to the jurisdiction of Parliament, Newfoundland to be relieved of the public costs incurred in respect of each service after it is taken over:

- (1) The Newfoundland Railway, including steamship and other marine services;
- (2) The Newfoundland Hotel, if requested by the Government of the Province of Newfoundland;
- (3) Postal and publicly-owned telegraphic services;
- (4) Civil aviation, including Gander Airport;
- (5) Customs and Excise;
- (6) Defence;
- (7) Pensions and rehabilitation of war veterans and merchant seamen on the basis set forth in Annex I hereto;
- (8) Protection and encouragement of fisheries;
- (9) Geological, topographical, geodetic and hydrographic surveys;
- (10) Lighthouses, fog alarms, buoys, beacons and other public works and services in aid of navigation and shipping;
- (11) Marine hospitals, quarantine and the care of shipwrecked crews;
- (12) The public radio broadcasting system; and
- (13) Other public services similar in kind to those provided at the union for the people of Canada generally.

6. Canada will pay the salary of the Lieutenant-Governor and the salaries, allowances and pensions of superior court judges and of judges of district and county courts, if and when established.

#### FINANCIAL ARRANGEMENTS

##### 7. DEBT

Canada will assume and provide for the servicing and retirement of the 3 per cent Stock Issue maturing 1943-63 guaranteed by the United Kingdom. (This, in the opinion of the Canadian Government, represents a fair estimate of the amount of debt incurred for purposes which would presumably have been the responsibility of the Government of Canada had Newfoundland been a province of Canada when the debt was incurred.) All sinking funds against this portion of the debt will be taken over by Canada.

The Province of Newfoundland will continue to be liable for the remaining portion of the Newfoundland debt and retain all sinking funds against that portion.

The apportionment of the debt and sinking funds is set forth in Annex II hereto.

##### 8. PUBLIC WORKS

The following Newfoundland public works and property will become the property of Canada when the service concerned is taken over (as provided for in clause 5 above), without prejudice to the rights of third parties in respect of any leasehold or other property interest therein;



(1) The Newfoundland Railway, including rights of way, wharves, drydocks and other real property, rolling stock, equipment, ships and other personal property, Canada to assume the cost of the two steamships contracted for on behalf of the Railway and presently under construction in the United Kingdom;

(2) The Newfoundland Airport at Gander, including buildings and equipment together with any other property used for the operation of the Airport, Canada to reimburse Newfoundland for payments made, and to forego payments to be made, under article 2 of the Agreement effective March 31st, 1946, between the United Kingdom, Canadian and Newfoundland Governments, providing for the purchase by Newfoundland of buildings and Royal Canadian Air Force equipment at Gander;

(3) The Newfoundland Hotel and equipment, if taken over by Canada (see clause 5, (2) above);

(4) Public harbours, wharves, breakwaters and aids to navigation;

(5) Military and naval property, stores and equipment;

(6) Public dredges and vessels except those used for services which remain the responsibility of Newfoundland;

(7) The public telegraph system, including rights of way, land lines, cables and other real and personal property;

(8) Real and personal property of the Broadcasting Corporation of Newfoundland;

(9) Customs houses and post offices; and

(10) Generally all public works and property, real and personal, used primarily for services taken over by Canada.

Newfoundland public works and property not hereby transferred to Canada will remain the property of the province of Newfoundland.

## 9. ACCUMULATED FINANCIAL SURPLUS

Newfoundland will retain its financial surplus accumulated to the time of union, subject to the following conditions:

(1) One-third of the surplus at the time of union shall be set aside during the first eight years of union, either in trust or on deposit with the Government of Canada at Newfoundland's option, withdrawable by the Newfoundland Government as required only for expenditures on current account in order to facilitate the maintenance and improvement of Newfoundland public services, any unspent portion thereof at the end of the eight-year period to become available for the unrestricted use of Newfoundland;

(2) The remainder of the surplus shall be available to the Newfoundland Government for developmental purposes within Newfoundland;

(3) No part of the surplus shall be used to subsidize production or sale of Newfoundland products in unfair competition with similar products of other provinces, it being understood that this proviso does not preclude assistance to industry by such means as developmental loans on reasonable conditions or by ordinary provincial administrative services.

Newfoundland will have the right within one year of union to deposit with the Government of Canada all or any part of the surplus held in dollars and to receive with respect thereto interest at the rate of two and five-eighths per cent annually during a maximum period of ten years after union on the minimum balance outstanding at any time in the year preceding payment of interest.

#### 10. CONTRACT RIGHTS ARISING FROM ADVANCES OF PUBLIC FUNDS

Newfoundland will retain its interest in, and any securities arising from or attaching to, any loans or advances of public funds made by the Government of Newfoundland before the union to municipalities, corporations or individuals.

#### 11. SUBSIDIES TO PROVINCIAL GOVERNMENT

Canada will pay to the province of Newfoundland the following statutory subsidies:

(1) \$180,000 and 80¢ per head of the population annually, subject to be increased to conform to the scale of grants authorized by the British North America Act, 1907, for the local purposes of the Province and the support of its government and legislature, provided that in no year shall the sums payable under this provision be less than those payable in the year of union;

(2) \$1,100,000 annually, in lieu of the various fixed annual awards, allowances and subsidies provided by statute from time to time for the Maritime Provinces or any of them, and in recognition of the special problems created for the island province of Newfoundland by geography and a sparse and scattered population.

#### 12. TAX AGREEMENT

Newfoundland will be entitled to enter a tax agreement for rental to Canada of the income tax, corporation tax and succession duty (inheritance tax) fields on either of the following bases, the option to be exercised within six months after union:

(1) On the same basis as the existing agreements with other provinces which apply to fiscal years up to and including 1952;

or, if Newfoundland prefers stability of revenue for a longer period,

(2) An agreement providing for the same annual basis of payment by Canada as in existing agreements with other provinces (i.e. existing at the date of the exercise of the option), applying to fiscal years up to and including 1957, regardless of the terms which may be negotiated (after the date of the exercise of the option by Newfoundland) by other provinces in any renewals of the existing agreements.

If Newfoundland enters into a tax agreement, the subsidies under clause 11 above (\$180,000 and 80 cents per head of population and the fixed annual subsidy of \$1,100,000) will, as in the case of similar subsidies to other provinces, be included in the computation of tax agreement payments. (The methods of computing the payments to Newfoundland under such tax agreement are set forth in Annex III.)

### 13. TRANSITIONAL GRANTS

In order to facilitate the adjustment of Newfoundland to the status of a province and the development by Newfoundland of revenue-producing services, Canada will pay to Newfoundland each year during the first twelve years of union a diminishing Transitional Grant payable as follows:

The sum of \$3,500,000 annually during each of the first three years after union; in the

|                    |              |
|--------------------|--------------|
| fourth year.....   | \$3,150,000; |
| fifth year.....    | 2,800,000;   |
| sixth year.....    | 2,450,000;   |
| seventh year.....  | 2,100,000;   |
| eighth year.....   | 1,750,000;   |
| ninth year.....    | 1,400,000;   |
| tenth year.....    | 1,050,000;   |
| eleventh year..... | 700,000;     |
| twelfth year.....  | 350,000.     |

### 14. REASSESSMENT OF NEWFOUNDLAND'S FINANCIAL POSITION

In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of adjustment to provincial status the Government of Canada will appoint a Royal Commission within eight years of union to review the financial position of Newfoundland and to recommend the form and scale of additional financial assistance, if any, which may be required by the Government of Newfoundland to enable it to continue public services at then prevailing levels without resorting to taxation more burdensome, having regard to capacity to pay, than that of the Maritime Provinces.

#### REPRESENTATION

15. Representation of the Province of Newfoundland in the Senate and House of Commons of Canada will be in accordance with the British North America Acts, 1867 to 1946, as amended from time to time. Under the existing provisions, while the number of senators to which each province is entitled is fixed, the number of members of the House of Commons is determined from time to time on the basis of population, but in any case is not to be less than the number of senators to which the province is entitled. Under these provisions, the Province of Newfoundland will be represented by six members in the Senate and, on the basis of its present population, by seven members in the House of Commons.

#### MISCELLANEOUS PROVISIONS

### 16. TRANSPORTATION

(1) Canada will maintain in accordance with the traffic offering a steamship service between North Sydney and Port aux Basques, which, on completion of a motor highway between Corner Brook and Port aux Basques, will include suitable provision for the carriage of motor vehicles.

(2) Railway services and railway rates over the Newfoundland Railway will be subject to regulation by the Board of Transport Commissioners of Canada as are railway services and rates elsewhere in Canada.

(3) For the purpose of rate regulation

(a) Through traffic moving between North Sydney and Port aux Basques will be treated as all-rail traffic.

(b) The Island of Newfoundland will be deemed to be within the Maritime region of Canada and any legislation of the Parliament of Canada (such as the Maritime Freight Rates Act, 1927, and amendments) providing for special rates on freight traffic moving within, into or out of, the Maritime region will, so far as appropriate, be made applicable to Newfoundland.

#### 17. GOVERNMENT EMPLOYEES

(1) Employees of the Government of Newfoundland in services taken over by Canada as provided for in clause 5 above will be offered employment in the corresponding Canadian service under the terms and conditions governing employment in that service, but without reduction in salary or loss of pension (superannuation) rights acquired under Newfoundland law.

(2) Canada will make all necessary payments in respect of such pension rights and may deduct from any subsidies payable to the Province of Newfoundland any payments made in respect of pensionable service of such employees with the Government of Newfoundland.

(3) Pensions of employees of the Government of Newfoundland superannuated or retired on pension before the service concerned is taken over by Canada will remain the responsibility of the Province of Newfoundland.

#### 18. UNEMPLOYMENT BENEFITS

Since, under the Unemployment Insurance Act, 1940 and amendments, unemployment benefits are ordinarily available only to workers who have built up reserves by a period of continuous employment in insurable employment, Canada will provide for transitional unemployment benefits as follows:

Residents of Newfoundland in insurable employment who lose their employment within six months prior to the date of union and are still unemployed at that date, or who lose their employment within a six months' period after that date, will be entitled for a period of six months from the date of union or six months from date of unemployment, whichever is the later, to assistance on the same scale and under the same conditions as unemployment insurance benefits. The rates of payment will be based on the individual's wage record for the three months preceding his loss of employment. The cost of this assistance will be borne directly out of moneys appropriated by Parliament for the purpose and not out of the Unemployment Insurance Fund.

#### 19. EDUCATION<sup>175</sup>

The Legislature of the Province of Newfoundland will have exclusive authority to make laws in relation to education within the Province, provided that:

The Legislature will not have authority to make laws prejudicially affecting any right or privilege with respect to denominational or separate schools which any class of persons has by law in Newfoundland at the date of union, but the legislature may authorize any two or more such classes of persons to amalgamate

<sup>175</sup>Note, see reference to education in the fourth paragraph of the covering letter from the Prime Minister of Canada.

or unite their schools and to receive, notwithstanding such amalgamation or union, their proportionate share of the public funds of Newfoundland devoted to education.

## 20. DEFENCE ESTABLISHMENTS

Canada will provide for the maintenance in Newfoundland of appropriate reserve units of the Canadian defence forces which will include the Newfoundland Regiment.

## 21. OLEOMARGARINE

Notwithstanding anything contained in the Dairy Industry Act or any other Act of the Parliament of Canada, oleomargarine and other substitutes for butter may continue to be manufactured and sold in Newfoundland after union unless prohibited or restricted by the Parliament of Canada at the request of the Legislature of Newfoundland, provided that notwithstanding anything contained in Section 121 of the British North America Act, 1867, no such oleomargarine or other substitute for butter may be exported from the Province of Newfoundland to any other part of Canada except by authority of the Parliament of Canada.

## 22. ECONOMIC SURVEY

Should the Government of the Province institute an economic survey of Newfoundland with a view to determining what resources may profitably be developed and what new industries may be established or existing industries expanded, the Government of Canada will make available the services of technical personnel and agencies to assist in the work.

As soon as may be practicable after union the Government of Canada will make a special effort to collect and make available statistical and scientific data about the natural resources and economy of Newfoundland, in order to bring such information up to the standard attained for existing provinces.

## 23. GENERAL

Suitable provision will be made in the formal instrument of union or in other appropriate legislation for the following:

- (1) The extension of Canadian citizenship to the people of Newfoundland;
- (2) The continuation of Newfoundland laws, courts, commissions, authorities, etc., until altered by the appropriate authority;
- (3) The first constitution of the Province of Newfoundland, in accordance with the wishes of the appropriate Newfoundland authorities and subject to the provisions of the British North America Acts, 1867 to 1946, which are applicable to provincial constitutions generally;
- (4) The retention by Newfoundland of its natural resources on the same basis as other provinces;
- (5) The application to the Province of Newfoundland of the British North America Acts, 1867 to 1946 (except as otherwise provided in the terms of union), and of the federal laws of Canada.

## ANNEX I WAR SERVICE BENEFITS

### A. WAR VETERANS

Canada will extend to Newfoundland veterans who served with any of His Majesty's forces the following benefits on the same basis as if these Newfoundland veterans had served in His Majesty's Canadian forces.

1. *Newfoundland veterans who served in World War I and/or World War II will be eligible for:*

(a) Disability and Dependents' Pensions as follows:

Canada will assume the Newfoundland pension liability arising from World War I, and for World War II will assume the cost of supplementing disability and dependents' pensions paid by the United Kingdom or Allied Governments to Newfoundland veterans up to the level of the Canadian rates of pensions, and, in addition, will pay pensions arising from disabilities which are pensionable under Canadian law, but which are not pensionable under United Kingdom law. Free legal assistance is provided in the preparation and presentation of pension claims.

(b) War Veterans' Allowance;

(c) Free Hospitalization and Treatment;

2. *Newfoundland veterans who served in World War II will be eligible for:*

(a) Benefits under Veterans' Land Act;

(b) Contributions to National Unemployment Insurance Fund;

(c) Veterans' Business and Professional Loans;

(d) Veterans' Insurance;

(e) Vocational and Educational Training as follows

Canada will assume, from the date of union, the cost of vocational and educational training of Newfoundland veterans on the same basis as if these Newfoundland veterans had served in His Majesty's Canadian forces.<sup>176</sup>

### B. MERCHANT SEAMEN

#### 1. *War Benefits*

(a) Canada will extend to Newfoundland merchant seamen who served during World War II on Canadian or British ships or on ships of Allied Nations employed in service essential to the prosecution of the war the following benefits on the same basis as if these Newfoundland merchant seamen had served on Canadian ships:

(i) Disability and dependents' pensions, if disability occurred as a result of enemy action or counteraction, including extraordinary marine hazards occasioned by the war. A Newfoundland merchant seaman in receipt of a pension from the United Kingdom or an Allied Nation will be entitled during residence in Canada to have his pension raised to the Canadian scale.

<sup>176</sup>Note: In addition, under Canadian law, Newfoundland veterans who served with His Majesty's Canadian forces in World War II will (by reason of their new status as Canadian residents) be eligible for use of re-establishment credits on the same basis as other Canadian veterans.

(ii) Disability pensioners will be entitled to free hospitalization and treatment, vocational training and the benefits of the Veterans' Land Act and the Veterans' Insurance Act.

(b) Canada will extend to Newfoundland seamen who served during World War II on Canadian ships and were eligible for the Special or War Service Bonus under the Merchant Seamen's Bonus Order, the following benefits on the same basis as they are made available to Canadian merchant seamen:

- (i) Contributions to National Unemployment Insurance Fund;
- (ii) Vocational Training;
- (iii) Veterans' Insurance;

2. *General Benefits*

Newfoundland merchant seamen, like other Canadian merchant seamen, will be eligible for Unemployment Insurance, and Merchant Seamen's Compensation.

**ANNEX II**  
**APPORTIONMENT OF THE DIRECT PUBLIC DEBT OF**  
**NEWFOUNDLAND AND STATEMENT ON SURPLUS**  
**(AS AT DECEMBER 31ST, 1947)**  
**PUBLIC DEBT**

|   | £          | Public Debt<br>Outstanding<br>(Conversion rate<br>£1 — \$4.04)<br>\$ | Sinking funds<br>\$ |
|---|------------|--|---------------------|
| <b>TOTAL DIRECT PUBLIC DEBT</b>   |            | 82,377,047   | 9,221,748           |
| <i>To Be Assumed by Canada:</i>   |            |  |                     |
| <b>I. Public Debt Conversion</b><br>under 23 & 24 Geo. V Cap.<br>1 2nd Session                            |            |  |                     |
| (a) 3% Guaranteed Stock<br>Conversion Issue,<br>maturing 1943-63:<br>Amount issued to 31<br>December 1946 | 17,793,405 | 71,885,356   | 8,342,380           |
| (b) Deferred Securities not<br>yet converted to Stock:  | 6,460      | 26,098   | nil                 |
| <b>TOTAL TO BE ASSUMED BY<br/>CANADA</b>  |            | 71,911,454   | 8,342,380           |

| <i>To be retained by the Province of Newfoundland</i>  |         |                     |                                |
|--|---------|---------------------|--------------------------------|
| 2. Trustee Securities 3 1/2% Loan, 1910-50 (10 Edw. VII Cap. 39) & 3 1/2% Loan, 1912-52 (2 Geo. V Cap. 18) | 872,528 | 3,525,013           | nil <sup>177</sup>             |
| 3. Newfoundland 3 3/4% War Loan 1940-65 (Act No. 9 of 1940)  |         | 1,500,000           | 316,350                        |
| 4. Newfoundland 3 1/4% First Victory Loan, 1942-57 (Act No. 40 of 1942)                                    |         | 1,500,000           | 153,013                        |
| 5. Newfoundland 3% Second Victory Loan, 1943-58 (Act No. 42 of 1943)                                       |         | 2,000,000           | 162,605                        |
| 6. Savings Certificates (Act No. 14 of 1940, as amended)   |         | 1,935,470           | 247,400                        |
| 7. Outstanding Balance of Loans past maturity: 4% Inscribed Stock, 1895-1935 (58 Vic. Cap. 13)             | 250     | 1,010               | nil                            |
| 4% Bond, 1905-30 (5 Edw. VII Cap. 1)   |         | 2,500               | nil                            |
| 6 1/2% Bonds, 1918-28 (8 & 9 Geo. V Cap. 35)   |         | 1,600               | nil                            |
| <b>TOTAL TO BE RETAINED BY NEWFOUNDLAND</b>  |         | <b>\$10,465,593</b> | <b>\$879,368<sup>178</sup></b> |

### SURPLUS

The accumulated surplus of the Newfoundland Government as at March 31, 1947, was estimated by the Newfoundland Commissioner of Finance to be \$28,789,000 not including the \$3,232,000 set aside for payment of the Trustee Securities.

### ANNEX III

#### A TAX AGREEMENT APPLIED TO NEWFOUNDLAND

*Newfoundland would agree:*

1. To rent following fields of taxation:
  - (a) Personal income taxes until end of calendar year 1951;
  - (b) Corporation taxes (including corporation income taxes, but not royalties, rentals, etc., on natural resources) until end of calendar year 1951;

<sup>177</sup>An amount of \$3,232,000 to meet this loan at maturity has provisionally been set aside at 2 1/2% interest in the Bank of England.

<sup>178</sup>In assessing the net position, the \$3,232,000 set aside to meet payment at maturity of the Trustee Securities should be kept in mind.



(c) Succession duties on deaths occurring before March 31, 1952. (This is optional, but if Newfoundland remained in the field, Federal payments would be reduced by Federal losses in revenue.)

2. To impose a 5% tax on corporation income within Newfoundland to be collected by the Federal Government and turned over to Newfoundland with corresponding reduction in the Federal payment. Failure to do so would result in equivalent reduction in Federal payments in any event.

*Federal Government would agree:*

1. To make certain payments on basis set out below in respect of fiscal years up to and including 1952;

2. To pay Newfoundland (whether or not there is an agreement) half the tax collected by the Federal Government on income of certain public gas, electric or steam utilities.

*Basis of Federal Payments to Newfoundland*

Let us begin with the minimum irreducible payment on which all subsequent calculations are based. Three options would be available to Newfoundland:

(a) \$12.75 per capita (1942 population) plus 50% of the amount agreed upon as equivalent to the total revenue received by the Province and its municipalities in respect of income taxes, corporation income taxes and corporation taxes during the fiscal year of the Province ending nearest to Dec. 31, 1940, plus statutory subsidies payable by Canada during the calendar year 1947;

(b) \$15 per capita (1942 population) plus statutory subsidies payable by Canada during the calendar year 1947;

(c) \$2,100,000.

The first option assumes the existence of a province in 1940. Newfoundland in that year was a unitary state and therefore raised revenues for what in Canada would be regarded as both federal and provincial purposes. It would be impossible to say how much Newfoundland as a province would have raised in 1940 by way of personal income and corporation taxes and succession duties. Hence this option does not appear to be applicable. In any event even were half the Newfoundland revenues from these sources in 1940 attributed to Newfoundland as a province (which greatly exceeds the share of the total of these taxes raised by other provinces in that year) this option would not give results as favourable to Newfoundland as the second option.

The third option clearly would not be chosen by Newfoundland.

On the grounds of both applicability and revenue the second option would therefore be selected.

Assume that Newfoundland's population rose uniformly between 1935 and 1945 and that it continued to increase at the same rate after 1945. On these assumptions the relevant figures are:

|           |         |
|-----------|---------|
| 1942..... | 311,301 |
| 1944..... | 317,672 |
| 1945..... | 321,101 |
| 1946..... | 324,434 |
| 1947..... | 327,802 |

### Calculation of the Minimum

The irreducible minimum payment would be the sum of \$15 per capita on the population for 1942 (311,301) plus statutory subsidies as for 1947 as provided in paragraph 11 of "The Proposed Arrangements."

|  |                |
|--|----------------|
| \$15 per capita payment.....                     | \$4,669,515.00 |
| Statutory subsidies.....                         | \$1,542,241.60 |
| Irreducible minimum payment <sup>179</sup> ..... | \$6,211,756.60 |

### Calculation of Payment For 1947

In order to arrive at the payment for any year, adjustments are first made for population changes in the province and changes in the Gross National Product of Canada as a whole since 1942. For example, if provincial population rises by 2 per cent a 2 per cent change is made in the figure for that year. Similarly if Canadian G.N.P. rises by 5 per cent a 5 per cent upward adjustment is made. For purposes of easy calculation the two rates are combined into one. Thus a 2 per cent upward change in population and a 5 per cent upward change in G.N.P. is the same as 7.1 per cent change overall (i.e. 102 per cent multiplied by 190 per cent equals 107.1 per cent).

Finally as a means of reducing the annual fluctuation, the payment in any one year (e.g. 1947) is the average of the adjusted figures for the three preceding years (e.g. 1944, 1945 and 1946).

Regardless of downward adjustments in either provincial population or Canadian G.N.P. or both, the payment to any province cannot fall below the minimum figure as calculated in the preceding section during the term of the agreement.

<sup>179</sup>Total statutory subsidies for 1947 and minimum tax agreement payments to existing provinces are estimated (in round numbers) as follows:

|                      | Statutory Subsidies | Minimum Tax Agreement<br>Payments (Most<br>Favourable Option) |
|----------------------|---------------------|---|
| Prince Edward Island | \$657,000           | \$2,100,000   |
| Nova Scotia          | 2,005,000           | 10,870,000 <sup>180</sup>                                     |
| New Brunswick        | 1,632,000           | 8,773,000   |
| Quebec               | 2,867,000           | 56,382,000 <sup>181</sup>                                     |
| Ontario              | 3,115,000           | 67,158,000 <sup>181</sup>                                     |
| Manitoba             | 1,716,000           | 13,540,000  |
| Saskatchewan         | 2,042,000           | 15,291,000  |
| Alberta              | 2,018,000           | 14,228,000  |
| British Columbia     | 1,003,000           | 18,120,000  |

<sup>180</sup>The signing of the agreement with Nova Scotia has not been completed (Oct. 29, 1947).

<sup>181</sup>Ontario and Quebec have not entered into tax agreements with the Dominion Government.

On this basis let us calculate what the Newfoundland payment might be for 1947:

*First Step* — Calculate population change in Newfoundland

|      | Population | % Change from 1942 | Ratio     |
|------|------------|--------------------|-----------|
| 1942 | 311,301    |                    | 100.00000 |
| 1944 | 317,672    | + 2.04657          | 102.04657 |
| 1945 | 321,101    | + 3.14808          | 103.14808 |
| 1946 | 324.434    | + 4.21875          | 104.21875 |

*Second Step* — Calculate Gross National Product per Capita Change in Canada<sup>182</sup>

|      | G.N.P. per capita (estimated) | % Change from 1942 | Ratio     |
|------|-------------------------------|--------------------|-----------|
| 1942 | 883.47349                     |                    | 100.00000 |
| 1944 | 969.07907                     | + 9.68966          | 109.68966 |
| 1945 | 940.87585                     | + 6.49735          | 106.49735 |
| 1946 | 910.78749                     | + 3.09166          | 103.09166 |

*Third Step* — Combine First and Second Steps by multiplication of ratios in order to arrive at composite effect of population and G.N.P. changes.

|      | % Change from 1942 | Ratio     |
|------|--------------------|-----------|
| 1942 |                    | 100.00000 |
| 1944 | + 11.93454         | 111.93454 |
| 1945 | + 9.84997          | 109.84997 |
| 1946 | + 7.44084          | 107.44084 |

*Fourth Step* — Multiply minimum payment by above ratios for each of years 1944, 1945 and 1946 and average

$$1944 - 6,211,756.60 \times 111.93454 = 6,953,101.18$$

$$1945 - 6,211,756.60 \times 109.84997 = 6,823,612.76$$

$$1946 - 6,211,756.60 \times 107.44084 = 6,673,963.47$$

$$\text{Average } \$6,816,892.47$$

<sup>182</sup>Note: These are the figures for Canada without Newfoundland. It is assumed that the inclusion of Newfoundland would not affect these ratios.

*The foregoing average figure would be the amount payable to Newfoundland in 1947 (including statutory subsidies).*

If preferred, the \$15 per capita figure might be adjusted to account for population changes and then for G.N.P. changes and the statutory subsidies subjected to the same adjustment but such calculations are long and involved and the results exactly the same as those shown above.

In addition Newfoundland would receive half the Federal corporation taxes on public utilities as described above.

#### ANNEX IV PROBABLE FEDERAL REVENUES AND EXPENDITURES WITH RESPECT TO NEWFOUNDLAND

From information supplied by the Newfoundland Delegation and otherwise available estimates have been made of the additional Federal revenues and the additional Federal expenditures that would probably arise as a result of the inclusion of Newfoundland as a province.

These estimates are necessarily tentative and subject to adjustment not only because of lack of adequate information but also because both revenues and expenditures will depend upon future developments.

Revenue calculations for example, are based on a continuation of present levels of economic activity in Newfoundland and of present rates of Federal taxation. Neither assumption is realistic yet there is no way of allowing for or measuring future changes. On the side of expenditures, the qualifications are at least equally important though of a different character. In particular, these estimates are not to be interpreted as an indication of the expenditures that the Federal Government is prepared to make or is committed to make with respect to Newfoundland other than those embodied in legislation. They are no better than an informed guess of the cost of extending to Newfoundland the departmental services now being rendered throughout the nine existing provinces. It is highly probable that these estimates overstate probable Federal revenues and understate probable Federal expenditures in a typical year in the future.

#### PROBABLE REVENUES

The following estimates represent the additional Federal revenues that would probably arise as a result of the inclusion of Newfoundland within Canada in a full year at the rates of tax enacted in the 1947 Federal budget on the assumption of a continuation of present levels of economic activity in Newfoundland.

#### FEDERAL REVENUE

|                                     |             |
|-------------------------------------|-------------|
| Personal income tax .....           | \$3,200,000 |
| Corporate income tax                |             |
| (including withholding tax) .....   | 7,500,000   |
| Succession duties .....             | 320,000     |
| Customs duties & import taxes ..... | 2,000,000   |
| Liquor taxes .....                  | 400,000     |
| Tobacco taxes .....                 | 500,000     |
| General sales tax .....             | 4,000,000   |
| Miscellaneous excise taxes &        |             |
| sources of revenue .....            | 1,500,000   |

|  |                     |
|--|---------------------|
| Post Office .....                                  | 750,000             |
| Bullion and coinage and<br>other such revenue..... | 15,000              |
| <b>TOTAL</b>                                       | <b>\$20,185,000</b> |

### PROBABLE EXPENDITURES

Estimates have been obtained from the Federal Departments of the cost of extending existing services to Newfoundland in a typical year. The totals of the estimates so obtained are set out below, separate figures being given where fairly firm estimates based on legislative commitments, e.g., family allowances, can be made. Attention is drawn to the items not included, listed below:

|  |                             |
|--|-----------------------------|
| Tax agreement payment<br>(1947 estimate) ..... | \$6,830,000 <sup>183</sup>  |
| Old-age pensions .....                         | 2,000,000                   |
|  | to 2,600,000 <sup>184</sup> |
| Family allowances .....                        | 8,350,000                   |
| Other departmental expenditures .....          | 9,400,000                   |
|  | <hr/>                       |
|  | \$26,570,000                |
|  | to \$27,150,000             |

*The foregoing total does not include:*

- (1) Payment under the Transitional Grant to the provincial government of Newfoundland of \$3,500,000 annually for the first 3 years of union, reducing gradually thereafter according to the terms of the Grant;
- (2) Costs of servicing that part of the Newfoundland debt assumed by Canada;
- (3) Any costs in respect of the Newfoundland Railway or its auxiliary steamship services, taken over by Canada;
- (4) Any capital expenditures.

It should be made clear that the expenditures estimate relates to the *additional* expenditures arising from inclusion of Newfoundland and therefore does not include any of the costs of servicing the present Canadian debt or any other costs now being borne by Canadians.

[PIÈCE JOINTE]

*Le Premier ministre au gouverneur de Terre-Neuve*

Ottawa, le 29 octobre 1947

Mon cher Gouverneur,

Le 20 mars 1947, à la prière de la Convention nationale de Terre-Neuve, vous nous demandiez si le Gouvernement recevrait une délégation chargée par la

<sup>183</sup>\$15 per capita, plus population grant, the grant for government and legislation as contained in the B.N.A. Act, and the special subsidy of \$1,100,000 adjusted for population and G.N.P. changes.

<sup>184</sup>The estimate of old age pension payments by the Federal Government assumes a \$30 per month basic pension of which the Federal share is 75 per cent. A range is indicated because of lack of information as to the income status of those in the over-70 age category.

Convention de se rendre à Ottawa en vue d'examiner la possibilité de trouver une base d'union juste et équitable avec le Canada.<sup>185</sup> Le Gouvernement du Canada a répondu qu'il serait heureux de recevoir cette délégation en précisant qu'à son avis, "les questions à étudier avec la délégation sont d'une telle complexité et d'une telle importance pour les deux pays qu'il est indispensable de procéder à un échange complet de renseignements ainsi qu'à un examen approfondi de toutes les questions en jeu, par les deux parties, de manière que l'une et l'autre puissent se former une idée nette de la situation."

Vous savez qu'une délégation de la Convention nationale s'est rendue à Ottawa à la fin de juin et qu'elle regagnait Terre-Neuve au début d'octobre. Pendant son séjour à Ottawa, la délégation a conféré à maintes reprises avec un comité du Cabinet canadien en vue d'échanger des renseignements et d'examiner les nombreuses questions que poserait l'union. Lorsqu'elle retourna à Terre-Neuve, la délégation de la Convention emportait un rapport de ces entretiens qui, espérait-on, se révélera utile à la Convention nationale.

A la suite des entretiens, les membres du Cabinet qui ont conféré avec la délégation informèrent leurs collègues qu'il existe à leur avis une base d'union qui serait juste et équitable pour les deux pays. Le Gouvernement ayant étudié et approuvé les recommandations du comité du Cabinet, je suis maintenant en mesure de porter à votre connaissance les arrangements que le Gouvernement consentirait à recommander au Parlement comme base d'union. Les arrangements proposés sont exposés dans le document annexé à la présente lettre.

Je crois devoir souligner qu'en ce qui concerne les aspects financiers des arrangements proposés en vue de l'union, le Gouvernement canadien croit qu'ils marquent la limite de ce que le Gouvernement peut consentir dans les circonstances. Le Gouvernement ne saurait pour l'instant songer à apporter à ces arrangements des modifications susceptibles d'alourdir les charges du Canada. D'un autre côté, en ce qui concerne les questions d'intérêt fondamentalement provincial, telle l'instruction publique, le Gouvernement du Canada ne veut pas poser de conditions rigides. Il serait disposé à considérer avec bienveillance toute suggestion visant à les modifier ou à y ajouter.

Si nous comprenons bien, la Convention nationale est investie de la responsabilité de formuler des recommandations au Gouvernement du Royaume-Uni concernant les divers modes éventuels de gouvernement sur lesquels le peuple de Terre-Neuve sera appelé à se prononcer par voie de referendum national. Au cas où la Convention nationale et la population seraient requises de prendre une décision sur la question de la confédération, le Gouvernement du Canada ne voudrait en rien influencer l'une ou l'autre. Si le peuple de Terre-Neuve indiquait nettement, et d'une façon excluant la possibilité du moindre doute, son désir que Terre-Neuve devienne une province du Canada sur la base des arrangements proposés, le Gouvernement canadien, sous réserve de l'approbation du Parlement, serait disposé pour sa part à prendre les mesures voulues d'ordre constitutionnel en vue de réaliser l'union le plus tôt possible.

<sup>185</sup> Voir la pièce jointe, document 279.

Je vous serais reconnaissant de bien vouloir porter cette lettre, ainsi que la documentation annexée, à la connaissance de la Convention nationale.

Je vous prie d'agréer, etc.

W. L. MACKENZIE KING

[ANNEXE À LA PIÈCE JOINTE]

*Arrangements proposés en vue de l'entrée  
de Terre-Neuve dans la Confédération<sup>186</sup>*

1. Terre-Neuve aura, à compter de la date de l'union, le statut de province du Canada ainsi que tous les droits, pouvoirs, privilèges et obligations d'une province.
2. La province de Terre-Neuve comprendra le territoire du Labrador défini en 1927 comme territoire de Terre-Neuve dans la sentence arbitrale rendue par le Comité Judiciaire du Conseil Privé.

**SERVICES PUBLICS FOURNIS PAR LE CANADA**

3. Les services publics fournis à différents moments par le Canada à l'ensemble de sa population seront aussi accordés à la population de Terre-Neuve.
4. Les services de bien-être social actuellement fournis par le Canada, et par conséquent applicables à Terre-Neuve après l'union en conformité de la clause 3, comprennent:
  - (1) Les allocations familiales prévues par la loi de 1944 sur les allocations familiales et ses modifications;
  - (2) Les pensions de vieillesse et les pensions des aveugles prévues par la loi des pensions de vieillesse de 1927 et ses modifications subordonnement à l'accord avec le Gouvernement de la Province;
  - (3) L'assurance-chômage prévue par la loi de 1940 sur la loi de l'assurance-chômage et ses modifications;
  - (4) Les prestations de maladie aux marins du commerce et aux pêcheurs, prévues par la loi de la marine marchande au Canada (1934) et ses modifications;
  - (5) L'aide à la construction de maisons prévue par la loi nationale sur le logement (1944) et ses modifications.
5. Au moment de l'union ou le plus tôt possible après l'union, le Canada prendra possession des services suivants, lesquels deviendront assujettis à l'autorité du Parlement, Terre-Neuve étant conséquemment libérée des frais publics subis à l'égard de chaque service dont le Canada aura pris possession:
  - (1) Le chemin de fer de Terre-Neuve, y compris les services de bateaux et autres services maritimes;
  - (2) Le "Newfoundland Hotel," si le Gouvernement de la province de Terre-Neuve le demande;
  - (3) Les services postaux et télégraphiques d'État;
  - (4) Aviation civile, y compris l'aéroport de Gander;
  - (5) Douanes et accise;

<sup>186</sup>Les dix prochaines notes étaient dans l'original.

- (6) Défense;
- (7) Pensions et rétablissement des anciens combattants et des marins du commerce selon les principes énoncés à l'Annexe I;
- (8) Protection et encouragement de la pêche;
- (9) Relevés géologiques, topographiques, géodésiques, et hydrographiques;
- (10) Phares, signaux de brume, bouées, feux d'alarme et autres ouvrages et services publics destinés à faciliter la navigation;
- (11) Hôpitaux maritimes, hôpitaux de quarantaine et soin des équipages naufragés;
- (12) Radiodiffusion d'État; et
- (13) Autres services publics analogues à ceux dont bénéficiera l'ensemble de la population du Canada au moment de l'union.

6. Le Canada versera le traitement du Lieutenant-Gouverneur ainsi que les traitements, allocations et pensions des juges de la Cour Supérieure et des juges des cours de district ou de comté si elles viennent à être établies.

#### DISPOSITIONS D'ORDRE FINANCIER

##### *La dette*

7. Le Canada assumera et assurera le service et le remboursement de l'émission d'obligations 1943-1963, trois pour cent, garantie par le Royaume-Uni. (Cette somme, de l'avis du Gouvernement canadien, représente une estimation équitable de la dette contractée à des fins dont le Gouvernement du Canada aurait probablement dû se charger si Terre-Neuve avait été une province du Canada à l'époque où la dette a été contractée.) Le Canada prendra possession de tous les fonds d'amortissement constitués à l'égard de cette partie de la dette.

La province de Terre-Neuve continuera d'être redevable de la partie restante de la dette de Terre-Neuve et gardera tous les fonds d'amortissement constitués à l'égard de ladite partie.

La répartition de la dette et des fonds d'amortissement est exposée à l'Annexe 2.

##### *Travaux publics*

8. Les ouvrages et biens publics de Terre-Neuve énumérés ci-après deviendront la propriété du Canada lorsqu'il prendra possession des services en cause (ainsi qu'il est prévu à la clause 5 ci-dessus), sans préjudice des droits de tierces parties à l'égard de tout teneur à bail ou de toute part de propriétaire en jeu:

(1) Le chemin de fer de Terre-Neuve, y compris les droits de passage, quais, cales sèches et autres biens immobiliers, matériel roulant, outillage, navires et autres biens mobiliers, le Canada assumant le coût des deux navires dont la construction a été adjugée pour le compte du chemin de fer et qui sont actuellement en chantier au Royaume-Uni;

(2) L'aéroport de Terre-Neuve, à Gander, y compris les bâtiments et l'outillage ainsi que tous autres biens utilisés pour l'exploitation de l'aéroport, le Canada devant rembourser au Gouvernement de Terre-Neuve les paiements effectués et renoncer aux paiements à effectuer, aux termes de l'article 2 de l'accord entré en



vigueur le 21 mars 1946, entre les Gouvernements du Royaume-Uni, du Canada et de Terre-Neuve prévoyant l'achat par Terre-Neuve des bâtiments et du matériel du Corps d'Aviation Royal Canadien à Gander;

- (3) Le "Newfoundland Hotel," y compris le matériel, si le Canada en prend possession (voir clause 5 (2) ci-dessus);
- (4) Les ports, quais, brise-lames et balisage de l'État;
- (5) Les biens, le matériel et l'équipement de l'armée et de la marine;
- (6) Les dragues et navires appartenant à l'État, à l'exclusion de ceux affectés à des services devant rester soumis à l'autorité de Terre-Neuve;
- (7) Les télégraphes publics, y compris les droits de passage, lignes et câbles terrestres et autres biens mobiliers et immobiliers;
- (8) Les biens mobiliers et immobiliers de la "Newfoundland Broadcasting Corporation;"
- (9) Les édifices des douanes et des postes; et
- (10) En général tous les ouvrages et biens publics, mobiliers ou immobiliers, utilisés principalement pour les services dont le Canada prendra possession.

Les ouvrages et biens publics de Terre-Neuve qui ne sont pas par les présentes transférés au Canada demeureront la propriété de la province de Terre-Neuve.

#### *Excédent financier accumulé*

9. Terre-Neuve gardera son excédent financier, accumulé jusqu'au jour de l'union, sous réserve des conditions suivantes:

- (1) Le premier tiers de l'excédent existant au moment de l'union sera mis de côté durant les huit premières années du régime d'union, soit en fiducie soit en dépôt auprès du Gouvernement canadien, au choix de Terre-Neuve, et ne pourra être retiré par le Gouvernement de Terre-Neuve que dans la mesure nécessaire pour acquitter les frais de compte courant destinés à faciliter l'entretien et l'amélioration des services publics de Terre-Neuve, la partie non dépensée après lesdits huit ans devant alors être mise inconditionnellement à la disposition de Terre-Neuve;
- (2) Le solde de l'excédent restera à la disposition du Gouvernement de Terre-Neuve pour fins de développement à Terre-Neuve même;
- (3) Aucune partie de l'excédent ne devra servir à subventionner la production ou la vente de produits de Terre-Neuve en concurrence déloyale avec les produits semblables d'autres provinces; il est entendu cependant que cette stipulation n'interdit pas d'aider l'industrie par des moyens tels que les prêts de développement accordés à des conditions raisonnables, ou encore par le jeu des services ordinaires d'administration provinciale.

Terre-Neuve aura le droit de déposer auprès du Gouvernement canadien, dans l'année qui suivra l'union, tout ou partie de son excédent en dollars et de toucher à cet égard un intérêt annuel de deux et cinq huitièmes pour cent durant une période maximum de dix ans après l'union, et ce, sur le solde minimum figurant au compte à une date quelconque de l'année qui précédera le versement de l'intérêt.

### *Droits contractuels découlant d'avances de fonds publics*

10. Terre-Neuve conservera ses intérêts dans tous prêts ou avances de fonds publics consentis par le Gouvernement de Terre-Neuve, avant l'union à des municipalités, sociétés ou personnes privées, ainsi que les titres y afférents.

### *Subventions au Gouvernement provincial*

11. La Canada versera à la province de Terre-Neuve les subventions statutaires ci-après:

(1) \$180,000 et 80c. par habitant chaque année. Cette subvention pourra être augmentée de manière à devenir conforme à l'échelle des subventions autorisées par l'Acte de l'Amérique du Nord britannique de 1907 pour les fins locales de la Province et pour défrayer le coût de son gouvernement et de sa législature; toutefois, les sommes payables aux termes de cette disposition ne seront en aucune année inférieures à celles qui seront payables l'année de l'union;

(2) \$1,100,000 chaque année, au lieu des diverses sommes, indemnités et subventions annuelles fixes prévues de temps à autre par statut pour les Provinces maritimes ou l'une quelconque d'entre elles, et en considération des problèmes particuliers que créent pour la province insulaire de Terre-Neuve les conditions géographiques et le dispersément d'une population de faible densité.

### *Accord fiscal*

12. Terre-Neuve aura le droit de conclure un Accord fiscal en vue de louer au Canada les impôts sur le revenu, les impôts sur les sociétés et les droits de succession (inheritance tax) sur l'une des bases suivantes, à choisir dans les six mois qui suivront l'union;

(1) La même base que pour les accords existants avec d'autres provinces, qui s'appliquent aux années financières courant jusqu'en 1952 inclusivement; ou si Terre-Neuve préfère des revenus stables durant une période plus longue:

(2) Un Accord, prévoyant la même base annuelle de paiement par le Canada que les accords existants avec d'autres provinces (c'est-à-dire existants à la date où Terre-Neuve décidera de son choix), s'appliquera aux années financières courant jusqu'en 1957 inclusivement et quels que soient les termes qui pourront être obtenus par d'autres provinces (après la date où Terre-Neuve aura décidé de son choix) lors de tous renouvellements des accords existants.

Si Terre-Neuve conclut un Accord fiscal, les subventions visées à la clause 11 ci-dessus (\$180,000 et 80c. par habitant plus une subvention annuelle fixe de \$1,100,000) seront comprises, comme le sont les subventions semblables à d'autres provinces, dans le calcul des versements à faire en vertu de l'accord fiscal. (Voir à l'Annexe III les méthodes qui serviront à calculer les sommes qui seraient versées à Terre-Neuve aux termes d'un tel Accord fiscal.)

### *Subventions transitionnelles*

13. En vue de faciliter l'adaptation de Terre-Neuve au statut de province et le développement par Terre-Neuve de services producteurs de revenus, le Canada versera chaque année à Terre-Neuve, les douze premières années de l'union, une subvention transitionnelle décroissante, selon le barème suivant:

La somme de \$3,500,000 par année durant les trois premières années qui suivront l'union;

|                          |             |
|--------------------------|-------------|
| la quatrième année ..... | \$3,150,000 |
| la cinquième année ..... | 2,800,000   |
| la sixième année .....   | 2,450,000   |
| la septième année .....  | 2,100,000   |
| la huitième année .....  | 1,750,000   |
| la neuvième année .....  | 1,400,000   |
| la dixième année .....   | 1,050,000   |
| la onzième année .....   | 700,000     |
| la douzième année .....  | 350,000     |

#### *Réévaluation de la position financière de Terre-Neuve*

14. Étant donné la difficulté de prédire avec une suffisante exactitude les conséquences financières qu'amènera l'adaptation de Terre-Neuve au rang de province, le gouvernement canadien désignera dans les huit années qui suivront l'union une Commission royale chargée de réexaminer la position financière de Terre-Neuve et de formuler des recommandations quant à la forme et à l'importance de l'aide financière additionnelle qui pourrait être nécessaire au Gouvernement de Terre-Neuve pour lui permettre de maintenir ses services publics au niveau d'alors sans avoir à recourir à une imposition plus onéreuse que celle des provinces Maritimes, compte tenu des moyens des contribuables.

#### REPRÉSENTATION

15. La représentation de la province de Terre-Neuve au Sénat et à la Chambre des communes du Canada sera conforme aux Actes de l'Amérique du Nord britannique de 1867 à 1946, modifiés de temps à autre. Aux termes des dispositions actuelles, le nombre de sénateurs auquel chaque province a droit est fixe, mais le nombre de membres de la Chambre des communes est déterminé de temps à autre d'après la population, sans pouvoir toutefois devenir inférieur au nombre de sénateurs auquel la province a droit. Sous le régime de ces dispositions, la province de Terre-Neuve sera représentée au Sénat par six membres et, sur la base de sa population actuelle, par sept à la Chambre des communes.

#### DISPOSITIONS DIVERSES

##### *Transports*

16. (1) Le Canada maintiendra un service de bateaux entre North Sydney et Port-aux-Basques, proportionnellement à la demande; ce service, dès qu'une route pour véhicules moteurs aura été ouverte entre Corner Brook et Port-aux-Basques, assurera aussi dans une mesure convenable le transport des véhicules moteurs.

(2) Les services et tarifs du chemin de fer de Terre-Neuve seront assujettis aux réglementations de la Commission des transports du Canada, comme le sont les services et tarifs ferroviaires du Canada.

(3) Aux fins de la réglementation des tarifs:

(a) le trafic direct entre North Sydney et Port-aux-Basques sera classé comme trafic exclusivement ferroviaire;

(b) l'île de Terre-Neuve sera considérée comme faisant partie de la Région maritime du Canada. Toute législation du Parlement canadien (telle que la loi

des taux de transport des marchandises dans les provinces Maritimes (1927), et ses modifications) qui prévoira des taux spéciaux dans le cas du trafic-marchandises entrant dans la Région maritime, y circulant ou en sortant, sera rendue applicable à Terre-Neuve autant qu'il y aura lieu.

#### *Employés du Gouvernement*

17. (1) Les employés du Gouvernement de Terre-Neuve travaillant dans les services dont le Canada aura pris possession en conformité de la clause 5 ci-dessus recevront une offre d'emploi dans le service correspondant du Canada aux termes et conditions régissant l'emploi dans ledit service mais sans subir de réduction de traitement ou perdre les droits à la pension de retraite acquis sous le régime de la loi de Terre-Neuve.

(2) Le Canada effectuera tous les versements nécessaires à l'égard desdits droits à la pension et pourra déduire des subventions payables à la province de Terre-Neuve tous versements effectués à l'égard du travail accompli par lesdits employés dans le Gouvernement de Terre-Neuve et soumis à un régime de pension.

(3) Les pensions des employés du Gouvernement de Terre-Neuve retraités ou pensionnés avant que le Canada prenne possession du service en cause, resteront à la charge de la province de Terre-Neuve.

#### *Prestations de chômage*

18. Vu que, en vertu de la loi de 1940 sur l'assurance-chômage et ses modifications, les prestations de chômage ne sont d'habitude accessibles qu'aux ouvriers qui se sont constitué des réserves grâce à une période de travail continu dans un emploi assurable, le Canada pourvoira aux prestations de chômage transitoire de la manière suivante:

Les résidents de Terre-Neuve exerçant un emploi assurable, qui perdront leur emploi dans les six mois précédant la date de l'union et qui seront encore en chômage à cette date, ou qui perdront leur emploi au cours de la période de six mois suivant cette date, auront droit pendant une période de six mois à compter de la date de l'union ou de six mois à compter du premier jour de chômage, en prenant la date la plus récente, aux secours établis d'après le même barème et aux mêmes conditions que les prestations d'assurance-chômage. Le tarif des versements sera fondé sur les salaires gagnés par l'intéressé au cours des trois mois précédant la perte de son emploi. Le coût de ces secours sera pris directement à même les deniers votés à cette fin par le Parlement mais non dans la caisse d'assurance-chômage.

#### *Instruction publique<sup>187</sup>*

19. La Législature de la province de Terre-Neuve aura compétence exclusive pour légiférer en matière d'instruction publique dans les limites de la province. Toutefois,

La Législature n'aura pas le pouvoir d'édicter des lois portant atteinte aux droits ou privilèges d'écoles confessionnelles ou séparées dont jouirait légalement toute catégorie de personnes à la date de l'union;

<sup>187</sup>Nota: Voir, au sujet de l'instruction publique, le quatrième paragraphe de la lettre d'envoi du Premier ministre du Canada.

D'autre part, la Législature pourra autoriser toutes dites catégories de personnes à fusionner ou unir leurs écoles et à recevoir, nonobstant ladite fusion ou union, leur part proportionnelle des deniers publics de Terre-Neuve affectés à l'instruction publique.

#### *Effectifs de défense*

20. Le Canada assurera le maintien dans Terre-Neuve d'unités de réserve appropriées des forces canadiennes de défense, qui comprendront le Régiment de Terre-Neuve.

#### *Oléomargarine*

21. Nonobstant toutes dispositions contenues dans la loi de l'industrie laitière ou toute autre loi du Parlement canadien, la vente et la fabrication de l'oléomargarine et d'autres succédanés du beurre pourront continuer à Terre-Neuve après l'union à moins qu'elles ne soient interdites ou limitées par le Parlement du Canada, à la demande de la Législature de Terre-Neuve. Toutefois, nonobstant toutes dispositions contenues dans l'article 121 de l'Acte de l'Amérique du Nord britannique (1867), ladite oléomargarine ou d'autres succédanés du beurre ne pourront être exportés de la province de Terre-Neuve à aucune autre partie du Canada qu'avec l'autorisation du Parlement canadien.

#### *Relevé économique*

22. Au cas où le Gouvernement de la province effectuerait un relevé économique de Terre-Neuve en vue de déterminer les ressources susceptibles d'exploitation avantageuse et les industries existantes susceptibles de développement ou la possibilité d'en établir de nouvelles, le Gouvernement canadien assurera, à cette fin, la collaboration des services de personnels et d'organismes techniques.

Le plus tôt possible après l'union, le Gouvernement du Canada s'efforcera tout particulièrement de recueillir et de fournir les données statistiques et scientifiques relatives aux ressources naturelles et à l'économie de Terre-Neuve en vue d'adapter ces données aux normes établies à l'égard des provinces existantes.

#### *Généralités*

23. L'instrument formel d'union ou toute autre loi pertinente comportera des dispositions appropriées sur les sujets suivants:

- (1) L'extension de la citoyenneté canadienne aux habitants de Terre-Neuve;
- (2) Le maintien des lois, tribunaux, commissions, organismes administratifs etc., de Terre-Neuve jusqu'à ce que l'autorité compétente y apporte des remaniements;
- (3) La première constitution de la province de Terre-Neuve, en conformité des désirs des autorités compétentes de Terre-Neuve et sous réserve des dispositions de l'Acte de l'Amérique du Nord britannique (1867 à 1946) généralement applicables aux constitutions provinciales;
- (4) Le maintien par Terre-Neuve de ses ressources naturelles sur la même base que dans les autres provinces;
- (5) L'application à la province de Terre-Neuve (sauf dispositions contraires stipulées dans les conditions de l'union) des Actes de l'Amérique du Nord britannique (1867-1946) et des lois fédérales du Canada.

## ANNEXE 1

## INDEMNITÉS POUR SERVICE DE GUERRE

## A. ANCIENS COMBATTANTS

Aux anciens combattants terre-neuviens qui ont servi dans l'une quelconque des forces de Sa Majesté, le Canada accordera les avantages suivants, tout comme s'ils avaient servi dans les forces canadiennes.

1. *Les anciens combattants terre-neuviens qui ont servi dans la première Grande Guerre et (ou) dans la seconde Grande Guerre seront admissibles au bénéfice de:*

(1) Pensions d'invalidité ou pour état de dépendance, sur la base suivante: Le Canada prendra à son compte les redevances de Terre-Neuve au chapitre de pensions résultant de la première Grande Guerre; pour ce qui est des pensions de la seconde Grande Guerre, il se chargera du supplément aux pensions d'invalidité ou pour état de dépendance versées aux anciens combattants terre-neuviens par le Royaume-Uni ou des gouvernements alliés, jusqu'à concurrence des taux de pensions établis pour le Canada; de plus, il versera des pensions pour causes d'invalidité ouvrant droit à la pension en vertu de la loi du Royaume-Uni. Les réclamants d'une pension obtiendront gratuitement l'aide d'un avocat pour la préparation et la présentation de leur demande;

(b) Allocations aux anciens combattants;

(c) Gratuité de l'hospitalisation et du traitement.

2. *Les anciens combattants terre-neuviens qui ont servi dans la seconde Grande Guerre seront admis au bénéfice:*

(1) Des prestations prévues par la loi de 1942 sur les terres destinées aux anciens combattants;

(b) Des cotisations à la Caisse nationale d'assurance-chômage;

(c) De prêts aux anciens combattants pour l'exercice d'un commerce ou d'une profession;

(d) De l'assurance des anciens combattants;

(e) De la formation professionnelle et de la scolarité sur la base suivante:

A compter de la date de l'union, le Canada prendra à son compte les frais de formation professionnelle et de scolarité des anciens combattants terre-neuviens tout comme s'ils avaient servi dans les forces canadiennes de Sa Majesté.<sup>188</sup>

## B. MARINS DU COMMERCE

*Indemnités pour service de guerre:*

(a) Aux marins terre-neuviens du commerce qui, pendant la seconde Grande Guerre, ont servi à bord de vaisseaux canadiens ou britanniques, ou à bord de vaisseaux de nations alliées exécutant un service essentiel à la poursuite de la

<sup>188</sup>Nota: De plus, en vertu de la loi canadienne, les anciens combattants terre-neuviens qui, pendant la seconde Grande Guerre, ont servi dans les forces canadiennes de Sa Majesté pourront (en raison de leur nouvel état de résidents du Canada) se prévaloir du service des crédits de rétablissement tout comme les autres anciens combattants canadiens.

guerre, le Canada accordera les avantages suivants, tout comme si lesdits marins avaient servi à bord de vaisseaux canadiens:

(i) Pensions d'invalidité et pour état de dépendance, si l'invalidité résulte de dispositions de l'ennemi ou de repréaillés, y compris les risques maritimes extraordinaires occasionnés par la guerre. Un marin terre-neuvien du commerce touchant une pension du Royaume-Uni ou d'une nation alliée aura droit, tant qu'il résidera au Canada, de faire porter sa pension aux taux de l'échelle canadienne;

(ii) Les pensionnés pour invalidité auront droit à la gratuité de l'hospitalisation et du traitement, à la formation professionnelle et aux avantages prévus par la loi de 1942 sur les terres destinées aux anciens combattants, ainsi que par la loi sur l'assurance des anciens combattants.

(b) Le Canada étendra aux marins de Terre-Neuve qui, pendant la seconde guerre mondiale, ont servi à bord de navires canadiens et avaient droit à l'indemnité spéciale, ou de service de guerre, accordée aux termes du décret relatif à l'indemnisation des marins du commerce, les avantages suivants d'après les normes qui déterminent leur attribution aux marins canadiens du commerce:

(i) Cotisation à la caisse nationale d'assurance-chômage;

(ii) Formation professionnelle;

(iii) Assurance des anciens combattants;

## 2. *Avantages généraux:*

Les marins terre-neuviens du commerce seront admis, comme ceux du Canada, au bénéfice:

De l'assurance-chômage;

Des indemnités accordées aux marins du commerce.

## ANNEXE 2

### RÉPARTITION DE LA DETTE PUBLIQUE DIRECTE DE TERRE NEUVE ET DÉCLARATION CONCERNANT

L'EXCÉDENT AU 31 DÉCEMBRE 1947

#### A. DETTE PUBLIQUE

|                                       | £ | \$         | Fonds<br>d'amortissement |
|---------------------------------------|---|------------|--------------------------|
|                                       |   | \$4.04)    |                          |
| TOTAL DE LA DETTE<br>PUBLIQUE DIRECTE |   | 82,377,047 | 9,221,748                |

*Le Canada se chargera de:*

1. La conversion de la dette  
publique en vertu du  
chapitre 1 de la 2e session de  
23 et 24 George V.

|   |            |                     |                                |
|---|------------|---------------------|--------------------------------|
| (a) Émission de conversion de titres garantis, 3 p. 100, échéance 1943-1963: Montant émis au 31 décembre 1946     | 17,793,405 | 71,885,356          | 8,342,380                      |
| (b) Engagements différés non encore convertis en titres   | 6,460      | 26,098              | néant                          |
| <b>TOTAL</b>  |            | <b>71,911,454</b>   | <b>8,342,380</b>               |
| <i>Resteront à Terre-Neuve:</i>   |            |                     |                                |
| 2. Emprunt à 3 1/2 p. 100, 1910-1950 (10 Ed. VII, Ch. 39) et emprunt à 3 1/2 p. 100, 1912-1952 (2 Geo. V, Ch. 18) | 872,528    | 3,525,013           | néant <sup>189</sup>           |
| 3. Emprunt de guerre de Terre-Neuve à 3 3/4 p. 100, 1940-1965, (Loi n° 9 de 1940).                                |            | 1,500,000           | 316,350                        |
| 4. Premier emprunt de la Victoire, 3 1/4 p. 100, 1942-1957, de Terre-Neuve (Loi n° 40 de 1942)                    |            | 1,500,000           | 153,013                        |
| 5. Deuxième emprunt de la Victoire, 3 p. 100, 1943-1958, de Terre-Neuve (Loi n° 42 de 1943)                       |            | 2,000,000           | 162,605                        |
| 6. Certificats d'épargne (Loi n° 14 de 1940, modifiée)  |            | 1,935,470           | 247,400                        |
| 7. Soldes en souffrance d'emprunts déjà échus: Titres inscrits, 4 p. 100, 1895-1935 (58 Vict. ch. 13)             | 250        | 1,010               | néant                          |
| Obligation 4 p. 100, 1905-1930 (5 Edouard VII, ch. 1)   |            | 2,500               | néant                          |
| Obligations 6 1/2 p. 100, 1918-1928 (8 et 9 Geo. V. ch. 35)   |            | 1,600               | néant                          |
| <b>TOTAL</b>  |            | <b>\$10,465,593</b> | <b>\$879,368<sup>190</sup></b> |

### B. EXCÉDENT

L'excédent accumulé du gouvernement de Terre-Neuve, au 31 mars 1947, a été établi estimativement par le commissaire des finances de Terre-Neuve à \$28,789,000, y compris le montant de \$3,232,000 destiné au paiement des Titres de Fiducie.

<sup>189</sup>On a provisoirement mis de côté, à la Banque d'Angleterre, un montant de \$3,232,000 portant intérêt à 2 1/2 p. 100, en vue d'acquitter cet emprunt à l'échéance.

<sup>190</sup>Dans l'évaluation de la position nette, bien tenir compte du montant de \$3,232,000 destiné au remboursement, à l'échéance, des Titres de Fiducie.



ANNEXE 3  
LE RÉGIME DES ACCORDS FISCAUX  
APPLIQUÉ À TERRE-NEUVE

*Terre-Neuve conviendrait:*

1. De louer les domaines d'imposition suivants:
  - (a) L'impôt sur les revenus personnels jusqu'à la fin de l'année civile 1951;
  - (b) L'impôt sur les sociétés (y compris l'impôt sur le revenu des sociétés, mais non les redevances, loyers, etc., sur les ressources naturelles) jusqu'à la fin de l'année civile 1951;
  - (c) Les droits successoraux, dans les cas de décès survenus antérieurement au 31 mars 1952. (La présente disposition est facultative. Si Terre-Neuve conservait ce domaine, les versements du Dominion seraient réduits du montant des pertes de revenus subies par le Dominion.)
2. De prélever un impôt de 5 p. 100 sur le revenu des sociétés à Terre-Neuve, cet impôt devant être perçu par le gouvernement fédéral puis remis à Terre-Neuve moyennant une réduction correspondante du paiement du Dominion. En l'absence d'un tel impôt, les versements du Dominion seraient réduits quand même d'un montant équivalent.

*Le Gouvernement fédéral conviendrait:*

1. D'effectuer certains versements, sur la base établie ci-dessous, à l'égard des années financières subséquentes jusqu'à 1952 inclusivement.
2. De verser à Terre-Neuve (qu'une entente soit conclue ou non) la moitié des impôts perçus par lui sur le revenu de certains services d'utilité publique, gaz, électricité ou vapeur.

*Base des versements du Gouvernement fédéral à Terre-Neuve*

Arrêtons-nous d'abord au paiement minimum incompressible sur lequel seront fondés tous les autres calculs.

Terre-Neuve peut choisir entre trois propositions:

- (a) \$12.75 par tête (population de 1942), plus la moitié du montant convenu comme équivalent au revenu global perçu par la province et ses municipalités, aux chapitres de l'impôt sur le revenu, de l'impôt sur le revenu des sociétés et des taxes sur les sociétés durant l'année financière de la province terminée à la date la plus rapprochée du 31 décembre 1940, plus les subventions statutaires payables par le Canada au cours de l'année civile 1947.
- (b) \$15 par tête (population de 1942), plus les subventions statutaires payables par le Canada au cours de l'année civile 1947.
- (c) \$2,100,000.

La première formule présuppose l'existence de la province en 1940. Cette année-là, Terre-Neuve était un État unitaire et prélevait par conséquent des impôts qui, au Canada, seraient considérés comme devant servir à des fins tant fédérales que provinciales. Il serait actuellement impossible de déterminer combien Terre-Neuve aurait touché, à titre de province, en 1940, aux chapitres de l'impôt sur le revenu des particuliers, des taxes sur les sociétés et des droits

successoraux. En conséquence, cette formule ne semble pas applicable. Quoi qu'il en soit, même si la moitié du revenu perçu par Terre-Neuve, de ces sources, en 1940, lui était attribuée en tant que province (ce qui dépasse sensiblement la part du montant global prélevé de ces sources par les autres provinces cette année-là), cette formule ne serait pas aussi avantageuse à Terre-Neuve que la deuxième.

Il est manifeste que Terre-Neuve n'opterait pas non plus pour la troisième formule.

Tant au point de vue pratique qu'à celui des recettes, Terre-Neuve choisirait donc la deuxième formule.

A supposer que la population de Terre-Neuve se soit accrue uniformément de 1935 à 1945 et qu'elle ait conservé depuis le même rythme d'accroissement, on obtient les chiffres suivants:

|           |         |
|-----------|---------|
| 1942..... | 311,301 |
| 1944..... | 317,672 |
| 1945..... | 321,101 |
| 1946..... | 324,434 |
| 1947..... | 327,802 |

#### Calcul du versement minimum

Le montant minimum incompressible serait de \$15 par tête de population en 1942 (311,301) plus les subventions statutaires de 1947 auxquelles il est pourvu à l'alinéa 11 des "Arrangements proposés."

|                                  |                |
|----------------------------------|----------------|
| Versements de \$15 par tête..... | \$4,669,515.00 |
| Subventions statutaires.....     | \$1,542,241.60 |

|  |                |
|--|----------------|
| Paiement minimum incompressible <sup>191</sup> ..... | \$6,211,756.60 |
|--|----------------|

#### Calcul du versement pour 1947

En vue de déterminer le versement pour une année quelconque, on effectue d'abord des ajustements qui tiennent compte des changements de population dans la province et des fluctuations de la production nationale brute de l'ensemble du Canada, depuis 1942. Ainsi, par exemple, si la population d'une province

<sup>191</sup>Montant global, pour 1947, des subventions statutaires et versements minimums aux provinces existantes, sous le régime des accords fiscaux (estimation en chiffres ronds).

|                       | Subventions statutaires | Versements minimums en vertu des accords fiscaux (formule la plus avantageuse) |
|-----------------------|-------------------------|--|
| Ile-du-Prince-Édouard | \$657,000               | \$2,100,000  |
| Nouvelle-Écosse       | 2,005,000               | 10,870,000 <sup>192</sup>  |
| Nouveau-Brunswick     | 1,632,000               | 8,773,000  |
| Québec                | 2,867,000               | 56,382,000 <sup>193</sup>  |
| Ontario               | 3,115,000               | 67,158,000 <sup>193</sup>  |
| Manitoba              | 1,716,000               | 13,540,000   |
| Saskatchewan          | 2,042,000               | 15,291,000   |
| Alberta               | 2,018,000               | 14,228,000   |
| Colombie-Britannique  | 1,003,000               | 18,120,000   |

<sup>192</sup>L'accord avec la Nouvelle-Écosse n'est pas encore signé (29 oct. 1947).

<sup>193</sup>L'Ontario et le Québec n'ont pas encore conclu d'accords fiscaux avec le gouvernement fédéral.

augmente de 2 p. 100, on modifie de 2 p. 100 les chiffres applicables à l'année en question. De même, si la production nationale brute du Canada s'accroît de 5 p. 100, on ajoute 5 p. 100. Afin de simplifier le calcul, on réunit les deux taux. Ainsi, une hausse de 2 p. 100 du chiffre de la population et une hausse de 5 p. 100 de la production nationale brute équivalent à un changement global de 7.1 p. 100 (c'est-à-dire 102 p. 100 multiplié par 105 p. 100 égale 107.1 p. 100).

Enfin, pour réduire les fluctuations annuelles, on établit le versement en une année quelconque (par exemple 1947) en prenant la moyenne des chiffres ajustés des trois années précédentes (par exemple 1944, 1945 et 1946).

Quels que soient les ajustements apportés en raison de la diminution de la population provinciale ou de la production nationale brute du Canada ou des deux, le versement effectué à la production ne peut être inférieur au chiffre minimum calculé dans la section précédente, pendant la durée de l'accord.

D'après cette norme, calculons quel pourrait être le versement effectué à Terre-Neuve en 1947:

*Première opération: Calcul des changements de population à Terre-Neuve.*

|      | Population | Pourcentage des changements depuis 1942 | Proportion |
|------|------------|---|------------|
| 1942 | 311,301    |   | 100.00000  |
| 1944 | 317,672    | + 2.04657                               | 102.04657  |
| 1945 | 321,101    | + 3.14808                               | 103.14808  |
| 1946 | 324,434    | + 4.21875                               | 104.21875  |

*Deuxième opération: Calcul des changements dans la production nationale brute par tête, au Canada.<sup>194</sup>*

|      | Production nationale brute par tête (estimation) | Pourcentage des changements depuis 1942 | Proportion |
|------|--|---|------------|
| 1942 | \$833.47349                                      |   | 100.00000  |
| 1944 | 969.07907  | + 9.68966                               | 109.68966  |
| 1945 | 940.87585  | + 6.49735                               | 106.49735  |
| 1946 | 910.78749  | + 3.09166                               | 103.09166  |

<sup>194</sup>Note — Les chiffres ci-dessus ne visent que le Canada à l'exclusion de Terre-Neuve; on présume qu'une fois celle-ci incluse, les proportions ne varieraient pas.

*Troisième opération: Réunion des résultats des deux premières opérations ci-dessus par la multiplication des opérations établies, de manière à obtenir le résultat global des changements de population et de production nationale brute.*

|      | Pourcentage des changements depuis 1942 | Proportion |
|------|---|------------|
| 1942 |   | 100.00000  |
| 1944 | + 11.93454                              | 111.93454  |
| 1945 | + 9.84997                               | 109.84997  |
| 1946 | + 7.44084                               | 107.44084  |

*Quatrième opération: Multiplication du versement minimum par les proportions ci-dessus pour chacune des années 1944, 1945 et 1946, et calcul de la moyenne.*

1944 — \$6,211,756.60 x 111.93454 = \$6,953,101.18

1945 — \$6,211,756.60 x 109.84997 = \$6,823,612.76

1946 — \$6,211,756.60 x 107.44084 = \$6,673,963.47

Moyenne \$6,816,892.47

*Le chiffre moyen ci-dessus serait le montant payable à Terre-Neuve en 1947 (y compris les subventions statutaires).*

Si l'on préfère, le chiffre de \$15 par tête pourrait être ajusté de manière à tenir compte des changements de population, puis des changements de production nationale brute, et les subventions statutaires subiraient le même ajustement, mais un tel calcul, long et compliqué, donnerait exactement les mêmes résultats que ci-dessus.

En outre, Terre-Neuve ne recevrait que la moitié de l'impôt fédéral sur les sociétés à l'égard des services d'utilité publique mentionnés plus haut.

#### ANNEXE 4

### RECETTES ET DÉPENSES FÉDÉRALES PROBABLES EN CE QUI CONCERNE TERRE-NEUVE

En se fondant sur les renseignements fournis par la délégation de Terre-Neuve et puisés à d'autres sources, on a estimé les recettes et les dépenses fédérales supplémentaires qui résulteraient probablement de l'érection de Terre-Neuve en province.

Ces estimations sont nécessairement provisoires et sujettes à rectification, non seulement par suite de l'insuffisance de renseignements utiles, mais encore parce que les recettes et les dépenses dépendront de la suite des événements.

Le calcul des recettes, par exemple, s'appuie sur le maintien au niveau actuel de l'activité économique de Terre-Neuve et des barèmes des impôts fédéraux. Ni l'une ni l'autre de ces hypothèses ne se fondent sur la réalité, car il n'est pas possible de tenir compte des changements que réserve l'avenir, ni d'en apprécier la portée. Au chapitre des dépenses, les réserves sont au moins également importantes, encore qu'elles revêtent un caractère différent. En particulier, il ne faut

pas voir dans ces chiffres un indice que le gouvernement fédéral est disposé ou s'engage à effectuer à l'égard de Terre-Neuve des dépenses autres que celles que prévoit la législation. Il s'agit tout au plus d'une estimation fondée du coût que comporterait l'extension à Terre-Neuve des services que les ministères dispensent maintenant dans les neuf provinces.

Il est fort vraisemblable que ces évaluations surestiment les recettes fédérales probables et sous-estiment les dépenses fédérales probables au cours d'une année à venir typique.

### RECETTES PROBABLES

Les estimations suivantes portent sur les recettes fédérales supplémentaires qui résulteraient de l'incorporation de Terre-Neuve au Canada, au cours d'une année complète, d'après le barème des impôts prévus dans le budget fédéral de 1947, à supposer que se maintienne le niveau actuel de l'activité économique de Terre-Neuve.

### RECETTES FÉDÉRALES

|   |                     |
|---|---------------------|
| Impôt sur les revenus personnels.....                                     | \$3,200,000         |
| Impôt sur le revenu des sociétés<br>(y compris l'impôt de rétention)..... | 7,500,000           |
| Droits successoraux.....  | 320,000             |
| Droits de douane et impôts à l'importation.....                           | 2,000,000           |
| Impôts sur les boissons alcooliques.....                                  | 400,000             |
| Impôts sur le tabac.....  | 500,000             |
| Impôt général sur les ventes.....   | 4,000,000           |
| Diverses taxes d'accise et sources de revenus.....                        | 1,500,000           |
| Postes.....   | 750,000             |
| Matières d'or et monnayage et<br>autres revenus connexes.....             | 15,000              |
| Total.....  | <u>\$20,185,000</u> |

### DÉPENSES PRÉVUES

Les ministères fédéraux ont établi approximativement ce qu'il en coûterait à Terre-Neuve, au cours d'une année normale, pour bénéficier des services déjà en vigueur au Canada. Dans le tableau suivant, les chiffres précis résultent d'un calcul à peu près exact, fondé sur les engagements prévus dans certaines lois, notamment la loi sur les allocations familiales. Ces totaux ne comprennent pas les dépenses indiquées ci-après:

|  |                            |
|--|----------------------------|
| Versements sous le régime des accords fiscaux<br>estimation pour 1947..... | \$6,820,000 <sup>195</sup> |
|--|----------------------------|

<sup>195</sup>Note — \$15 par tête, plus subvention selon la population, subvention prévue par l'Acte de l'Amérique du Nord britannique à l'égard des frais de gouvernement et de législation, ainsi qu'une subvention spéciale de \$1,100,000 susceptible de rectification suivant les changements de population et de production nationale brute.

|                                       |                            |
|---------------------------------------|----------------------------|
| Pensions de vieillesse .....          | de 2,000,000               |
|                                       | à 2,600,000 <sup>196</sup> |
| Allocations familiales .....          | 8,350,000                  |
| Autres dépenses administratives ..... | 9,400,000                  |
| Total .....                           | de \$26,570,000            |
|                                       | à \$27,150,000             |

*Le total précité ne comprend pas:*

- (1) Le versement d'une subvention de transition au gouvernement provincial de Terre-Neuve, s'élevant à \$3,500,000 par année durant les trois premières années de l'union et diminuant graduellement par la suite, conformément aux conditions prévues à cet égard;
- (2) Le service de la partie de la dette de Terre-Neuve assumée par le gouvernement fédéral;
- (3) Les frais afférents au Newfoundland Railway ou à ses services auxiliaires de transport maritime, assumés par le Canada;
- (4) Les immobilisations.

Il convient de préciser que les dépenses prévues constituent uniquement des frais supplémentaires découlant de l'entrée de Terre-Neuve dans la Confédération. Elles ne comprennent pas le service de la dette actuelle du Canada ni les autres dépenses acquittées par les Canadiens.

443.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 498

St. John's, November 4, 1947

Sir,

I have the honour to report that at yesterday's session of the National Convention, Major P. J. Cashin, Chairman of the Finance Committee, presented his Committee's Report on the Economic Position of Newfoundland.

2. Reviewing the results of their investigation, the Committee arrived at the following conclusions:

- (1) That Newfoundland is at present a self-supporting country, based on sound economic factors;
- (2) That all the evidence before the Committee indicates that this position of self-support will continue in the foreseeable future.

<sup>196</sup>Note — Pour ce qui est des pensions de vieillesse, le gouvernement fédéral prévoit une mensualité minimum de \$30 dont il verse les trois quarts. Le manque de renseignements quant aux revenus des vieillards âgés de plus de 70 ans explique l'écart indiqué ci-dessus.

3. The Report estimates that products to an amount of \$90,000,000 will be exportable annually during the next three years. These products would be made up as follows:

|                          |                     |
|--------------------------|---------------------|
| (1) Pulp and paper ..... | \$50,000,000        |
| (2) Fisheries .....      | \$30,000,000        |
| (3) Mining .....         | \$10,000,000        |
| Total                    | <u>\$90,000,000</u> |

4. Considering that for the year 1946-47 the total value of the country's exportable products amounted to \$72,500,000 and that during that period revenue amounting to over \$37,000,000 was collected, the Committee feel that it is not unreasonable to expect that with exports rising to a value of \$90,000,000 that an annual revenue for the next three years of not less than \$30,000,000 annually can be expected.

5. After outlining suggested savings in the national expenditures, the Report proposes a budget of \$25,000,000 for the country, providing thereby for an annual surplus of \$5,000,000 which could be employed for capital expenditures.

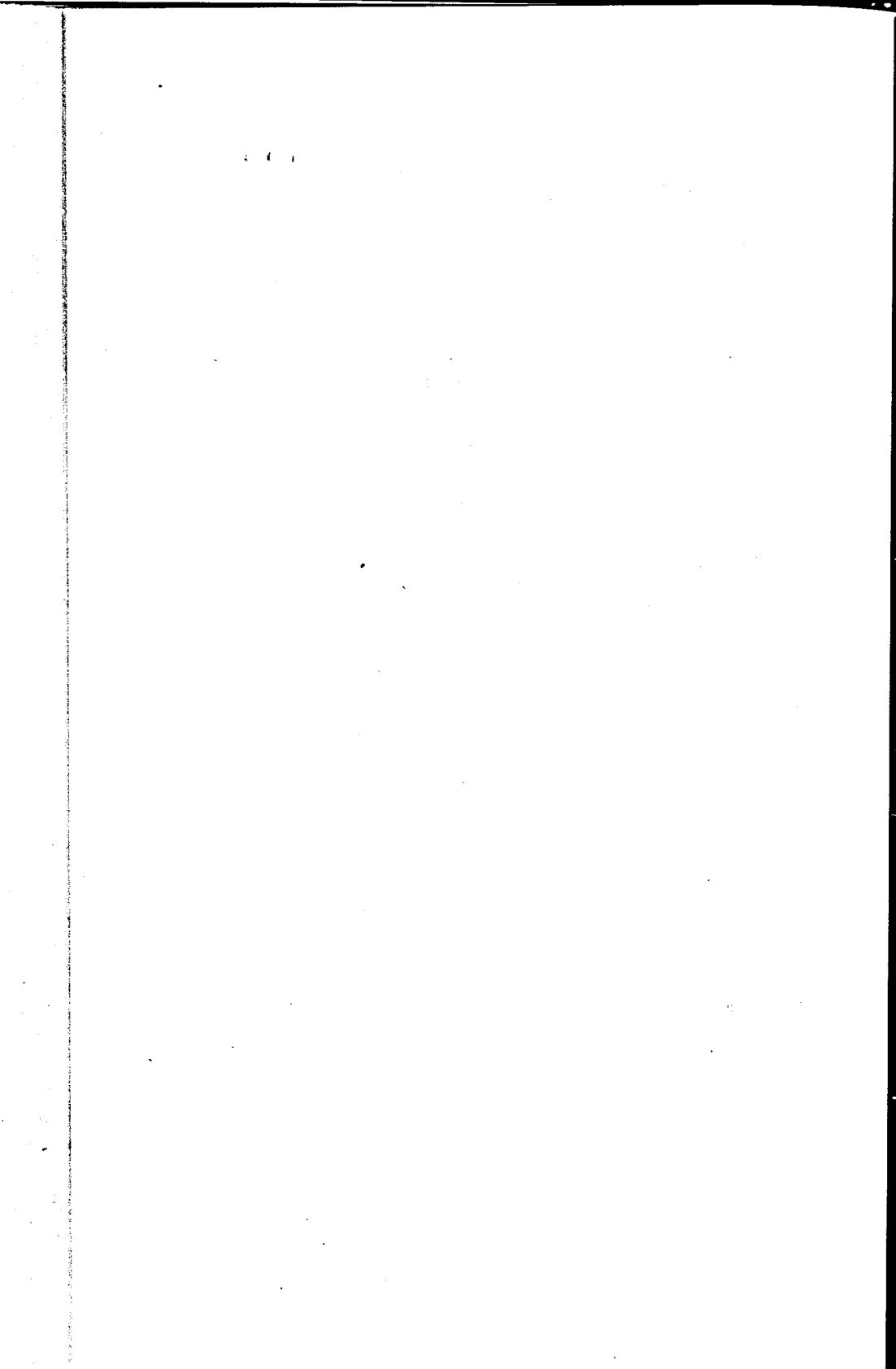
6. It is suggested that the \$25,000,000 cash surplus, at present to the credit of the Government, be placed in a trust fund to be used only in the event of a national emergency.

7. All the members of the Committee with the exception of Messrs. Job and Keough signed the report. Messrs. P. W. Crummey and C. H. Ballam of the Ottawa delegation were signatories.

8. I am enclosing three copies of the report<sup>t</sup> as presented to the Convention.

I have etc.

J. S. MACDONALD





CHAPITRE III/CHAPTER III

LA CONVENTION NATIONALE  
DEUXIÈME PHASE  
(NOVEMBRE 1947— JANVIER 1948)  
THE NATIONAL CONVENTION  
SECOND PHASE  
(NOVEMBER 1947 — JANUARY 1948)

444.

2828-40

*Extraits du procès-verbal d'une conférence de presse donnée  
par le Premier ministre par intérim*

*Extracts from Minutes of a Press Conference held by  
Acting Prime Minister*

CONFIDENTIAL

Ottawa, November 6, 1947

Mr. L. S. St. Laurent, Secretary of State for External Affairs, held a Press Conference this morning in the Press Gallery of the House of Commons. The purpose of the Conference was to answer questions which the press might have concerning the announcement being made today on the proposed arrangements for the entry of Newfoundland into Confederation.[ . . . ] The following members of the press were present:

Arcand *La Patrie*  
Baldwin *The Globe and Mail*  
Bird Southam Newspapers  
Bloom *Winnipeg Free Press*  
Dingman *The Montreal Herald*  
Fraser *Maclean's Magazine*  
French (Mrs.) Co-operative Press Association  
Gelinas *Le Droit*  
Grand-Landau L'Agence France Presse  
Griffin *The Chicago Tribune*  
Hume *The Ottawa Citizen*  
Ingليس *The Times* (London)  
Jackson *The Ottawa Journal*  
Langlois *La Presse*  
Mears *The Gazette*  
McConaughy *Time*  
McDougall *The Christian Science Monitor*  
Oastler *The Montreal Star*  
O'Donnell Canadian Press

*Paradis Le Soleil*  
*Paré L'Action Catholique*  
*Philip The New York Times*  
 Pidgeon C.B.C. International Service  
 Shcherbatykh Tass  
 Swanson *The Ottawa Citizen*  
 Taylor *The Toronto Star*  
 Wilson *The Financial Post*

#### I. FINANCIAL ARRANGEMENTS

*Mr. Taylor* asked if any attempt had been made to project over a ten-year period what the Canadian deficit might be if the proposed arrangements were accepted. *Mr. St. Laurent* hoped there would be no deficit, but even if it cost the full amount of the annual subsidies over a period of ten years, the total would not be large according to present-day financial standards. *Mr. St. Laurent* asked *Mr. MacKay* to reply to *Mr. Wilson's* question about tax revenues. *Mr. MacKay* said that last year's revenues in Newfoundland had been approximately \$37,000,000. Under union Newfoundland would lose the right to levy customs and excise taxes, and, if it entered into a tax agreement, would forego the right to levy income, corporation and inheritance taxes. On the basis of existing rates the revenue remaining to Newfoundland would be of the order of \$3,000,000 to \$4,000,000. There would be a substantial reduction in total taxes levied on the Newfoundland people under union from those now levied. Dominion collections at present rates and present levels of productivity were estimated as about \$20,000,000 which with Newfoundland's remaining revenues of say \$3,000,000 to \$4,000,000 would total about \$23,000,000 to \$24,000,000, or about \$12,000,000 to \$14,000,000 less than present tax revenues taken from the Newfoundland people. The Newfoundland people would also benefit directly by federal transfer payments such as family allowances, old age pensions, unemployment insurance and veterans' pensions and allowances. Eventually, of course, Newfoundland would have to raise more revenue but at present the Newfoundland system of public finance was not sufficiently well-developed to enable it as a province to meet its needs without special assistance. The twelve-year transitional grant described in Section 13 was designed to give Newfoundland time to develop other revenue-producing services.

Asked about the amount of capital expenditures which might be required at the inception of confederation, *Mr. St. Laurent* said that no estimate had been made of the capital expenditures which federal agencies might be required to undertake. The Canadian Committee had been given some figures by the Newfoundland Delegation as to what Newfoundland might wish to expend for roads, municipal services, etc., but no satisfactory estimate could be made at this stage by federal Departments. Capital expenditures by the federal government would largely be dealt with as in the ordinary way after union if Newfoundland entered Confederation.

*Mr. Baldwin* asked if the amount stated for the public debt to be assumed by Canada was an arbitrary figure. *Mr. St. Laurent* replied that an attempt had

been made to calculate the amount of the Newfoundland debt incurred for purposes which would have been the responsibility of the federal government had Newfoundland been a province at the time the debt was incurred, and that the calculation had approximated the amount of the sterling debt, so we had suggested that we assume the sterling debt.

*Mr. Fraser* asked how the subsidies proposed for Newfoundland compared with those paid to the Maritime Provinces. *Mr. MacKay* said that the figures for the other provinces were given on page 12 of the proposed arrangements. *Mr. St. Laurent* said that the Newfoundland per capita figure was slightly higher than that for New Brunswick and somewhat higher than that for Nova Scotia but lower than that for Prince Edward Island.

*Mr. Mears* calculated that Newfoundland would cost the Dominion Treasury approximately \$15,000,000 a year. *Mr. St. Laurent* agreed that this might be the case at the beginning. He said, off the record, that while this seemed a lot of money, it was less than the amount which the Federal government paid annually for the shipment of coarse grains to feed livestock in Eastern Canada, and he repeated that he did not think union could be offered on any less favourable terms.

## II. ADVANTAGES TO CANADA

*Mr. Taylor* asked why Canada might want Newfoundland to enter confederation. *Mr. St. Laurent* said he could make no statement for the government, but he personally felt that the fewer national states there were, the less occasion there was for friction; Newfoundland was geographically related to Canada and this whole part of the North American continent could play a more important and influential part in world affairs if for international relations it were all under one central government.

*Mr. Taylor* then asked how Canada would benefit economically. *Mr. St. Laurent* said opinions on this might vary; it was the opinion of the Canadian advisers that confederation would tend to make more valuable to both all the Atlantic Coast fisheries; supporters of free trade favoured the removal of tariff barriers which would result from union, thus providing a duty-free market of approximately \$40,000,000 a year for Canadian goods. There was also an economic advantage in the joint development of the natural resources of both countries; much of the mineral wealth in Newfoundland was still untapped.

Social legislation in Canada was more advanced than in Newfoundland and it was reasonable to expect that the application of this legislation would stimulate development there, which in turn would create a more valuable market for Canadian goods if no tariff barriers existed.

## III. LABRADOR

Answering a question as to what arrangements would be made concerning Labrador if Newfoundland entered confederation, *Mr. St. Laurent* said the province of Newfoundland would include the territory of Labrador as defined in 1927 by the Judicial Committee of the Privy Council acting as an arbitration board. *Mr. Mears* recalled a dispute which he thought had arisen between the Province of Quebec and Newfoundland over a piece of land on the boundary and asked if

that would present any difficulties. Mr. St. Laurent knew of no outstanding dispute but said that some time ago there had been a suggestion that a survey should be made to indicate on the ground a boundary line between Labrador and the Province of Quebec in accordance with the decision of the Privy Council; however this suggestion had not been followed up. Asked if the Federal government would take any action to establish the boundary line, Mr. St. Laurent said that if union was realized this would be a matter for the two provinces concerned, and if any changes seemed desirable, it would be up to them to take the initiative.

Several questions were asked about the operation of the railway line to Labrador and Mr. St. Laurent said, off the record, that such problems were not as simple as if Labrador were part of the Province of Quebec.

#### IV. UNITED STATES-NEWFOUNDLAND AGREEMENTS

*Mr. Paré* asked how the United States-Newfoundland agreements concerning bases in Newfoundland might be affected by confederation. Mr. St. Laurent said the Canadian government would be bound to respect such contractual obligations unless some modification was made by agreement. Asked if Canada was likely to seek any modification of the existing agreements, Mr. St. Laurent said he would be reluctant to use the word "seek" but on a 99-year lease it was probable there would be occasion when modification seemed desirable. *Mr. McConaughy* referred to the joint statement on defence co-operation made by Mr. Truman and Mr. King on February 12, 1947, and asked how the United States-Newfoundland agreements would be affected by the arrangements outlined in the statement. Mr. St. Laurent said that nothing definite had been established but he repeated that contractual obligations would have to be respected by the Canadian government. He said it was his opinion that the declaration made in the joint statement would not affect any treaty rights which the United States might have in Newfoundland; the statement had dealt with conditions that existed when it was made. Asked if the matter had been discussed with the United States, Mr. St. Laurent replied in the negative, pointing out that it would be most improper for the Canadian government to anticipate the action of Newfoundland to that extent.

#### V. EDUCATION

Asked if the reference to education laws in the proposed arrangements meant that Newfoundland could arrive at special arrangements for the protection of separate schools, Mr. St. Laurent said that education was now under the unrestricted control of Newfoundland and the present proposals had been drafted according to what we felt was the desire of the people of Newfoundland. This was not a matter in which the Federal government could insist on having jurisdiction, nor could we make the exercise of control of education by us a condition of union.

As pointed out in the Prime Minister's letter of October 29, the Canadian government was prepared to consider any reasonable modification of the proposed arrangements on matters such as education. Asked if federal legislation protected separate schools, Mr. St. Laurent replied that there was no federal legislation for this purpose but that the B.N.A. Act contained provisions for such protection.

## VI. OLEOMARGARINE

*Mr. Oastler* asked if any precedent would be set in barring the export of a commodity (oleomargarine) from one province to another. *Mr. St. Laurent* said it would be a derogation from one of the clauses in the B.N.A. Act but it seemed necessary in view of the exceptional conditions existing in Newfoundland. That island had no important dairy industry but did have oils and fats from which margarine could be made and sold to the consumer at a price which was lower than butter.

Asked how the Federal government could rule that one province might eat margarine and another province eat butter, *Mr. St. Laurent* replied that no attempt was being made to rule what people should eat. He declared that if the majority of the Canadian people wished to eat margarine instead of butter, they could no doubt bring about the repeal of the statute prohibiting its manufacture.

Asked how restrictions on the export of margarine between provinces could be reconciled with free trade between provinces as provided in the B.N.A. Act, *Mr. St. Laurent* said it could not be reconciled; it was an exception. Answering a question about responsibility for the enforcement of the law at provincial borders, he thought supervision for this would have to be assumed by Federal authorities.

*Mr. Langlois* asked about the constitutional aspects of the manufacture and use of margarine in Newfoundland but not in other provinces, referring to the provisions of the B.N.A. Act for the free admission of all products from one province to another. He wondered if the Act would require amendment if the margarine manufactured in Newfoundland could not be exported to the other provinces. *Mr. St. Laurent* thought this would be unnecessary. The special provision relating to the manufacture of margarine in Newfoundland could be incorporated as a "notwithstanding" clause in the terms of the Act of Union derogating from Clause 121 of the B.N.A. Act. The Act of Union in itself would be an amendment to the B.N.A. Act. He saw no constitutional problem and pointed out that any law on the statute books of Canada could be modified at any time the Canadian Parliament saw fit to do so. In fact, the Act prohibiting the import of butter substitutes would have to be amended if Parliament ratified the I.T.O. Charter, although the ban on their manufacture could remain. However, it would still be possible to exclude their import by the imposition of prohibitive tariffs; the Geneva Agreements did not call for the surrender of tariff-making powers except by specific agreement on individual items.

## VII. THE POSITION OF THE CANADIAN GOVERNMENT

*Mr. Wilson* asked if Canada would try to publicize the proposals among the people of Newfoundland. *Mr. St. Laurent* replied emphatically that we would not. The Canadian government had tried to make an offer which would be attractive to the people of Newfoundland, but there would be no attempt to influence them in any way on the decision which they themselves must take. As indicated in *Mr. King's* letter of October 29 to the Governor of Newfoundland, the financial arrangements proposed were the best possible which the Canadian government felt it could make. If the Newfoundland Convention had any observations or suggestions for modification, short of imposition of a larger financial burden on Canada, these would receive our serious consideration.

If the people of Newfoundland decided that they wished to join Canada the government would make the necessary recommendations to Parliament. *Mr. Hume* asked if the proposals could be withdrawn should they not be accepted by Parliament. *Mr. St. Laurent* thought this could be done but observed that it would be most embarrassing to be a member of a government which tried to remain in power after being discredited by a rejection in Parliament of such important recommendations.

Asked if he thought the proposals might give rise to any political controversy in Canada, *Mr. St. Laurent* replied that he hoped not. He believed that the Canadian people would be glad to have Newfoundland in confederation and would realize that this could not be brought about on terms less favourable to Newfoundland. He thought it possible however that there might be some discussion as to whether or not the Federal government was doing enough for other provinces.

*Mr. Mears* asked if it would be necessary for Newfoundland to consult the United Kingdom government. *Mr. St. Laurent* said that the National Convention of Newfoundland had the responsibility of making recommendations to the United Kingdom government concerning possible forms of government for Newfoundland, but the real decision was to be made by the people of Newfoundland in a referendum based on the recommendations of the Convention.

Under the B.N.A. Act, union could be brought about by order-in-council. It would require sanction by the King in Council but not by the United Kingdom Parliament. It was doubtful, however, if this method would now be satisfactory in view of the fact that Newfoundland no longer had a popularly elected legislature.

Answering a question asked by *Mr. Baldwin*, *Mr. St. Laurent* said that if union took place there would be several ways of setting up the provincial government. The Governor General of Canada would appoint a Lieutenant-Governor and the terms of union could determine how Newfoundland would elect its first legislature. The Lieutenant-Governor could appoint a prime minister and several ministers who could then go to the country; or the Commission of Government could be appointed to carry on until an election took place.

*Mr. St. Laurent* thought these were technical details which should receive attention only after the principles had been settled.

He added, off the record, that the Department of Justice had done a considerable amount of work, to determine what the most practicable method of bringing federal legislation (e.g. the Criminal Code) into operation would be if union took place. While a good many of the details had been worked out, it was felt that it would not be helpful to set them out at present and more work would have to be done later by experienced law officers.

*Mr. Bird* asked if there was any indication of how soon the National Convention would decide to hold a referendum. *Mr. St. Laurent* replied that he did not wish to say anything which might be construed as an opinion on what the Convention should do. He thought it probable that the matter would be discussed at some length by the Convention and that it would be difficult to hold a referendum before next spring. Therefore, even if the Newfoundland decision should be in favour of confederation, there would be little opportunity for legislation in the next session of the Canadian Parliament. Answering a question as to whether or

not the nine provinces would be consulted, Mr. St. Laurent said that the present provincial governments as such, would not be consulted. The Federal government was not responsible to the provincial governments but only to the people who lived in provinces; the national sovereignty for federal jurisdiction rested in Parliament.

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*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 191

St. John's, November 6, 1947

MOST IMMEDIATE. Prime Minister's letter with proposed basis of union was delivered to the Chairman of the National Convention at three o'clock today by special messenger from the Governor. Documents were read to the Convention by the Secretary. Mr. Bradley gave notice of motion to discuss proposal and Convention resumed consideration of economic report. The *Telegram* local evening paper carries banner headline "Terms of Confederation" and outline of terms provided by the Canadian Press from Ottawa. Fifty copies of the documents were forwarded to the Convention by the Governor and at the request of the Secretary an additional one hundred copies are being despatched now. Please forward as many additional copies as can be spared by air express.

446.

B.C./Vol. 114

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 505

St. John's, November 7, 1947

Sir,

I have the honour to report that since my despatch No. 443 of September 24th several speakers have addressed the people of Newfoundland over the radio on behalf of the Responsible Government League. It is difficult to assess the influence of the League or of the impression that its radio campaign is having on the people, but it would appear, in St. John's at any rate, that the League is considered a moribund organization with little hope of influencing the electorate either one way or the other. The speeches have all lacked fire and the speakers themselves, as well as the sponsors of the League — all leading citizens in the community — suffer from the handicap that they have avoided committing themselves

to either taking an active part in politics or running for office in the event of the restoration of Responsible Government.

2. Speaking on October 4th, Mr. A. B. Perlin, leading writer of the *St. John's Daily News* stated that the constitutional issue is purely between the merits of Responsible Government as opposed to those of Commission of government, which latter form of Government, he maintained, was intended only as a temporary measure. Confederation was a question to be dealt with between Responsible Governments only. Mr. Perlin reviewed the past record of Responsible Government and its achievements in Newfoundland. He decried the efforts of those who would blacken the records of the old politicians with tales of corruption and inefficiency and concluded by saying that a proud people, financially solvent, with an efficient civil service and honest capable leaders has nothing to fear from Responsible Government.

3. The next radio address was given by Mr. W. L. Collins, Secretary of the League, who outlined the aims of the group as described in the pamphlet<sup>1</sup> sent to you under cover of my despatch No. 386 of August 9th.<sup>†</sup>

4. Major F. W. Marshall, who is active on the executive of the Great War Veterans' Association, spoke on October 18th and confined his talk to two of the aims of the League in the event of the restoration of Responsible Government. They are:

- (a) that negotiations be entered into with the United States Government for a reciprocal trade agreement; and
- (b) that modifications be sought from the United States Government of the Leased Bases Agreement with a view to trade concessions.

Major Marshall made the point that there was no market in Canada for Newfoundland's products and that instead of continuing to import from Canada with the resultant annual unfavourable balance of trade, Newfoundland should purchase its imports in the United States where there is a market for her exports.

5. Mrs. F. B. Holmes, an active member of many feminine organizations in the country, appealed to the feminine voters of Newfoundland to support the cause of Responsible Government and urged them to influence their husbands and children towards this end.

6. The next speaker to be heard sponsored by the League was Mr. J. T. Cheeseman, past member of the Fisheries Board and owner-manager of West Atlantic Products Limited. Mr. Cheeseman's talk centered around three of the aims of the League that would appeal to the Fishermen:

- (a) insurance for dependents of any fisherman or seaman who loses his life at his work;
- (b) compensation for injuries in the performance of duty;
- (c) free hospitalization for all fishermen and seamen who become ill during the performance of their duty on any craft or vessel of Newfoundland registry.

7. The question of Labrador, the boundary survey and the development of its potential wealth, were the subject of the address given by Mr. W. R. Dawe,

<sup>1</sup>Voir le document 387.

<sup>†</sup>See Document 387.



President of the Great War Veterans' Association, particular stress being laid on the future revenue accruing to Newfoundland once the development of Labrador's resources is undertaken. Clippings from the local press carrying more detailed accounts of the above addresses are attached.<sup>†</sup>

I have etc.

J. S. MACDONALD

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*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 508

St. John's, November 7, 1947

Sir,

With reference to my telegram No. 193<sup>†</sup> of today's date I have the honour to report that before the Convention rose to adjourn till Monday, November 10th, Mr. Gordon Higgins gave notice of the following Resolution:

"WHEREAS a Royal Commission was appointed by His Majesty's Warrant dated February 7th, 1933, to examine into the future of Newfoundland.

AND WHEREAS the said Royal Commission made a report and in this report recommended that the existing form of Government, namely, Responsible Government, be suspended until such time as the Island became self-supporting, when Responsible Government on request from the people of Newfoundland would be restored.

AND WHEREAS in 1934 the Legislative Council and Assembly in a joint address to His Majesty the King requested that the Letters Patent under the Great Seal at Westminster, dated March 28th, 1876, and the Letters Patent under the Great Seal at Westminster dated July 17th, 1905 be suspended and new Letters Patent be issued, which would provide for the Administration of the Island until such time as it became self-supporting again on the basis of the recommendations in the Report of the Royal Commission.

AND WHEREAS as a result of this joint address, new Letters Patent under the Great Seal at Westminster were issued on January 30th, 1934 by virtue of the provisions of an Act of the Parliament of the United Kingdom of Great Britain and Northern Ireland entitled the Newfoundland Act, 1933, which said Act provided for the Administration of Newfoundland during the period whilst the operation of the former Letters Patent was suspended.

AND WHEREAS it is the opinion of this Convention that Newfoundland is now self-supporting.

BE IT THEREFORE RESOLVED that this Convention recommend to the United Kingdom Government that the wishes of Newfoundland should be ascertained at the earliest moment as to whether it is their desire that Responsible Government be restored."

2. Mr. Gordon Bradley (Bonavista East) who had been temporarily absent from the Chamber claimed that his motion that the Communication from the Canadian Government be received and that it be referred to the Convention in Committee of the whole for discussion should have priority though, he explained, he had no intention of introducing any discussion upon it until the Economic Report had been disposed of. He charged that an attempt was being made through Mr. Higgins' notice of motion to prevent the Canadian Government's proposals from being discussed though Mr. Higgins denied that this was the case. Considerable altercation took place and eventually Mr. Higgins moved that the second part of Mr. Bradley's notice of motion, namely, that the Communication from the Canadian Government be referred to the Convention in Committee of the whole for discussion be struck out. The matter was pressed to a division and resulted in the Amendment being carried twenty-one to fifteen. The following members voted for the Amendment: Messrs. Hollett, Cashin, Higgins, Fudge, Dawe, Hannon, Kennedy, Northcott, Reddy, Crummey, McCormick, Butt, Fogwill, Fowler, Ryan, Miller, Hickman, Cranfort, Vardy, Bailey and Crosbie. The following members voted against the Amendment: Messrs. Banfield, MacDonald, Starkes, Spencer, Ballam, Hillier, Smallwood, Vincent, Bradley, Newell, Keough, Roberts, McCarthy, Burry and Ashbourne.

3. It is rather difficult to form a clear idea of the exact purpose of Mr. Higgins' motion and it may not be within the terms of reference of the Convention. The Confederation group feel vaguely suspicious that some ulterior motive, probably a desire to prevent discussion of the Canadian communication in the Convention, the proceedings of which are broadcast both during the Session and a second time later in the evening, is actuating Mr. Higgins and the group behind him. Mr. Higgins and several of the anti-confederate group disclaim any intention of trying to prevent full discussion. The situation in this respect will not become completely clear until the Economic Report is disposed of by Wednesday or Thursday of next week, when the anti-confederate group will be compelled to show their hand more clearly.

I have etc.

J. S. MACDONALD

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*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 509

St. John's, November 7, 1947

Sir,

I have the honour to refer to my despatch No. 498 of November 4th respecting the presentation of the Economic Report in the National Convention and to state that the debate upon it was opened by Mr. J. R. Smallwood (Bonavista Centre)

who criticized it strongly on the general grounds that its estimates of probable revenues and expenditures were utterly unrealistic. He twitted the Chairman of the Finance Committee, Major Cashin (St. John's West), with having made inaccurate budgetary forecasts in an earlier day when he was Finance Minister and drew the conclusion that similar results might well be expected now.

2. No good reports of Mr. Smallwood's speech are available but a number of persons whom I have heard discussing it, including Mr. A. J. Walsh, Commissioner for Justice and Defence, regarded it as a strong and well directed attack. [ . . . ] Unfortunately Mr. Smallwood, in endeavouring to show that estimates of revenues and necessary outlays are entirely too optimistic, gets himself into the role of a political Jeremiah, which is never a popular one, and leaves the impression that he is deliberately and for his own purposes endeavouring to paint conditions as darker than they really are.

3. At the opening of the session on Wednesday Major Cashin read a telegram from Mr. K. M. Brown, O.B.E., (Bonavista South) who has been confined to his home since the heart attack he suffered when addressing the Convention a year ago. The telegram strongly approved of the report and congratulated the Committee on its work.

4. Mr. Hollett (Grand Falls) who opened the debate, scored neatly at the expense of Mr. Smallwood. Referring to his attack on Major Cashin the previous day he quoted very effectively from Mr. Smallwood's book on Newfoundland written in 1930 in the same period when Major Cashin was Minister of Finance. The quotation is as follows:

"The Newfoundland note, then, is distinctly one of hope. The country has put its worst behind it. The future is most promising. This march to industrialism is no flash in the pan. Newfoundland is round the corner. Much remains to be done to make conditions ideal, it is true, but the encouraging fact is that much of it is being done. And after all, when all is said, where is the other country in which life is so comparatively free and easy, where men live so easily in health and happiness as in Newfoundland? One has only to witness the bread-lines in front of hospitals and various charitable institutions, and see the vast crowds of hungry unemployed men in New York and other American and Canadian cities, and read of the same terrible conditions in every country of Europe, to appreciate just how well off we really are in Newfoundland. . . . Those of us who are interested in the great changes that are coming over Newfoundland, and who have also some contact with the industrial life of the United States and Canada, have one fervent hope, and that is that, with the coming of modern industrialism to Newfoundland, we may never lose the fresh bloom of that wholesome life which constitutes much of the charm of our country."

5. Rarely can a man have been more neatly hoist with his own petard.

6. Though Mr. Hollett spoke for more than two hours and wholeheartedly supported the report, I think it is fair to say he said nothing more of interest.

7. Before the Convention adjourned, Mr. Fogwill (St. John's East) and Mr. Vardy (Trinity North) spoke briefly in support of the Report.

8. The feature of the discussion on Thursday, when the session was materially shortened by the reading of the letter of October 29th from the Prime Minister

with the accompanying proposed arrangements for the entry of Newfoundland into Confederation, was the speech of the Honourable R. B. Job (St. John's City East) justifying his stand in refusing, as a member of the Committee, to sign the Report.

9. Apparently in his view the report dealt too confidently with the future prospects of the country and, though he claimed to be generally optimistic about the future of the fisheries and the other industries he felt that no one could predict the future with sufficient accuracy to justify the conclusions set forth in the report. Mr. Job could not forego the opportunity of bringing up once again his favourite theme of securing, through negotiation, fiscal or other remuneration or advantage from the United States and Canada in return for the grant of the bases.

10. Mr. Gordon Higgins (St. John's City East) who it will be recalled was a member of the Ottawa delegation, spoke briefly in favour of the report.

11. Mr. Vincent (Bonavista North) wound up the debate with a short speech citing, in particular, the difficulties of Labrador fishermen and of the fishermen of the North-East Coast generally and expressing his inability to accept the report as a fair statement of the economic position of the country.

12. The debate was continued today by Messrs. Harrington, Reddy and Butt who spoke in favour of the Report and by Mr. Starkes who was opposed to its adoption. The discussion was generally on a low level with no new points of interest or importance being brought forward. The debate will be further continued on Monday.

I have etc.

J. S. MACDONALD

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*Le haut commissaire de Grande-Bretagne au secrétaire d'État  
aux Relations avec le Commonwealth de Grande-Bretagne*  
*High Commissioner of Great Britain to Secretary of State  
for Commonwealth Relations of Great Britain*

DESPATCH 285

Ottawa, November 7, 1947

Sir,

I have had the honour to address you in separate communications about the discussions between the Canadian Government and the delegates of the Newfoundland National Convention who were charged to ascertain, as one of alternative courses which the Convention is exploring, what basis might exist for the entry of Newfoundland into the Canadian Confederation. Now that the Newfoundland delegation have returned and the Canadian Government's reply to the Delegation's enquiries has been communicated to the Convention and published, it may be convenient to summarise the developments briefly in a single report.

2. It may be recalled that it was contemplated at the time of Confederation eighty years ago that Newfoundland would wish to become one of the Provinces of the new Dominion and that legal provision for this was contained in the British North America Act of 1867. However, at a general election in 1869, the people of Newfoundland decisively rejected the idea. Subsequently, in the 1890's, at a time of financial crisis in the Island, there were renewed negotiations as to the possibility of Newfoundland entering Confederation but these, when a settlement was in sight, finally broke down on the issue of liability for Newfoundland's public debt. The possibility of political union with Canada was again explored, at a time of renewed financial crisis, by the Newfoundland Royal Commission of 1933, but the Commission regretfully concluded that public opinion in neither country was at that time prepared for such a course. In more recent times Canadian opinion has become more sympathetic on this issue. There has been no attempt to influence the people of Newfoundland in the choice that now lies before them, but Mr. Mackenzie King has made it clear on several occasions during the last two years that, if when they come to consider their future the people should clearly show their desire to join with Canada, Canada would be glad to welcome them.

3. It was natural, therefore, that the question of union with Canada should, from the outset, be considered as one of the possibilities to be explored by the Newfoundland National Convention which was set up to recommend alternative courses as to Newfoundland's future to be decided by a national referendum. Following on their decision to send a delegation to London, the Convention therefore resolved last March also to send a delegation to Ottawa "to ascertain from the Government of Canada what fair and equitable basis may exist for Federal union of Newfoundland and Canada." The Canadian Government indicated that they would be happy to receive such a delegation and went on to express the view that the questions to be discussed were of such complexity and of such significance for both countries that it would be essential to have a complete and comprehensive exchange of information and a full and careful exploration by both parties of all the issues involved so that an accurate appreciation of the position might be gained on each side. The Canadian Government added that they were confident that the friendship and co-operation between the two countries would provide a firm basis for the discussions.

4. A delegation consisting of Mr. Bradley, the Chairman of the Convention, and six other members was accordingly appointed and they arrived in Ottawa at the end of June.

5. The proceedings got off to a good start with a very successful Government dinner which was given to the delegation on the evening of their arrival. The Prime Minister himself presided and others present included the Canadian Cabinet Ministers concerned, all the Commonwealth High Commissioners in Ottawa and the Leaders of the three Opposition parties. Mr. Mackenzie King was in extremely happy vein in moving the toast of Newfoundland and Mr. Bradley made an excellent speech in reply which greatly impressed the Canadians.

6. The official opening of the talks took place at a public session on the 25th June, presided over by the Prime Minister, which afforded an opportunity for formal introductory speeches. These were properly non-committal on the main issue but were couched in terms of great cordiality and friendliness.

7. The remainder of the proceedings, which were to occupy three months in all, were held in private. During the earlier meetings the two delegations exchanged documents which each had prepared in advance, and the Canadian team answered a number of questions raised by the Newfoundland delegation. A number of sub-committees were also set up to investigate particular questions. The discussions went into all matters very fully and thoroughly and good progress was made. Some difficulty was naturally encountered owing to the fact that the Delegation was empowered only to seek information and had neither the authority, nor indeed the qualifications, to enter into negotiations with the Canadian Government. This difficulty would no doubt have been felt more acutely if the Canadian Government had adopted a less forthcoming attitude; as matters turned out, however, it cannot be said that the interests of Newfoundland suffered in any way on this account.

8. There was, however, one hitch in the time-table which had the effect of prolonging the discussions unduly and somewhat upsetting the programme. Mr. Bridges, the Minister of Fisheries and New Brunswick's representative in the Federal Cabinet, who had taken a prominent part in the discussions, died suddenly at the end of August. He was succeeded as Minister by Mr. Gregg who also comes from New Brunswick, and who, as he was not a Member of Parliament already, was immediately nominated by the Liberal Party to contest his predecessor's seat. The Canadian Government were very anxious that an elected representative of all the Provinces should be associated with any Cabinet decision on the terms to be offered to Newfoundland. They felt that this was right in principle and they were also anxious to counter the arguments which had been put forward by some of the Provincial Governments as to the need for consulting the Provinces by pointing out that the interests of the individual Provinces had been looked after by their spokesmen in the Cabinet. No doubt also the Liberal Government, who set great store on winning the New Brunswick by-election, were anxious that their chances should not be affected adversely by any controversy over the offer to Newfoundland. At all events, the New Brunswick by-election was not due to be held until the 20th October and the Canadian Government made it clear that they could not reach a final decision until after that date.

9. This placed the Newfoundland delegation in something of a quandary and made it impossible for them to return at any early date with the actual "terms" which Canada was prepared to offer. During August there was an unhappy period of some embarrassment and uncertainty, but eventually it was arranged that the Newfoundland delegation would return home with a full documentation on the actual discussions which they could present to the National Convention, on the understanding that the reply of the Canadian Government to their enquiries would be communicated at a later date. The delegation accordingly left Ottawa on the 30th September.

10. Fortunately the new Minister of Fisheries won the New Brunswick by-election by a handsome majority and the way became clear for the Cabinet to consider their offer of terms. They did this with some promptitude and their reply was forwarded to the Governor and communicated by him to the National Convention on the 6th November.

11. The main heads of the Canadian reply are summarised briefly in the enclosed memorandum.<sup>1</sup> In sum the terms proposed amount to an exceptionally generous offer, which far exceeds any expectations previously entertained. Full allowance is made for Newfoundland's special financial and economic circumstances, and it is recognised that a period of years would be needed to enable her to readjust herself to the Canadian economy. Hence the terms provide not merely for the extension to her of all the benefits accruing to a Canadian Province but for treatment over a period ahead more favourable than that accorded to any other Province. It has always been recognised that the crux of the question would be the financial settlement and on this the Canadian authorities could hardly have gone farther; the terms provide for the Canadian Government to take over not merely a portion but the whole of Newfoundland's sterling debt, for the taking over by Canada of her costly railway and steamship services, for the retention by Newfoundland of her existing surplus balances, for the grant to her of subsidies comparable to those payable to other Provinces, and in addition for a special transitional grant which would assure her of financial security during the period of readjustment. This grant amounts to \$3,500,000 for the first three years and diminishes over a period of twelve years. Provision, however, is made for a reassessment of Newfoundland's financial position by a Royal Commission within a period of eight years.

12. Hitherto it has generally been thought that while the cause of Confederation has recently gained ground in Newfoundland, the chances of a majority opinion in favour of union with Canada were not very promising. But the generosity of the Canadian offer and the prospect of financial security which it holds out may well have marked effect, and the promise of the full enjoyment of social security benefits on a standard unattainable by Newfoundland on her own — including family allowances, unemployment insurance, higher old age pensions and increased benefits to ex-servicemen — may alone have a wide appeal. Moreover, the entry, free of tariff, of Canadian goods into Newfoundland would have a powerful effect in reducing the cost of living, the continued rise of which is now pressing so heavily on all classes of the population. As against this, Newfoundlanders would of course become subject to Canadian rates of taxation. It is calculated that on the basis of the terms proposed the net cost to Canada of taking over Newfoundland would be some \$15 million a year, a figure which would no doubt be increased should any trade depression occur. It has indeed always been recognised that Newfoundland would in the early days of Confederation at least, be a serious financial liability. But there would be cogent political, strategic and economic advantages in Newfoundland being included in the Canadian orbit and Canadians generally have become increasingly conscious of this. In drawing up their terms the Canadian Government made it their guiding principle, notwithstanding possible criticism from some of the Provinces, to err always on the side of generosity, and the offer now made should ensure that, whatever the ultimate decision in Newfoundland, the people of Canada will at least have no cause to reproach themselves for any failure on their part to extend to their sensitive friends and neighbours the most open-handed and open-hearted of welcomes.

I have etc.

P. A. CLUTTERBUCK

450.

2828-40

*Extraits d'un télégramme du secrétaire d'État aux Affaires extérieures  
à l'ambassadeur en France<sup>2</sup>*

*Extracts from Telegram from Secretary of State for External Affairs  
to Ambassador in France<sup>2</sup>*

TELEGRAM 12

Ottawa, November 8, 1947

Duplessis at weekly Press conference in Quebec accused Federal authorities of quote anti-Canadian arrogance unquote in negotiations for what he termed quote annexation unquote of Newfoundland Canadian Press reports. He questioned right of federal government to offer terms to Newfoundland without consulting provinces particularly Quebec. Proposals to Newfoundland Duplessis said represented an increase of taxpayers' burden at time when Federal income taxation was quote excessive and exorbitant unquote. Proposals for Newfoundland's representation in Canadian Parliament would affect Quebec's constitutional guarantees. He asked what would happen to United States bases in Newfoundland and if territory elsewhere would be detached to become part of United States.

In despatch from Newfoundland Canadian Press says citizens in St. John's greeted with mixed feeling and cautious eye terms offered by Canada. One unnamed merchant on Water Street commented that quote terms in strong contrast to parsimonious conditions put forward eighty years ago unquote. Generally however officials and citizens wary about offering opinions while awaiting discussion of terms by national convention.[ . . . ]

In Canada editorial opinion so far received follows general line that terms fair even generous that Canadians prepared welcome Newfoundland warmly into Federal family. *Halifax Herald* urging that discussion be kept on high plane comments quote at time when Britain giving up so much of her colonial empire it be lesson to all mankind to see two British lands joining in closer relationship unquote. *Toronto Telegram* observes that now quote offer to Newfoundland made public it would be interesting to have statements on advantages to Canada of such deal unquote. *London Free Press* says terms fair generous generally follow policy under which Maritimes entered confederation. *Windsor Star* says quote no great financial burdens be imposed on Canada if Newfoundland decides federate. Canadian proposals seem fair unquote. *Ottawa Journal* quote this generous offer ought convince Newfoundlanders but it may not that Canada has no selfish motives in matter is not engaged in any sinister and nefarious plot against island's liberties but is playing part of big brother in Commonwealth unquote.

<sup>2</sup>Mackenzie King était alors à Paris.

<sup>2</sup>Mackenzie King was then in Paris.



451.

PCO

*Le haut commissaire à Terre-Neuve à la deuxième direction politique*  
*High Commissioner in Newfoundland to Second Political Division*

St. John's, November 8, 1947

Dear Mr. MacKay,

I spent last night with Sir Edward Emerson and Judge Winter playing chess. In intervals of the game and while we were having lunch afterwards, talk turned to the Canadian proposals for Union. Both Sir Edward and Judge Winter thought the terms were excellent, offering Newfoundland a special position in the Dominion.

Knowing your interest in the question of divorce in Newfoundland, I ran over a few things that were not specifically dealt with in the proposed arrangements for the entry of Newfoundland into Confederation to see how Sir Edward would react. He saw no need for any particular safeguard on the question of divorce. The cost and difficulty of taking the question to the Senate he regarded as all the safeguard that anyone in Newfoundland could reasonably ask for. I judged from our discussion that the question had not been raised by anyone with him and that in any case he felt that there was no need for any special safeguards respecting it.

Yours sincerely,

J. S. MACDONALD

452.

243s

*Le sous-secrétaire d'État par intérim aux Affaires extérieures*  
*au haut commissaire à Terre-Neuve*  
*Acting Under-Secretary of State for External Affairs*  
*to High Commissioner in Newfoundland*

SECRET

Ottawa, November 10, 1947

Dear Mr. Macdonald,

I refer to your Despatch No. 469 of October 15th, summarizing your conversation with the Governor after your return to Newfoundland.

2. The disturbing point about your despatch is that the Governor seems to be still convinced that continuation of the Commission of Government on a five-year basis will go on the ballot paper. If this should occur it might, of course, profoundly affect the decision on confederation since many people would be disposed to put off an irrevocable decision on the question of confederation for the time being.

3. There is I think some doubt whether the Commonwealth Relations Office would be disposed to frame the question of continuation of Commission of Government in this way. Mr. Pearson raised the point with Sir Alexander Clutterbuck some months ago and my understanding is that Sir Alexander was strongly

of the opinion that the officials of the Commonwealth Relations Office would not favour such a course. Moreover, Lord Addison is no longer Secretary of State for Commonwealth Relations.

4. We have, however, taken some precautions against letting the matter go by default. It was thought possible that the Prime Minister might have an opportunity to discuss Newfoundland matters at a high level while in England and Mr. Pickersgill took along material to meet this contingency. We are sending further material to Mr. Pickersgill, including a copy of your despatch as a reminder to the Prime Minister. I enclose a copy of this correspondence.<sup>†</sup> It is understood that the Prime Minister will be returning to England from the Continent a few days before the Royal wedding.<sup>‡</sup>

5. Mr. Baldwin, Secretary of the Cabinet Committee on Newfoundland, also expects to be in England on his way back from Geneva in about a fortnight. Mr. St. Laurent approved of Mr. Baldwin discussing quite informally questions of procedure with officials of the CRO<sup>4</sup> if the occasion arose. Mr. Baldwin said before leaving that if an opportunity arose he would point out our objection to any proposal that the continuation of the Commission on a five-year basis should be submitted for referendum. While such discussions would be at what Mr. Hickerson of the State Department calls a "pick and shovel level," they might be useful.

6. We should also probably raise the matter again with Sir Alexander Clutterbuck when occasion offers.

Yours sincerely,

LAURENT BEAUDRY

453.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 512

St. John's, November 10, 1947

Sir,

The local political situation outlined in my despatch no. 508 of November 7th has been marked over the week-end by some heated altercations in the Steering Committee.

2. I have it on good authority that at one stage the discussion respecting the degree of publicity that should be accorded the Canadian proposals grew so bitter that Major Cashin completely lost his temper and, going around the Council table, threw himself on Mr. Smallwood. Other members intervened and took the

<sup>†</sup>Il n'y a pas d'indications, du moins dans les dossiers canadiens, que le Premier ministre a discuté de la question de Terre-Neuve pendant son séjour à Londres.

<sup>‡</sup>There is no Canadian record of the Prime Minister having discussed the Newfoundland issue during his visit to London.

<sup>4</sup>Commonwealth Relations Office.

Major outside, where, on cooling off, he wrote a letter of apology and offered to resign from the Steering Committee. Mr. Smallwood magnanimously moved that his resignation be refused and that he be requested to resume his place. The anti-confederate group have no objection to the Canadian proposals being received and discussed in the Convention where speeches will be limited to one speech, not to exceed an hour, by each member. They object strenuously, however, to having the Canadian proposals debated in Committee of the Whole where each member may speak as long and as often as he likes. With micro-phones installed in the Convention Chamber this procedure would give the Confederate group, and particularly Mr. Smallwood, an exceptionally fine opportunity for free campaigning since the proceedings are broadcast over the Island at the time and are re-broadcast verbatim in the evening.

3. I am informed that the Chairman of the Convention, overruling the Responsible Government group, has decided to insist on the Canadian proposals being debated in Committee of the Whole so that a full and detailed exposition can be made of them. I understand he is even proposing to go further and rule out Mr. Higgins' motion as being contrary to the terms of reference of the Convention. These two decisions, if put into effect, will, of course, greatly favour the Canadian proposals securing the widest and fairest hearing.

4. The group favouring Confederation, profiting by this rather more favourable situation, are now proposing to give notice of a motion that the Convention recommend, in a single Resolution, that the Government of the United Kingdom place the following questions on the ballot paper in the Referendum:

- (1) Retention of the Commission of Government;
- (2) Restoration of Responsible Government as it was in 1933; and
- (3) Federation with Canada on the basis of the Prime Minister's letter of October 29th.

5. It now seems likely that the debate on the Economic Report will continue for several days further as a number of additional speakers have indicated a desire to express their views on it. Consequently the Canadian proposals may not come up for discussion in the Convention before the beginning of next week.

I have etc.

J. S. MACDONALD

454.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 199

St. John's, November 14, 1947

IMPORTANT. Secretary of National Convention requests that copies be furnished of publications listed in Appendix XV Part II of Summary of Proceedings<sup>5</sup> for

<sup>5</sup>Voir la référence 159a du document 421.

<sup>5</sup>See footnote 154 of Document 421.

the use of members in forthcoming debate. The note at the end of the Appendix indicates that these publications would be made available upon request. Realizing that many of the publications would be difficult to obtain in quantity, he would be satisfied with a minimum of ten copies of each. However, if more are available they could be used to advantage. As we have here sufficient copies of *Canada 1947* and *Canada from Sea to Sea* it will not be necessary to send any of these. I would suggest that this matter be treated as urgent as debate most probably will be initiated next week.

455.

2828-40

*Extrait d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extract from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 543

St. John's, November 21, 1947

Sir,

I have the honour to inform you that the debate on the "Proposed Arrangements for the Entry of Newfoundland into Confederation" opened before crowded galleries last evening in the National Convention. In the absence of Mr. F. Gordon Bradley, Chairman of the Ottawa delegation, who was suffering from rheumatism and a bad cold, Mr. J. R. Smallwood, on the nomination of Mr. Bradley and with the consent of the Convention, undertook to pilot the Canadian communication in Committee of the Whole. Undoubtedly, Mr. Bradley would have done the job in a more Parliamentary fashion and would stir up less acrimony than Mr. Smallwood seems to do. The latter, however, possesses a far more accurate and extensive knowledge of the Federal system, of Canadian legislation and regulations thereunder and of the terms themselves than any man in the Convention. It must be said to his credit, also, that he has endeavoured, in discharging this mission, to proceed in a conciliatory fashion.

2. Mr. Smallwood opened the discussion by reading the text of the Prime Minister's letter of October 29th giving it an emphasis and a significance it lacked in the expressionless monotones in which it was read by the Secretary when it was first presented. He then proceeded to read the "Proposed Arrangements" clause by clause. The second clause respecting the position of Labrador gave rise to some rather acrimonious exchanges. Mr. Penney (Carbonear) and others tried to hint darkly that Quebec had envious eyes on Labrador and, through its influence at Ottawa, would ultimately contrive somehow or other to secure control of it. By adjournment at eleven, however, the introduction and the first two clauses had been disposed of.

3. This afternoon was taken up with a discussion of clauses three and four dealing with the public services provided by Canada. Mr. Smallwood, comparing the various social services of Canada with those of Newfoundland, quoted largely

from the Memoranda presented to the delegation at Ottawa and was very effective. Mr. Gordon Higgins, plainly irritated at the amount of publicity being given to the Canadian social and other public services rose and took objection to the amount of time Mr. Smallwood was taking over this particular clause. Mr. Smallwood charged him with wishing to prevent the people of Newfoundland from learning the details of these services and defied the Responsible Government group to go ahead, apply closure and prevent the people of Newfoundland learning the details of the Canadian social services. In a scene reminiscent of the reading of Caesar's will, pandemonium broke loose in the galleries, which were clearly behind Mr. Smallwood. Tempers flared high and hammering his desk Smallwood accused Higgings of taking "a three-months' holiday in Ottawa" and threatened to tell the whole story of his lack of co-operation in the work of the delegation. Eventually on the Chairman's threat to clear the galleries and Mr. Burry's plea that the information being given by Mr. Smallwood was of immense interest to the people of his constituency, Labrador, quiet was restored and the discussion continued in orderly fashion.

4. Various speakers tried to belittle Family Allowances on the grounds that they raised taxation, could not be depended on as a new Government might sweep them away overnight, that Canada was already having to borrow money from the United States to keep going, etc., but all of them were effectively countered or brushed aside by Mr. Smallwood. It was clearly his round and the radio broadcast of that session will make excellent propaganda for the Confederation group.

5. As the session adjourned Mr. Fogwill (St. John's Eastern) gave notice of the following question:

"1. What pension (superannuation) rights have the employees of the Newfoundland Railway acquired under the Newfoundland law?

2. In the event of the Newfoundland Railway being taken over and operated by the Canadian National Railways system, who will be liable for the payment of pensions paid to employees of the Newfoundland Railway presently retired and receiving pensions?"

6. Undoubtedly many other questions requiring an answer from the Canadian Government will arise in the course of the discussions. The best procedure will probably be for me to keep you advised of them, from time to time, as they arise, and whether or not they go forward through the Governor singly or in groups, to answer them in a single document. This would appear to be not only a more dignified method but the one most likely to make for effective propaganda.

I have etc.

J. S. MACDONALD

456. . . .

2828-40

*Mémorandum de la deuxième direction politique<sup>6</sup>*  
*Memorandum by Second Political Division<sup>6</sup>*

Ottawa, November 22, 1947

MINUTE ON EDITORIAL FROM THE MONITOR (ORGAN OF  
 THE ROMAN CATHOLIC ARCHDIOCESE OF ST. JOHN'S)  
 NEWFOUNDLAND AT PARTING OF THE WAYS

1. The editorial appeals to the tradition of Responsible Government in Newfoundland and stresses that the people of Newfoundland should consider in deciding their future not merely material advantages but the preservation of "a simple God-fearing way of life which our forbears have handed down to us, and which we must pass on, untarnished, to posterity."

2. It would be "calamitous" if there were "indecent haste" to join Canada since the decision would be irrevocable. Further, the proposed financial basis of union should be most carefully examined since the delegation to Ottawa were without expert advice whereas the Canadian Government was supported by a battery of experts. For the people to decide on the terms without guidance from duly elected representatives of a Newfoundland Parliament — the National Convention is by no means a Parliament — "would be making a mockery of the democratic right of free elections." The *Monitor* approves of the assertion made in some quarters that Confederation should only be considered after a Newfoundland Parliament has been established and has had the opportunity of considering every aspect of the matter.

3. "It is notorious that a referendum may very often bring about the results desired by the promoters of it and may not actually represent the real view of the voter. This notorious fact has been highlighted too often in recent years for us to accept a referendum as being a truly worthwhile test of public opinion."

4. The editorial implies that only two questions should be submitted to referendum — continuation of Commission of Government, and Responsible Government.

<sup>6</sup>R. A. MacKay, l'auteur de ce mémorandum, est retourné au ministère des Affaires extérieures au mois de septembre.

<sup>6</sup>R. A. MacKay, the author of this memorandum, had returned to the Department of External Affairs in September.

457.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 547

St. John's, November 26, 1947

Sir,

The debate on the Confederation proposals was resumed when the Convention opened on Monday. The tone of the discussions was, however, much quieter. A number of speakers endeavoured to offset the effect of Mr. Smallwood's statement last week of the advantages to Newfoundland of Family Allowances, Old Age Pensions and the Canadian Social Services generally.

2. Emphasis was placed by many speakers on the "means test" in old age pensions in an endeavour to leave the impression that pensions might be paid but in return the Government would seize all that a man had, even his home. Efforts were also made to show that, though Canadians might enjoy the benefits of family allowances, old age pensions, etc., they had to pay for them out of greatly increased taxation. Mr. Bailey (Trinity South) one of the most amusing of the contributors to the debate, pointed out that "family men whose children have reached sixteen will still have to go on paying the diaper bonus until they are seventy when they will qualify for the whisker bonus," which he characterized as "just another vicious circle."

3. Some effort was made, also, to discuss the position of fishermen under unemployment and other types of insurance but no one seemed to have enough factual material to permit any satisfactory conclusions to be reached. Indeed, it is becoming increasingly clear that the Convention will require additional details on a number of Canadian services if they are to form clear ideas as to their value. Undoubtedly, also, a number of members will put forward questions not out of any genuine desire for enlightenment but merely to embarrass. There seems to be a general desire, however, both within the Convention and outside to terminate the work of the Convention before Christmas and this feeling can probably be counted on to keep questions within bounds.

4. When the Convention adjourned last evening at eleven o'clock it had concluded the discussion on clause Five of the "Proposed Arrangements" with the exception of sub-section five, "Customs and Excise," which was deferred until the question of taxation comes up for consideration, and sub-section seven, "Pensions and Rehabilitation," because of the temporary absence from the Convention of Mr. C. H. Ballam (Humber) who attended meetings with the Canadian authorities on this subject while in Ottawa and who is now in hospital for a minor operation.

I have etc.

J. S. MACDONALD

458.

C.D.H./Vol. 62

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 548

St. John's, November 26, 1947

Sir,

The local political scene was enlivened a bit yesterday by the launching, through an advertisement in the *Daily News* of a new party, to be known as the "Union with America Party," with the object of securing terms of union from Washington and having them submitted to the people in the forthcoming referendum. It is stated that 112 group heads have been chosen in various parts of Newfoundland and that a drive for membership, which will be open to all Newfoundlanders twenty-one years of age or over, will shortly be launched.

2. So far as I can ascertain, no one of any prominence is connected with the movement. It has already provoked a strong editorial in today's *Evening Telegram*, a copy<sup>t</sup> of which I enclose herewith for your information, together with a copy of the advertisement under reference.

I have etc.

J. S. MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

*Extrait du Daily News de St. John's du 25 novembre 1947*

*Extract from St. John's Daily News of November 25, 1947*

## ANNOUNCING

NEWFOUNDLAND PARTY FOR ECONOMIC UNION WITH AMERICA

TO BE KNOWN AS THE

"UNION WITH AMERICA PARTY"

- (1) Membership open to any man or woman in Newfoundland over 21.
- (2) A membership drive will be started shortly and will be announced in the local press.
- (3) A group of 15 local leaders with 112 group heads in various Newfoundland outports are now forming plans; other group heads are required.
- (4) The terms from Washington must be obtained as were the terms from Ottawa.
- (5) The American Republican Party will be asked to support the aims of the NEWFOUNDLAND UNION WITH AMERICA PARTY.
- (6) If the PEOPLE of this country do desire to find out the terms of U.S. Union then why is it not being put on the ballot paper? . . . GIVE THE PEOPLE ALL THE FACTS — WE WANT THE AMERICAN TERMS.
- (7) ALL NEWFOUNDLANDERS ARE ASKED TO JOIN THIS PARTY. NEWFOUNDLANDERS, WAKE UP TO YOUR DESTINY. . . . BECOME A MEMBER OF "THE UNION WITH AMERICA PARTY."



459.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures<sup>7</sup>*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs<sup>7</sup>*

DESPATCH 552

St. John's, November 27, 1947

Sir,

In continuation of my despatch No. 547 of November 26th respecting the debate on the Confederation Proposals I have the honour to report that little progress was made on Wednesday, almost the entire session being taken up with wrangling over secret information given the delegation in Ottawa and whether members of the delegation were justified in withholding it from the Convention.

2. Mr. Higgins (St. John's City east) precipitated the discussion by reading from a confidential document he claimed to have received as a member of the Transportation Committee implying that, in the opinion of the Canadian authorities, the Newfoundland Railway was over-staffed. The relevant section was as follows:

"It is noted that the staff of the railway at the present time number 2990 and of the steamers, 761, a total of 3751. This looks like an undue number in relation to the size of the operation, but only a careful detailed study would reveal whether or not the staff would likely be decreased under Canadian National administration."

The second sentence, he pointed out, had been carefully omitted from the "Black Book" — as the two volumes given to the members of the delegation for communication to the Convention are coming to be called — and implied that this was evidence of an intention to withhold vital information from the Convention and from the people of Newfoundland.

3. Mr. Smallwood endeavoured, rather ineffectually, to argue that the discussions in the Transportation Committee were exploratory, at the official level, and that, in any case, they were confidential and should not be introduced into the discussion. Mr. Ashbourne supported Mr. Smallwood in holding that any documents outside the "Black Book" were to be regarded as confidential. Mr. Burry concurred though interpreting confidential to mean confidential as far as publication was concerned but not to be withheld from the Convention. Mr. Bradley and Mr. Ballam, the other members of the Ottawa delegation, were not present at the session and their views on the matter were, therefore, not available.

<sup>7</sup>La note suivante était écrite sur cette copie de la dépêche:

<sup>7</sup>The following note was written on this copy of the despatch:

Mr. Pearson discussed the general question raised by this despatch, and by para. 6 of despatch No. 562 of December 3rd<sup>8</sup> with Mr. St. Laurent on December 6th. As a result telegram No. 182 of December 6th was despatched to St. John's. P. A. B[RIDDLE]

<sup>8</sup>Voir le paragraphe 3, document 464.

<sup>8</sup>See paragraph 3, Document 464.

4. This evidence of conflicting views in the delegation itself led to a general discussion in which many members took part and it was finally decided that the document given to members of the Transportation Committee should be tabled. The effect of Mr. Higgins' revelation that the Canadian authorities regard the Newfoundland Railway as probably over-staffed and that this fact was suppressed in the report presented to the Convention was distinctly damaging. I met the Honourable R. B. Job in the course of the evening and found him jubilant at the result of the afternoon's discussion. "It will," he pointed out, "provide live ammunition for innumerable campaign speeches." Clearly the Secretariat of the Conference should never have given members of the delegation documents they were expected to keep secret from their principals, the National Convention, and should not, in any case, have given out material so dangerous from the Canadian point of view. The employees of the railway constitute one of the largest and most influential groups of voters in the Island and it will be most undesirable to leave them with the impression that Confederation will jeopardize their jobs. The only way I see to clear up the difficulty would be to have a question asked in the Convention so drafted as to enable the Canadian Government to state, in reply, that employees of the Newfoundland Railway will be continued in their employment under the terms and conditions governing employment in the Canadian National Railways.

I have etc.

J. S. MACDONALD

460.

R.A.M./Vol. 2

*Mémorandum de la deuxième direction politique*

*Memorandum by Second Political Division*

MINUTE ON DESPATCH NO. 553 OF NOVEMBER 29<sup>TH</sup>, 1947

FROM THE HIGH COMMISSIONER IN ST. JOHN'S

REPORTING FURTHER DEBATE IN THE NATIONAL  
CONVENTION ON CONFEDERATION

1. On November 27th and 28th the remaining paragraphs of the Proposed Arrangements, with the exception of those relating to the general provisions and debt, taxation and the provincial budget were discussed.
2. No strenuous objections were raised to the paragraphs regarding public works and the Newfoundland surplus.
3. The paragraphs respecting transitional grants, reassessment of Newfoundland's financial position and representation were read without comment.
4. The paragraph respecting transportation was subjected to some criticism. An effort was made by Mr. Higgins to minimize the benefits of reduced freight rates and Mr. Cashin argued that employees of the Newfoundland Railway and the Newfoundland Broadcasting Corporation would find their jobs in jeopardy. Mr. Smallwood pointed out that the clause dealing with government employees covers these people and that in any case new employment would be offered by Federal Government agencies.

5. Considerable discussion took place regarding the paragraph on unemployment insurance and it was finally agreed that further information should be sought from the Canadian Government.

6. There was very little discussion when the paragraph dealing with education was read. The clause on defence establishments was briefly explained and gave rise to no objection.

7. The clause on oleomargarine gave rise to some discussion as to whether or not sales tax would be applicable to this commodity.

P. A. B[RIDDLE]

461. 2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 554

St. John's, November 29, 1947

Sir,

This afternoon the Governor asked me to come to Government House and on my arrival informed me that the Commission of Government had this morning dealt with a number of questions which the National Convention had addressed to them. He gave me the following questions to which the Convention asked the Commission of Government to obtain answers from the Government of Canada:<sup>9</sup>

...

The Governor felt that a further question addressed to the Commission of Government could only be satisfactorily answered by the Canadian authorities and accordingly he asked me to pass it on also:

...

2. I told him that while I had no instructions on the matter from my Government I personally felt that, if there were points relevant to the "Proposed Arrangements for the Entry of Newfoundland into Confederation" on which the Convention thought it required further information before coming to a decision they would be entitled to ask for the information and that I would transmit the questions to my Government for its consideration. Some of the questions appeared to require explanatory material in order to enable the Canadian Government to understand them clearly. The Governor suggested that I should communicate with the Departments concerned here who would be glad to furnish any information that might be desired. [ . . . ]

3. I pointed out that some of these questions would probably require reference to the various Provincial authorities and that some time might therefore elapse

<sup>9</sup>Les réponses à la plupart de ces questions sont reproduites à l'appendice A.

<sup>9</sup>The answers to most of these questions are printed in Appendix A.

before answers could be secured. I think, however, it would be advantageous to have replies as soon as may be convenient so that no blame can be placed on the Canadian Government for prolonging the sessions of the Convention unnecessarily.

I have etc.

J. S. MACDONALD

462.

R.A.M./Vol. 2

*Mémorandum de la deuxième direction politique*

*Memorandum by Second Political Division*

MINUTE ON TELEGRAM NO. 207<sup>†</sup> AND DESPATCH NO. 558<sup>†</sup> OF DECEMBER 1ST, 1947, FROM THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S REPORTING REACTION TO PREMIER DUPLESSIS' RECENT STATEMENT ON LABRADOR

1. Premier Duplessis of Quebec was reported in the Newfoundland Press on November 29th as having served "formal notice . . . upon Ottawa, Newfoundland and the Privy Council" that Quebec "apparently" does not consider that the Privy Council's decision regarding Labrador constitutes a final settlement. Mr. Duplessis is also reported to have made highly optimistic statements regarding the Hollinger operations and to have said that two-thirds of the mineral wealth discovered is in territory "incontestably" in Quebec while the rest is "in part of the territory in which we consider we have rights."

2. The press report caused much excitement in St. John's, and on December 1st it was discussed in the National Convention.

3. Mr. Cashin and another Responsible Government supporter argued that if Newfoundland became a province of Canada it would, in the course of time, lose Labrador to Quebec. The Chairman pointed out that, while Mr. Duplessis' statement appeared to be "good politics in Quebec," there could be no appeal against the Privy Council's decision. Mr. Smallwood took the same line but, to meet criticism, said that he would table a question asking the Canadian Government if Mr. Duplessis' statement alters in any particular the Proposed Arrangements now before the Convention.

P. A. B[RIDLE]

463.

2828-40

*Mémorandum du secrétaire adjoint du Cabinet au  
secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Secretary to the Cabinet to  
Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, December 3, 1947

NEWFOUNDLAND; PROCEDURAL QUESTIONS; DISCUSSIONS  
WITH COMMONWEALTH RELATIONS OFFICE

While in London last week, I had an informal and exploratory conversation with our High Commissioner, Mr. Robertson, and with the Permanent Under-Secretary, Commonwealth Relations Office, Sir Eric Machtig, on matters of procedure which would arise in the event that Newfoundland should vote in favour of union with Canada. We covered in a general fashion, problems outlined in the report of the Legal Sub-Committee submitted some months ago to the Canadian Cabinet Committee and further possibilities indicated in my own note of October 28th<sup>†</sup> on "Newfoundland; procedure for admission." The purpose of the visit was to inform the C.R.O. of difficulties which we foresaw and to give our general reaction on them as a result of conversations with the Newfoundland delegation during the summer.

Machtig recognized the importance of two of the points which had already been suggested:

(1) That in some fashion, representatives of Newfoundland should be associated with the final drafting and other detailed work required between the referendum and the effective date of union; and

(2) that it would be unwise to have the election of a legislature and government in Newfoundland too soon after the referendum, and that this first election might perhaps be deferred until after union had become effective. (This latter point gains added strength since the C.R.O. is obviously of the opinion that should the referendum in Newfoundland cover three choices it may be necessary to hold a second referendum in the event that no one of the three gets a clear majority at first.)

Without describing the conversation in detail it is sufficient to indicate here that Machtig was inclined, in this preliminary review, to feel that in the event of a referendum favourable to union, Commission government might be maintained until after the effective date of union; that during this period a representative group of Newfoundlanders might be called upon to cooperate with the Canadian and U.K. governments in any further drafting of terms of union, including such matters as a provincial constitution, boundaries of electoral constituencies and so on; that this representative group of Newfoundlanders should not be chosen entirely from the pro-confederate party but should be men of outstanding ability and character, selected on a national basis with a view to having a group who might become the first provincial government on a non-party basis. (The danger in selecting such a group, as Mr. Bradley might prefer, entirely from the vocal pro-Confederationists would be that Confederation would then become a matter of continuing provincial party politics, whereas it should be removed from this sphere as rapidly as possible.)

Machtig wished to give further consideration to such matters as time at which Commission government could be replaced by a provincial government and legislature, i.e. whether a representative group of Newfoundlanders might become the first government by appointment and might subsequently hold an election; whether the first election should be immediately prior to the effective date of

union or shortly thereafter; and similar matters. He undertook to have the subject of procedure reviewed by the C.R.O. officials and we may expect to hear further from them in the course of the next few months.

J. R. BALDWIN

464.

R.A.M./Vol.2

*Mémorandum de la deuxième direction politique*

*Memorandum by Second Political Division*

MINUTE ON DESPATCH NO. 562 OF DECEMBER 3RD, 1947,<sup>†</sup>

FROM THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S

REPORTING FURTHER SESSIONS OF THE NATIONAL CONVENTION

1. On December 1st and 2nd there was some desultory discussion of the paragraph of the Proposed Arrangement relating to an economic survey.<sup>10</sup> The Convention then turned to the paragraph containing general provisions. Some fear was expressed that extension of Canadian citizenship to Newfoundlanders might disqualify them for preferred employment in existing Newfoundland industries. It was decided to refer the matter to the Newfoundland Department of Justice for an opinion.

2. After a routine discussion of the question of pensions and rehabilitation benefits, the Convention considered tentatively the question of probable federal revenues and expenditures. The opinion was expressed that estimates of customs and income tax revenues are far too low.

3. On December 2nd there was a discussion of whether or not "secret documents" alleged to be held by members of the Ottawa delegation should be passed on to the Convention. No conclusion appears to have been reached on this point.

P. A. B[RIDLE]

465.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 567

St. John's, December 5, 1947

Sir,

I have the honour to transmit the following additional questions to which the Convention has asked the Commission of Government to secure replies from the Government of Canada, which I received from His Excellency the Governor this afternoon:

...

<sup>10</sup>Voir le paragraphe 22.

<sup>10</sup>See paragraph 22.

2. I may add that the first two questions originated with Mr. Smallwood and have been drafted with a view to giving the Canadian Government an opportunity to overcome the bad impression created in Newfoundland by Premier Duplessis' statement on Labrador and the uncertainty respecting the tenure of employment among employees of the Newfoundland Railway created by Mr. Higgins' revelation, set forth in my despatch No. 552 of November 27th, that an important sentence envisaging a possible decrease in the staff of the Railway under Canadian National administration had been deleted from the material supplied the Convention.

3. The other questions, which originated with Major Cashin, are of a quite different character.<sup>11</sup> They are obviously intended to embarrass and irritate the Canadian Government and to provide arguments that might be used against Confederation. Just how much information should be given in answer to questions of this kind is a nice point. It seems to me that the Convention can legitimately ask for any information that is necessary to enable them to make up their minds as to whether they should recommend that union with Canada, on the terms laid down in the Prime Minister's letter of October 29th, should be placed on the ballot paper in the forthcoming Referendum. Any question asking for information not necessary for this purpose clearly falls into a different category though to refuse information would leave us open to misrepresentation.

4. I may add that efforts are being made through the Chairman of the National Convention to set a date after which no further questions will be accepted. Both the Governor and the Chairman are favourable to this course for otherwise designing members could keep the Convention in session indefinitely and by unfair questions do harm to relations between the two countries.

I have etc.

J. S. MACDONALD

466.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 569

St. John's, December 5, 1947

Sir,

In continuation of my despatch No. 562 of December 3rd I have the honour to report that a meeting of the Steering Committee was held on Wednesday at which it was decided that it would be desirable, before proceeding with the debate on the "Proposed Arrangements for the Entry of Newfoundland into

<sup>11</sup>Les questions du major Cashin portaient sur les affaires financières du gouvernement du Canada et du Canadien National et du Canadien Pacifique ainsi que de leurs filiales.

<sup>11</sup>Major Cashin's questions focussed on the financial affairs of the Canadian Government and of the Canadian National and Canadian Pacific railways and their subsidiaries.

Confederation" to secure further information on the probable revenues that would be taken from Newfoundland in the event of union. Several members of the Committee contended that the estimates in the Black Book both for the revenues obtainable from customs duties and from income taxes were absurdly low. It was, therefore, decided to address a question to the Canadian Government asking how the figures were arrived at and simultaneously to ask the Commission of Government to provide an independent estimate of the amounts that would likely be obtained by the application of Canadian customs rates and income tax rates to Newfoundland.

2. When the Convention opened yesterday questions based on the discussions in the Steering Committee were tabled and a short and rather acrimonious discussion occurred on whether or not they should proceed to discuss particular federal taxes such as excise taxes or wait till the information they had asked for was available when the general subject of revenue and expenditure could be discussed. Mr. Smallwood upheld the latter view which finally prevailed. It was decided to adjourn the Convention till Monday next when Mr. Smallwood undertook to discuss the revenues and expenditures of Newfoundland as a Province.

I have etc.

J. S. MACDONALD

467.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 570

St. John's, December 6, 1947

Sir,

I have the honour, at the request of His Excellency the Governor, to transmit the following additional questions which have been received by him from the National Convention for submission to the Government of Canada:

2. I should add, as of possible assistance to you in the drafting of replies, that the first question originated with Mr. Cashin, the second with Mr. Hollett and the third with Mr. Smallwood, who thought that perhaps the best way of answering ill-informed criticism of probable federal revenues from Newfoundland was to have a clear statement showing how the estimates were arrived at.

I have etc.

J. S. MACDONALD



468.

243s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

TELEGRAM 182

Ottawa, December 7, 1947

SECRET. Your despatch No. 562 of December 3rd, paragraph 6,<sup>12</sup> and other correspondence; tabling of confidential and secret material in National Convention.

2. I should be interested to know whether there have been any further developments in this regard in the Convention since your despatch No. 562.
3. It would be desirable for you to discuss the situation at your earliest convenience with the Governor pointing out that, while we do not repeat not wish to prevent members of the Convention from having access to information relevant to their deliberations, we would expect that the contents of either conference documents or Canadian Government documents which are marked confidential or secret, would not repeat not be made public in the Convention or otherwise without the prior consent of Canadian authorities.
4. It is not clear from your despatch to whom Mr. Higgins' question, to which you refer in paragraph 6 of your despatch, is to be addressed. If the question is to be addressed to the Chairman of the Convention, the Governor might wish to suggest to him that the answer might be to the effect that, following the customary practice in discussions with the government of another country, the contents of neither conference documents nor Canadian Government documents which are marked confidential or secret, should be made public without the prior consent of Canadian authorities.
5. In any case it would be most important that there should be no repeat no implication that the ruling in this matter has been made at the suggestion of Canadian authorities.
6. If the Convention should request formally that certain secret or confidential documents be made public, a decision would then have to be taken here. I am inclined to think, however, that it is important at the present juncture to have the matter placed on a proper procedural basis. -

<sup>12</sup>Voir le paragraphe 3, document 464.

<sup>12</sup>See paragraph 3, Document 464.

469.

243s

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 571

St. John's, December 8, 1947

Sir,

In reply to your telegram No. 182 of December 7th, I have the honour to inform you that Mr. Higgins has not carried out his intention of tabling a question and there have been no further developments with respect to the tabling of confidential or secret material in the National Convention.

If Mr. Higgins should ask his question it could only be directed to the Canadian Government. It would be extremely difficult to take the position that we would not consent to material given to the delegation being made available to the Convention. It would mean that we gave information to the delegates which they were not at liberty to divulge to their principals. Any such ruling, if made, would throw the Convention into a turmoil and do irremediable harm to the cause of Union. There is nothing in the Minutes, or any other secret document if, in fact, any other secret document has been given to the delegation, the publication of which would be half as dangerous as a request to withhold publication.

I have etc.

J. S. MACDONALD

470.

R.A.M./Vol 2

*Mémoire de la deuxième direction politique<sup>13</sup>*

*Memorandum by Second Political Division<sup>13</sup>*

MINUTE OF LETTER DATED DECEMBER 8TH<sup>†</sup> FROM MR. G. L. MAGANN,  
CANADIAN EMBASSY, WASHINGTON, TO MR. D. M. JOHNSON,  
DEPARTMENT OF EXTERNAL AFFAIRS, REPORTING  
A PROPOSAL OF THE HERTER COMMITTEE WITH  
RESPECT TO LABRADOR IRON

1. The Preliminary Report Ten of the House Select Committee on Foreign Aid (The Herter Committee) contains a suggestion that "some participation in" Labrador iron ore deposits might be allocated as security against any U.S. loan to Britain. It is further suggested that present deliberations regarding Newfoundland's political future might be made the basis of negotiations in this respect. The Committee clearly assumes that Newfoundland, which owns Labrador, is "a Colony of Britain and not a Dominion."

2. Mr. Magann concludes his letter by pointing out that the Herter Report speaks of the "astonishing results" in terms of the possibilities of repayment which might be produced by a systematic review of world resources on the above

<sup>13</sup>P. A. Bridle.

basis. Mr. Magann says he would think that this proposal with regard to Labrador's resources would excite other and more lasting emotions than astonishment on the part of Newfoundlanders.

471.

2757-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 574

St. John's, December 9, 1947

Sir,

I am informed that at a secret meeting of the Steering Committee last evening it was decided to devote the present week to a discussion of the finances of Newfoundland as a Province of Canada and that the Convention would adjourn on Friday, December 12th, to meet again on Monday, January 5, 1948.

2. It was further decided that, on reassembling in January, the Convention would proceed to discuss forms of Government. In this connection it is of first-rate importance that replies to the various questions that have been addressed to the Canadian Government be ready for presentation to the Convention. Otherwise there would be a considerable risk that it would take the ground that it had not sufficient information on which to make up its mind on the question of whether Confederation should be placed on the ballot paper in the forthcoming referendum. With Confederation thus eliminated, the Convention might proceed to recommend that the referendum be limited to a choice between the retention of the Commission of Government and the restoration of Responsible Government.

3. A series of questions relating to revenues secured from various taxes at Newfoundland and Canadian rates has been addressed, at the instance of Major Cashin, to the Commission of Government and it may be that they will pass the part relating to the application of Canadian rates on to us. Apart from this contingency, as far as can be ascertained at present, there is only one further question to come forward, namely, a question which originated with Mr. Smallwood, requesting information on the basis on which the figures of federal revenues and expenditures in Newfoundland were compiled. The object of the question is not to secure material to attack our basis but rather to show that it is thoroughly sound.

I have etc.

J. S. MACDONALD

472.

2828-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

TELEGRAM 183

Ottawa, December 9, 1947

IMMEDIATE. Following for Macdonald from MacKay, Begins: Your despatch No. 554 of November 29th, questions submitted by the National Convention.

2. These questions raise important matters of procedure and policy. Many are obviously tendentious and cannot be answered properly without considerable explanation. We are however inclined to think that a refusal to answer would be politically undesirable.

3. We are inclined to adopt the following line: first, when a question can be answered from printed documents available to the National Convention, the answer should be a reference to the documents. This would leave the Convention members to dig up the information and interpret it as they see fit. Second, where the question involves an enquiry to other Departments, to advise the Convention that such a reference is being made but that time will be required to obtain the answer. Third, when a question is one of interpretation or application of the terms, we should avoid commitments in the answer. Fourth, if the answer involves extension of the terms or the question of future governmental policy, we should also avoid commitments.

4. With regard to third and fourth of above categories, Cabinet approval in some cases would be required and it will be virtually impossible to get Cabinet to deal with Newfoundland matters while Parliament is sitting.

5. Delay might be best solution for some questions if Convention is likely to end up before Christmas.

6. We should greatly appreciate your views as promptly as possible. Ends.

473.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures<sup>14</sup>*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs<sup>14</sup>*

DESPATCH 581

St. John's, December 9, 1947

Sir,

The National Convention this week took up the question of Provincial finances in the event of Union with Canada, perhaps the most difficult aspect of the whole subject.

<sup>14</sup>Pour une raison quelconque, la dépêche 581 fut envoyée avant la dépêche 580, le document suivant. La même chose se produit avec les documents 487 et 489.

<sup>14</sup>For some reason, Despatch 581 was sent before Despatch 580, the following document. The same thing happened with Documents 487 and 489.

2. Mr. Smallwood, still substituting for Mr. Bradley, Chairman of the delegation to Ottawa, outlined the expenditures which, in his view, would have to be made by a Provincial Government. Dividing the eight-year period before the reassessment of Newfoundland's financial position, as provided for in Article 14 of the Proposed Arrangements, into two periods of four years each, he set forth the following estimate of expenditures for the first period:

|   |              |
|---|--------------|
| Consolidated Fund Services .....                          | \$459,422    |
| Department of Finance .....                               | 287,698      |
| Department of Home Affairs .....                          | 299,700      |
| Department of Education .....                             | 3,107,700    |
| Department of Justice .....                               | 1,053,409    |
| Department of Natural Resources .....                     | 1,279,500    |
| Board of Liquor Control .....                             | 134,100      |
| Department of Public Works .....                          | 2,435,550    |
| Department of Public Health & Welfare .....               | 5,214,868    |
| Provincial Legislature .....                              | 200,000      |
| For increased expenditure and to cover New Services ..... | 750,000      |
|   | \$15,221,947 |

3. For the second four-year period he added half a million dollars to provide for increased expenditure and new services, making an average annual expenditure for the second four-year period of \$15,638,775. By that time the 1950 and 1952 loans will have matured so that the Consolidated Fund Services would be decreased by \$83,172 annually.

4. Turning to Revenue, Mr. Smallwood estimated the new Province would receive from taxation \$3,333,200 per annum under the following headings:

|   |           |
|---|-----------|
| Department of Finance .....                 | \$71,600  |
| Department of Posts & Telegraphs .....      | 87,000    |
| Office of the Assessor of Taxes .....       | 20,000    |
| Department of Home Affairs .....            | 125,000   |
| Department of Education .....               | 66,800    |
| Department of Justice .....                 | 30,000    |
| Department of Natural Resources .....       | 180,500   |
| Department of Public Works .....            | 439,800   |
| Department of Public Health & Welfare ..... | 312,500   |
| Board of Liquor Control .....               | 1,000,000 |
| Gasoline Tax .....                          | 1,000,000 |

5. Other revenue he set at \$10,568,700 from the following sources:

|   |             |
|---|-------------|
| Tax Rental Agreement .....                    | \$6,820,000 |
| Transitional Grant .....                      | 2,843,750   |
| Interest on Surplus .....                     | 600,000     |
| Refund of Payments for Ships and Gander ..... | 254,950     |
| Gas and Electricity .....                     | 50,000      |

which, with new taxation of \$1,320,047, makes a total estimated revenue of \$15,221,947.

6. For the second four-year period he estimated revenue as follows:

|   |             |
|---|-------------|
| Taxation .....                          | \$4,570,075 |
| Forestry (additional) .....             | 200,000     |
| Motor Licenses, etc. (additional) ..... | 150,000     |

|                                |              |
|--------------------------------|--------------|
| Liquor (additional).....       | 250,000      |
| Gasoline Tax (additional)..... | 250,000      |
| Total Taxation.....            | \$5,420,075  |
| Surplus.....                   | 299,375      |
| Refunds.....                   | 254,950      |
| Tax Rental.....                | 6,820,000    |
| Transition Grant.....          | 2,843,750    |
|                                | \$15,638,150 |

7. Mimeographed copies of Mr. Smallwood's estimates of Revenue and Expenditure, giving a more detailed picture of the position, are attached.<sup>†</sup>

8. Mr. Smallwood contended that the expenditures he outlined should be sufficient to carry on provincial services without stinting and held that far from facing insolvency under the Confederation proposals, as opponents had frequently asserted, the Provincial Government could easily finance itself and at the same time leave more money in the pockets of the people. In this connection he pointed out that assuming total federal revenue of \$20,000,000 from Newfoundland as has been estimated by the Canadian Government and a Provincial revenue of \$4,500,000 would give a figure of \$77 per capita, compared with a figure of \$122 per capita presently being collected by the Commission of Government.

9. Mr. Smallwood's exposition of Newfoundland's financial position under Confederation occupied almost the entire afternoon and there was little time for questions or rebuttal. Mr. Hickman, however, took the floor and expressed the view that Mr. Smallwood's estimate of expenditures was far too low — half a million short in Education; a million short in Public Health; two and one-half million short in Reconstruction and that revenues would fall considerably short of Mr. Smallwood's optimistic estimate. The new Province, he asserted, would face a deficit of between five and six million dollars per annum in the first four-year period and when the time came for a review of the financial position, would find itself insolvent and forced to dispose of Labrador to Canada.

I have etc.

J. S. MACDONALD

474.

5665-40

*Extrait d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extract from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 580

St. John's, December 10, 1947

Sir,

I have the honour to transmit, herewith, for your consideration, copy of a letter I have received from the Private Secretary to the Governor<sup>†</sup> asking our assistance

in compiling certain information which Major Cashin has asked the Commission of Government to collect for him. The question falls into a rather different category from the others I have forwarded and perhaps special treatment should be given to it.<sup>15</sup>

...

I have etc.

J. S. MACDONALD

475.

2828-40

*Le haut commissaire à Terre-Neuve à la deuxième direction politique*  
*High Commissioner in Newfoundland to Second Political Division*

St. John's, December 10, 1947

Dear Mr. MacKay,

I have your telegram No. 183 of December 9th respecting the questions submitted by the National Convention. While I agree that many of them are tendentious and cannot be answered without considerable explanation, I feel that we should give as full an answer as we can in each case. The feeling in the Convention, and particularly among the considerable body of members who do not belong to any particular group, is that Newfoundland is being asked to make an irrevocable decision and that sufficient information is not given in the reports brought back by the delegation or incorporated in the "Proposed Arrangements for the Entry of Newfoundland into Confederation" to enable them to come to an informed decision. When the Convention reconvenes in January there is, I think, a considerable danger that, if pretty full information is not available in reply to the questions asked, the "Home Rule" element will feel itself strong enough to propose that Confederation is too big a matter to be decided at this time on the information available and that they should therefore recommend to the United Kingdom that two questions only — the retention of the Commission of Government and the restoration of Responsible Government — be placed on the ballot paper. For these reasons I would not be inclined to think that the line suggested would be a suitable one to follow in replying to these questions.

I might make the following brief comments on your specific enquiries, taking them in order.

"When a question can be answered from printed documents available to the National Convention, the answer should be a reference to the documents. This would leave the Convention members to dig up the information and interpret it as they see fit."

<sup>15</sup>Les questions du major Cashin portaient sur le revenu retiré par Terre-Neuve par les différentes formes d'impôts et sur le revenu probable qui serait tiré avec les mêmes moyens par le gouvernement du Canada s'il y avait confédération.

<sup>15</sup>Major Cashin's questions focussed on the revenue raised by the Newfoundland Government by various forms of taxation and on the hypothetical amounts which would be raised by the same means by the Canadian Government in the event of confederation.

To refer members to publications for answers would, I feel sure, merely annoy them and the Convention generally. It would be much more effective to simply set down the answer.

"Where the question involves an enquiry to other departments, to advise the Convention that such a reference is being made but that time will be required to obtain the answer."

The Convention does not want answers from a Government Department. They expect answers from the Government of Canada. Merely to tell them that a question has been sent to another Department of the Government would be completely futile.

"When a question is one of interpretation or application of terms, we should avoid commitments in the answer."

The principle to be followed here, I think, is that when a question is purely tendentious, it may be answered vaguely. If it is a reasonable question I think we should give it an honest answer, even if it does involve a further commitment.

"If answer involves extension of the terms or question of the future governmental policy, we should also avoid commitments."

The same general principle, I think, applies in this case as well, except that in questions involving future governmental policy we should simply say that the policy of the Government on that particular point had not been laid down but will be considered fully when the question arises.

Our relations with Newfoundland constitute one of the most important aspects of Canadian external policy at the present time. The prestige of Canada is engaged in these "Proposed Arrangements for the Entry of Newfoundland into Confederation" and I cannot think that the Cabinet would take the position that it would not take time to deal with Newfoundland matters while Parliament is sitting.

I am sorry not to be able to reply by telegram, but of the two stenographic members of the staff, one is down with sinus trouble, the other has a heavy cold and it would completely disorganize the Office to try to put all this in a cypher telegram. As a matter of fact the air-mail is almost as quick as a telegram, unless fog or a blizzard intervenes.

Please let me know if I can help you in any way in preparing answers to these questions for I do think they are most important and should be available, if at all possible, when the Convention reconvenes.

Yours sincerely,

J. S. MACDONALD



476.

243s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

DESPATCH 320

Ottawa, December 13, 1947

Sir,

I refer to your despatch No. 571 of December 8th, 1947, in reply to my telegram No. 182 of December 7th regarding disclosure of secret or confidential information in the National Convention.

2. I note that you think it would be undesirable to refuse publication in the Convention of confidential or secret documents arising out of the meetings here in Ottawa. I am inclined to agree with you. At the same time it was felt that some precautions should be taken to avoid publication without our consent. It is quite possible that secret documents, the property of the Canadian Government, which were not formally presented to the delegation may have been picked up during the meetings. Moreover, the method of quoting from secret documents, as Mr. Higgins did, without our consent is, I suggest, most objectionable. Even if the Newfoundland delegation were not representing a government, it seems to me that they should recognize the rules of courtesy ordinarily recognized in dealings with other governments.

3. It will be recalled that the United Kingdom would not permit publication of the verbatim record kept by the Newfoundland delegation of the discussions held in London or even disclosure of it to the Convention. I understand that the United Kingdom later provided an amended record for circulation among members of the Convention on a confidential basis. It might be that we should have to follow some such procedure in the case of certain documents.

4. I quite agree that information disclosed to the delegation or documents given to the delegation could not properly be withheld from their principals, the members of the National Convention, but it is one thing to make such information and documents available to principals and quite another thing to make them public by broadcasting or available to the Newfoundland Press.

5. Since the question of publication may arise later, I think you should have an informal discussion with the Governor on the matter along the lines of my telegram No. 182.

I have etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

477.

2757-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 584

St. John's, December 13, 1947

Sir,

In continuation of my despatch No. 581 of December 9th, I have to report that the remainder of the week was taken up with a running criticism of Mr. Smallwood's hypothetical Provincial budget. Most of the members took no part in the discussions and the contributions of the half dozen members who ventured to express an opinion took the form of sniping comments mainly on matters of detail rather than of any attempt at sound or searching criticism of the Budget provisions as a whole. [ . . . ]

3. Mr. Hollett (Grand Falls), who probably has had the best formal education of any member of the Convention, treated the members to a rather tedious essay on the subject of Federal Union in general and the British North America Act in particular. He emphasized the lack of harmony between the Federal Government and the Provinces and the tendency of the former to encroach on the prerogatives of the latter. "The whole trend in Canada today," he asserted, "is to nullify the usefulness of the Provincial Governments and to concentrate all power and authority at Ottawa."

4. Mr. Hollett argued that Mr. Smallwood's estimate of revenue and expenditure was altogether irresponsible and misleading. It was utterly foolish, for example, to count on \$500,000 as interest on the surplus. The surplus of \$28,000,000, he pointed out, is split in many ways — \$9,000,000 in England, \$6,000,000 earmarked for convertibility of sterling arising out of current fish sales and only about \$12,000,000 represents a liquid asset. He claimed that Mr. Smallwood's estimate of revenue was grossly inflated and that it would not exceed \$12,000,000 per annum. On the side of expenditure he emphasized that Mr. Smallwood had arbitrarily dropped numerous essential items. For example, the estimated expenditure on education was \$3,622,300 and the Commission of Government had voted \$4,000,000 for education with the idea of raising Newfoundland teachers' salaries up to the scale of Nova Scotia. To reduce the amount arbitrarily by half a million dollars, as Mr. Smallwood proposed, was completely unjustified. Moreover, there was no provision for increased maintenance of highways or hospitals. He contended that it would be necessary, under Confederation, to expend \$17,269,000 per annum on Provincial services, declaring vehemently that it was impossible to do it on less. He reached the conclusion that Newfoundland would be faced with a deficit of approximately \$5,269,000 per annum. To meet this deficit it would be necessary, he declared, for the country to face taxation on the Canadian scale. He enumerated at length the taxes to which Canadian Provinces

are compelled to have recourse — gasoline taxes, fuel oil taxes, restaurant taxes, dog taxes, horse taxes, poll taxes, school taxes and taxes on all real and personal property — boats, nets and even cod traps — and to drive home his point conjured up the spectre, through a description of a specific tax scale in Cape Breton, of the ubiquitous and rapacious tax collector from whom there is no escape.

5. Mr. Hollett's contribution to the debate took up the best part of two days and when he finished yesterday afternoon Major Cashin stood up to continue the debate, his object apparently being to make an attack, in the irresponsible Cashin manner, at a time when the approaching adjournment of the Convention for Christmas would make it impossible for any reply to be made to his assertions. Mr. Smallwood contended, however, that it was his right to reply to points raised by Mr. Hollett and proceeded to do so with the obvious intention of making his reply so complete that the adjournment hour would be reached before Major Cashin could get the floor. Many of the members had already left in anticipation of the adjournment and by leading his group out into the lobby Major Cashin was able to prevent a quorum. The Chairman suspended the session for thirty-five minutes until a quorum had been found whereupon it was agreed to terminate the session without further discussion and to adjourn until January 5th.

6. The Convention and the country have been treated for a full week to the amazing spectacle of one man without any formal position or authority, dominating by the sheer force of personality and a wide and accurate knowledge of Dominion-Provincial relations, the whole discussion. The debate was broadcast and the generally good expositions, interspersed with entertainment in the form of heated verbal duels, must have been of very considerable propaganda value. Indeed at times when interest flagged, Mr. Smallwood appeared deliberately to stir up controversy for this purpose. On one occasion, for example, he threw the Convention into an uproar through deliberately refusing to answer a question put to him by Mr. Higgins, and going so far as even to defy the Chair. He argued, in defence of his stand, that he had already answered the question the previous day, implying that Mr. Higgins hadn't been listening attentively and pointing out that in any case Mr. Higgins was, equally with himself, a member of the delegation and it was ridiculous to have to coach him on matters he should have learned at Ottawa. Newfoundland is accustomed to violent, personal abuse of the kind common in Canadian politics half a century ago and such attacks still appear to be good tactics here.

7. The value of the publicity secured for the terms by the discussions in the Convention was, however, greatly weakened by two developments in Canada that unfortunately coincided with it — the adoption of the "austerity programme" involving the prohibition of the importation of motor cars, washing machines and hundreds of other commodities that can be imported into Newfoundland without restriction, and the announcement of Premier Duplessis re-emphasizing the mineral wealth of Labrador and that Quebec does not regard the decision of the Privy Council with respect to the boundary as final. As was to be expected much was made of these developments and their effect on the reception accorded to the terms by the people of Newfoundland will unfortunately be very considerable.

8. A stenographic report has been taken of the discussions in the Convention and it is hoped that during the recess there will be time to transcribe it. I shall endeavour to secure a copy for the records of the Department.<sup>16</sup>

I have etc.

J. S. MACDONALD

478.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 210

St. John's, December 13, 1947

In accordance with arrangements previously agreed on, Convention adjourned late this afternoon till January 5th. Closing scene was marred by bickering over procedure, Cashin and some of his supporters leaving session because they were unable to have the last word. They had apparently planned to launch a last-minute attack which could not be answered but were outmanoeuvred.

479.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 587

St. John's, December 13, 1947

CONFIDENTIAL

Sir,

I had lunch yesterday with the Honourable Harold Mitchell, one of the Water Street merchants who is a partner with H. M. S. Lewin, General Manager of Bowater's Newfoundland Pulp and Paper Mills Company Limited in some enterprises on the West Coast. In the course of an informal conversation he told me that Mr. Lewin had engaged a leading Canadian economist to make a study of the "Proposed Arrangements for the Entry of Newfoundland into Confederation" with a view to determining whether or not their adoption would be in the best interests of Newfoundland. He stated further that Mr. Lewin intends to

<sup>16</sup>Il n'y a pas de copie dans les dossiers ministériels. Cependant, les Archives provinciales de Terre-Neuve ainsi que les Archives publiques du Canada ont les enregistrements et les transcriptions des délibérations.

<sup>16</sup>There is no copy in the Departmental files. However, both the Newfoundland Provincial Archives and the Public Archives of Canada have tapes and transcriptions of the proceedings.

publish the economist's report in the *Western Star*, a newspaper published at Corner Brook which the Paper Company controls.

2. In view of Mr. Lewin's leanings towards the "Home Rule" Group in Newfoundland I am not a little apprehensive that he may have chosen someone he has reason to believe would be likely to report unfavorably on the terms offered to Newfoundland and that their publication, at an appropriate moment, would have an adverse effect on the prospects for Confederation. It seems not improbable that Mr. Lewin would make his enquiries through the Accounting Firm of McDonald Currie and Company, with which he was formerly connected and one of whose partners, Mr. Currie, is a Director of Bowater's. In any case I feel the information has sufficient potential importance to pass it on to you. As, however, it was mentioned to me in confidence I would ask that no mention of my informant should be made in connection with the matter.

I have etc.

J. S. MACDONALD

480.

DF/Vol. 782

*Mémorandum de la deuxième direction politique*

*Memorandum by Second Political Division*

MINUTE ON DESPATCHES NOS. 583 AND 588 OF DECEMBER 13TH  
AND DECEMBER 15TH<sup>†</sup> FROM THE CANADIAN HIGH COMMISSIONER  
IN ST. JOHN'S REPORTING POLITICAL DEVELOPMENTS  
IN NEWFOUNDLAND

1. The action of members of the "Home Rule" Group in absenting themselves from the Convention chamber at the closing session has given rise to a great deal of comment generally unfavorable to the retention of Responsible Government.
2. Both the St. John's daily newspapers have published strong editorials seriously questioning the desirability of continuing sessions of the Convention. The *Evening Telegram* asserts that the purpose of the action taken by the "Home Rule" Group was to "stifle discussions of an issue (i.e. confederation) on which many people have publicly expressed a desire to be fully informed" and asks if "audacity on the part of a few in a democratic country" could go further.
3. The *Daily News* asserts that the only course now possible for the Commonwealth Relations Office is to "restrict the plebiscite to the questions of continuing the present system for a specific period, according to the discretion of the United Kingdom Government, or of restoring the constitution that was suspended in 1934."
4. The Honourable R. B. Job, a prominent Newfoundland merchant, in a letter published in the *Daily News* on December 8th, expressed the same view. He said that it might now be best for the Convention simply "to discuss the pros and cons of Responsible Government and Commission of Government and recommend to the appropriate authorities the submission to the electorate . . . of a choice between a continuation of Commission of Government (in the same or modified form) for a specifically limited period, and reversion to Responsible

Government (in the previous or a modified form).” The underlining is Mr. Job’s.<sup>17</sup> It will be noted that both he and the *Daily News* specify that Commission of Government should be defined on the ballot paper in terms of an explicit period.

5. The Governor told the High Commissioner on December 15th that he intends to see that the members of the Convention are severely admonished when it reassembles and that if a similar manoeuvre is again attempted he intends to “take a firm stand.” The High Commissioner gathered that he meant, in this event, to recommend the dissolution of the Convention.

6. The Chairman of the Convention confirms the views already expressed by the High Commissioner that it is important that answers to the Convention’s questions should be available when it reassembles. Otherwise, the Chairman says, many members will take the position that only two questions should be put on the ballot paper.

P. A. B[RIDLE]

481.

243s

*Le haut commissaire à Terre-Neuve au secrétaire d’État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 596

St. John’s, December 24, 1947

Sir,

I have the honour to acknowledge the receipt of your communication No. 320 of December 13th instructing me to point out to the Governor that the Canadian Government expects that the contents of Conference documents or Canadian Government documents marked secret or confidential will not be made public in the Convention or otherwise without their prior consent and to ask that he use his influence with the Chairman of the Convention to have a ruling made to this effect without any indication being given that it was made at the suggestion of the Canadian authorities.

2. As it will not be necessary to speak to His Excellency until shortly before the Convention resumes, I should like to make a few observations for your consideration in the meantime.

3. While I agree it was most objectionable for Mr. Higgins to quote from a secret Canadian Government document without first obtaining consent I fear that to have the Chairman make the ruling suggested, even if he agrees to take full responsibility for it without mentioning the Canadian Government, would do little to help the situation here and might easily aggravate it. Such a ruling coming after the controversy respecting the reading of secret documents had died down would arouse renewed interest in it and certain ill-disposed members would

<sup>17</sup>En italique ici.

<sup>17</sup>In italics here.

probably start digging up embarrassing sections and ask if the Canadian Government could be communicated with to see if it would agree to revealing them. This would result in unfavourable publicity. There would even be great danger that it could not be effectively countered as the Convention would probably have adjourned before our permission could be secured.

4. Our position, I submit, is entirely different from that of the United Kingdom. We have put forward proposals for Union for submission to the people of Newfoundland. To refuse the publication of information bearing on them would be politically impossible. In these circumstances there does not seem to me to be any merit in insisting on their securing our consent since we would have to give it in any case. To sum up, I submit that any attempt at this date to have a ruling laid down on the reading of documents marked secret or confidential would run the risk of reopening the question and it would be better to let the matter drop.

5. I should be glad if you could let me have final instructions on the subject at your earliest convenience.

I have etc.

J. S. MACDONALD

482.

243s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

TELEGRAM 191

Ottawa, December 27, 1947

IMMEDIATE. Your despatch No. 586 of December 15th,<sup>†</sup> questions being answered by Commissioner for Finance.

1. We have now secured from officials brief draft answers to the parts of these questions which refer to confederation. In effect these answers explain why it would be either impossible or misleading to provide answers on the bases laid down and refer, where practicable, to figures already given which provide the best estimate of the position it is possible for us to make.

2. Of the alternatives suggested in your despatch No. 580 of December 10th we are at present inclined to think the latter is preferable. We are wondering, however, what the best procedure would be. Since our answers are replies to only parts of the questions, we might send them to the Commissioner for Finance and ask him to add them to his own replies. Or we might simply include them with our replies to questions directed to us; in this case some adequate procedure could probably be devised.

3. You might wish to consult the Commissioner for Finance about this. In any case, we would appreciate your views at your earliest convenience.

4. Draft answers to questions directed to us are now pretty well in hand and it is expected that majority will receive ministerial consideration on December 30th or 31st.

483.

243s

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 214

St. John's, December 30, 1947

Your telegram No. 191 of December 27th.

Suggest best procedure would be to forward replies as soon as possible. With them before me, I could have talk with the Commissioner of Finance as to the best method of presenting them.

484.

243s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

DESPATCH 336

Ottawa, December 31, 1947

Sir,

I refer to your despatches No. 554 of 29th November, 567 of 5th December, and 570 of 6th December in which you forwarded certain questions asked by members of the National Convention.

2. Attached is a memorandum setting forth a number of these questions. Answers to the remaining questions, and those raised in Despatch No. 563 of 3rd December,† will follow in the course of a few days.

3. In answering these questions it was deemed desirable in some instances to answer two or more questions together since they dealt largely with the same subject. In other instances questions are answered separately. It was also deemed more convenient in some cases to rearrange the order of the questions from that in your despatches. Since in all cases questions are given with the answers, it is hoped that the rearrangement will not be confusing to the Convention.

4. In several cases you indicated the member of the convention responsible for asking the question and, since this gave a clue to the motive behind the question, it has been useful in preparing the answer. But since the questions were forwarded by the Governor, and since the Canadian Government could hardly deal with individual members of the convention, it is thought that the answers should be forwarded to the Governor without reference to the name of the member of the convention responsible for the question. It would then be left to the Governor, or the Chairman of the convention, in giving the answer to refer to the questioner, if either deems it expedient to do so.

5. Will you please forward the questions and answers attached herewith to the Governor with an appropriate covering letter.

I have etc.

LOUIS S. ST. LAURENT



485.

243s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

DESPATCH 337

Ottawa, December 31, 1947

Sir,

I wish to refer to your telegram No. 214 of December 30th and earlier correspondence regarding questions submitted to the Commissioner for Finance by the National Convention.

2. It will be recalled that in his letter of December 9th<sup>†</sup> forwarding the questions to you, the Private Secretary to the Governor stated that, by direction of the Governor, he was forwarding them for submission to the Canadian Government and that the Governor would be grateful if you would take the necessary action with respect to those parts of the questions which are not being dealt with by the Newfoundland Government Departments.

3. I enclose four copies of the answers to our parts of the questions. It is suggested that the Newfoundland authorities might forward our answers to the Convention as replies supplementing the answers already prepared by them. We would not, of course, expect the Newfoundland authorities to assume any responsibility for our replies.

4. Since there is a reference in a footnote contained in the enclosed answers to part of another reply which is being forwarded separately to the National Convention, I enclose for the information of the Newfoundland authorities a copy of the part of the reply in question.<sup>18</sup>

I have etc.

LOUIS S. ST. LAURENT

486.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 7

St. John's, January 6, 1948

Sir,

I have the honour to report that the National Convention which adjourned on December 12th resumed its sessions yesterday with the reading of the replies

<sup>18</sup>Voir l'appendice A.<sup>18</sup>See Appendix A.

from the Canadian Government to some of the questions asked prior to the adjournment by Messrs. Hollett, Smallwood and Cashin. The latter member was not pleased with some of the answers given him and expressed dissatisfaction also with the fact that no replies had yet been received to other questions he had asked. No particular attention appears, however, to have been given to his remarks.

2. The Convention then resolved itself into Committee of the Whole to take up the discussion, where it had been left off on December 12th, of the "Proposed Arrangements for the Entry of Newfoundland into Confederation." Mr. Smallwood undertook to reply to the assertions made by Mr. Hollett on the afternoon of the adjournment relative to property taxes and read into the record letters he had received from the Premiers of Nova Scotia and Prince Edward Island to show that Mr. Hollett's assertions respecting taxes on property were grossly exaggerated and that, in fact, such taxes constituted a very minor part of the monies raised by taxation in the Provinces. His rebuttal was rather effective but was spoiled by the vehemence with which he drove home his points, finally leading to a heated altercation with Mr. Pierce Fudge, delegate from Corner Brook. The interchange was climaxed by Mr. Smallwood inviting Mr. Fudge "outside." Mr. Fudge, accepting the challenge, left the Chamber but Mr. Smallwood, evidently considering discretion the better part of valor, failed to back up his challenge. The whole matter was most unseemly and the Convention had to be recessed for half an hour until order was restored. Mr. Smallwood then proceeded to deal with taxation under Town Councils which have been set up in various parts of Newfoundland and continued with some interruptions until the Convention rose at six.

3. It had been hoped that, after the turbulent scenes of last December and the admonitions of the Chair, the discussions would be carried on in a calmer and more objective fashion. The impression created by this new outbreak of dissension is, therefore, one of disappointment verging on disgust. While Mr. Smallwood has done a great deal to make the terms of union widely known and understood he is becoming much too vehement and if he continues in this fashion will do the cause of union more harm than good.

I have etc.

J. S. MACDONALD

487.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 9

St. John's, January 6, 1948

Sir,

With reference to my despatch No. 7 of January 6th I wish to report that at the opening of the Convention this afternoon Mr. Smallwood, speaking on a point of

privilege, claimed that it was untrue that he had challenged Mr. Fudge to come outside the previous day. He stated that he did not mind being called many things but he could not entertain the thought of being regarded as a "rowdy." He contended that it was rather Mr. Fudge who had invited him to come outside. Mr. Fudge strongly repudiated this assertion. It is rather difficult to tell just where the truth lies though I am inclined to think, in view of the respective sizes and physiques of the two men that Mr. Smallwood would never, in his calm moments at any rate, seriously think of inviting Mr. Fudge to settle their differences by physical combat.

2. On another count Mr. Smallwood was forced to apologize for unseemly and offensive language used with reference to a fellow member, Mr. Gordon Higgins.

3. A good deal of time was taken up with these various points of privilege followed by a recess to permit the Chairman to look up his book of rules and make up his mind. Comparatively little time was left for discussion of the subject before the Committee. Practically all of it was taken up by a discussion between Mr. Fogwill (St. John's East) and Mr. Smallwood respecting the amounts which would be raised by the Federal Government under excise and general sales taxes. There was so much interruption and cross-firing that the discussion was far from conclusive though it may be of interest if I enclose a press reporter's summary<sup>†</sup> which is the most complete available.

4. Shortly before the Convention adjourned Major Cashin took the floor intervening for the first time in the Confederation discussion. He took the position that the delegation to Ottawa had been a waste of the people's money, claiming that all they had got for the thirty thousand dollars the trip had cost were two books with black covers and one with a grey cover. The contents of the books, the Major contended, were of little value for they told only what pro-confederates wanted the people of Newfoundland to know.

5. Major Cashin did not really get under way before the Convention adjourned but true to form he got in some of his oft-repeated assertions respecting the enormous size of the Canadian national debt and the interest charges on it. He claimed, also, that in return for taking over the very small Newfoundland debt Canada would be getting very valuable public utilities. The Major continued by repeating once again his oft-reiterated assertion that when Newfoundland went off the gold standard to save the Canadian Chartered Banks in 1931 the Banks had made some twenty millions of dollars and that in World War II the Bank of Canada had the advantage of using hundreds of millions of U.S. dollars spent in Newfoundland and it was estimated the Bank had made \$150,000,000 from this source. The people of Canada, he now pointed out, were sending an S.O.S. to the United States for financial help and were being forced to take the first steps on the hard road of austerity, so that the country was far from being the land flowing with milk and honey that Mr. Smallwood painted. He will continue his remarks, which thus far have contained little that is new, when the Convention reassembles tomorrow.

I have etc.

J. S. MACDONALD

488.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*<sup>19</sup>  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*<sup>19</sup>

TELEGRAM 3

St. John's, January 7, 1948

Governor has been asked to proceed to London for consultation with Commonwealth Relations Office and is planning to leave January 9th or January 10th. He had been contemplating such a visit for several weeks or months past when Convention had made its recommendation and been dissolved and had contemplated taking Chairman of the Convention with him. The decision to leave at this time may therefore mean that Commonwealth Relations Office has become impatient and is contemplating some decision of its own. Governor states, privately, that he will not return until he has had a chance for full discussion with Secretary of State for Commonwealth Relations who, I understand, is present in New York in connection with meeting of Security Council.

489.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*  
*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 8

St. John's, January 7, 1948

SECRET

Sir,

The forthcoming departure of the Governor for consultations with the Commonwealth Relations Office in London, which I reported in my telegram No. 3 of today's date, is a rather unexpected and may well prove to be an important development. It is unfortunate, I think, that the Commonwealth Relations Office should have chosen this moment to hold consultations with the Governor. The discussions in the Convention are still a long way from having reached a conclusion, either on whether or not the country is self-supporting or on the questions which should be submitted to the people of Newfoundland in the forthcoming Referendum. Moreover, the Chairman of the Convention, Mr. J. B. McEvoy, a rather temperamental individual not in the best of health, looks to the Governor constantly, as Chairman of the Commission of Government, for advice and guidance. From every point of view it would seem preferable to have waited until the

<sup>19</sup>Ce télégramme fut signalé au Premier ministre.

<sup>19</sup>This telegram was referred to the Prime Minister.

Convention had completed its work and made its representations so that the United Kingdom Government could take its decisions in the light of the Convention's recommendations and of the situation prevailing at that time.

2. Now, however, that the consultations are about to take place it would seem desirable to give close attention to them. Undoubtedly they will cover, among other things, the questions to be submitted to the people of Newfoundland. The Governor, I am sure, would personally prefer to see the contest take the form of a straight fight between the retention of the Commission of Government and the restoration of Responsible Government.[ . . . ]

3. There is a further point and one which I feel may not be unconnected with the Governor's visit. The Commission, while professedly above the battle, has been doing several things in the course of the past few months that are well calculated to strengthen its position with the voters. You will have noted that in his recent New Year's broadcast the Governor stressed the good roads that had been provided by the Commission, promised more and drew attention to the improvements being brought about by air-mail delivery in isolated regions. Last month Acts were passed to provide for the fixing of minimum wages for working men, and to place the Civil Service on a better basis. A scheme is being studied to provide insurance for fishermen, a service not yet established in Canada and one which would be immensely popular here. And most important of all the Commission has raised the surplus to an amount of approximately \$6,000,000 to provide dollars for local merchants who had sold cod fish to buyers in Italy, Spain and Portugal for sterling. Contracts for next season's fish will be coming up for negotiation in the course of the next few weeks and if the Governor can secure the permission of the Commonwealth Relations Office to make similar grants of dollars from the surplus for next season's catch it will greatly increase the strength of the Commission in the referendum. Most, or indeed all, of these steps, are legitimate but I have a feeling that they are being timed to influence the electorate in favour of the Commission though on other matters they conveniently take the position that this is now a caretaker Government unable to enter into undertakings that would commit their successors.

4. I feel I should bring these various points to your attention so that, if it be desired, our point of view could be made clear before any decisions are taken.

I have etc.

J. S. MACDONALD

490.

2828-40

*Le secrétaire de la Commission pour Terre-Neuve au  
secrétaire, la Convention nationale de Terre-Neuve*

*Secretary, Commission of Government of Newfoundland, to  
Secretary, National Convention of Newfoundland*

St. John's, January 8, 1948

Dear Sir,

I have to refer to the question asked by a Member of the National Convention as to the latest date on which the recommendations of the Convention must be

submitted to the Right Honourable the Secretary of State for Commonwealth Relations in order to ensure the holding of a Referendum in the Spring of 1948.

The Right Honourable the Secretary of State has already informed the Commission of Government that a period of at least one month will be required for the consideration of the recommendations of the Convention.

The Commission of Government have given consideration to the question of setting a date for the holding of the National Referendum and I have been directed to communicate their views to the National Convention.

It is hoped that it will be possible to hold the referendum about the end of the month of May this year. It is impracticable to hold a poll during the period from early June to late September as so many people are away from their homes and may be disfranchised. Final arrangements cannot be made for holding the referendum until the necessary legislation has been passed and steps in this direction cannot be taken until a decision has been made as to the questions to be submitted to the people.

Members of the Convention familiar with the difficulties of travel during the spring months in sections of Newfoundland and in Labrador will realize that ample time must be allowed for the distribution of ballot papers and other materials for all polling booths. The matters preliminary to the voting will take place in the following order — delivery of recommendations by the National Convention, consideration by His Majesty's Government in the United Kingdom, communication of decision as to forms of Government to be submitted to the people, final draft and publication of legislation for comment, passing of legislation, printing of ballots and other forms, setting up of polling stations and distribution of election material.

In order to permit sufficient time to complete the necessary arrangements and to ensure to all qualified electors of Newfoundland and Labrador the opportunity of voting, it will be necessary, if the referendum is to be held during the month of May, to have the recommendations of the Convention submitted at an early date. The Commission are unable to give any assurance that the referendum will be possible this spring if the recommendations of the Convention are not received by the end of the present month.

Yours faithfully,

W. J. CAREW

491.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 13

St. John's, January 9, 1948

Sir,

Referring to my despatch No. 9 of January 6th I have the honour to report that Major Cashin occupied the full time of the last two sessions of the National

Convention with the continuation of his speech on the Canadian Proposals which he began on January 6th.

2. Major Cashin at Wednesday's session resumed by claiming as unrealistic the figure of \$20,000,000, mentioned in the Grey Book<sup>20</sup> as the amount which Canada could expect to obtain from Newfoundland in the event of Union. In the first place, said the speaker, this country is now raising ten and a half million dollars annually from Personal Income Taxes, Corporation Taxes and Death Duties and it is ridiculous for the Canadian Government to anticipate a revenue of only about \$11,000,000 from these sources. Under Confederation income tax rates would be higher and lower revenue groups would be subject to the tax, and the Major then quoted rates and revenues effected by Canadian income tax, also death duties and corporation taxes being higher in Canada it is logical to expect a greater revenue from these sources. Emphasis was put on the fact that in Newfoundland no death duties are attached to life insurance policies made payable to beneficiaries.

3. Major Cashin declared that the figure of \$2,000,000 anticipated from customs duties in the event of Confederation was incorrect. "Does it mean," said the Major, "that we won't be allowed to trade with the United States, Great Britain or anywhere else except Canada under Confederation? Last year alone on imports of \$25,000,000 from the United States customs duties of \$3,000,000 were collected."

4. The question of revenue from liquor and tobacco sales was then taken up. The speaker claimed that last year Newfoundland collected \$1,500,000 from liquor sales and \$2,000,000 from tobacco and cigarettes sales. He thought that the customs revenues from these sources of \$400,000 and \$500,000 respectively, given in the Grey Book, [were] ridiculously low taking into account the higher rate of taxes in Canada. "Today," said Major Cashin, "we pay thirty-five cents for a package of Lucky Strikes, under Confederation we would pay fifty-two cents."

5. In the final analysis the Major contended that the Canadian Government would collect revenue of \$30,000,000 from Newfoundland and not \$20,000,000 as anticipated in the Proposals. We would be smothered under all sorts of taxes, namely, Income Tax, Sales Tax, Poll Tax, Federal Tax, Provincial Tax, Municipal Tax, Luxury Tax, School Tax, Hospital Tax and goodness knows how many more taxes.

6. Under Confederation, continued the speaker, the Agreements with the operating Companies for the exclusive employment of Newfoundland workmen would cease to exist and all Canadians would be eligible for these jobs.

7. Major Cashin alleged that there was a connection between the pressure which at the present time was being brought to bear on Newfoundland to enter Confederation and the visit made several years ago of Professor R. A. MacKay to Newfoundland and the appointment of a Canadian High Commissioner in 1941.

<sup>20</sup>Voir l'annexe à la pièce jointe du document  
442.

<sup>20</sup>See sub-enclosure of Document 442.

8. The Major attacked the Family Allowance Act as the most immoral and corrupt enactment which had ever stained the pages of the Statutes of Canada. An enactment, said he, brought into force to bribe the French-speaking population of Canada into supporting conscription. The people seem to forget, said the Major, that the money for these allowances comes from the taxpayer after all.

9. The Canadian Old Age Pensions Act then bore the brunt of the Major's remarks. He said that to become eligible for a pension the applicant must practically be a pauper and must assign to the Government any property or assets he may have and which, when he dies, are taken over by the Government and sold to reimburse it for the pensions paid.

10. In so far as Unemployment Insurance is concerned the Major stated that it would not apply to fishermen, loggers, miners, farmers or longshoremen, the bulk of the Newfoundland labour class.

11. The speaker asked whether Canada was, after all, such a prosperous and solvent country. A few months ago it had to seek a loan of \$700,000,000 from the United States Government and was only granted \$300,000,000.

12. The Federal Government offered to take over the operation of the Railway and general transportation system but, said the Major, did not guarantee to maintain the present schedules or keep the present employees with their pension scheme. Canada contemplated spending \$30,000,000 annually in Newfoundland and in return would take over approximately \$120,000,000 in assets without taking into account any profits which may accrue from the development of the Labrador properties and under Confederation Newfoundland would, of course, lose any bargaining power for economic concessions from the United States from the presence on her soil of United States bases.

13. Speaking on the subject of Newfoundland's surplus Major Cashin pointed out that \$10,000,000 is to be placed on deposit with the Federal Government, nearly \$10,000,000 is now to the credit of Newfoundland in London in the form of interest-free loans and this amount would have to be converted into dollars, \$6,000,000 must be held in abeyance for the payment of last year's fish contracts which leaves in dollar currency a cash surplus of \$4,000,000 instead of around \$30,000,000.

14. At Thursday's session Major Cashin resumed his remarks by considering the question of the sales tax from which source according to the proposals the Federal Government could expect to obtain from Newfoundland revenue amounting to \$4,000,000. The amount should be \$8,000,000 for Newfoundland's population, said the speaker, because the 1946-47 returns from this tax in Canada showed that Canadians paid an average of \$25.00 per head under this form of taxation for the period.

15. Major Cashin then turned to Mr. Smallwood's estimate of a provincial budget which, according to the Major, was the most glaring and high-flying attempt at frenzied finance that he had ever witnessed and which provided for an annual provincial expenditure of fifteen and a half million dollars. Reviewing the provisions of Mr. Smallwood's budget for each department and commenting that they were completely inadequate, the speaker then gave his idea of the financial needs of Newfoundland as a province as amounting to a minimum of \$19,275,-



000 the breakdown being as follows: Finance (administration) \$200,000; Pensions \$200,000; Interest and sinking fund \$375,000; Provincial legislature \$200,000; Assessor of Taxes \$10,500; Home Affairs \$300,000; Education \$3,750,000; Justice \$1,100,000; Natural Resources \$2,500,000; Public Works \$4,000,000; Public Health and Welfare \$6,500,000; Liquor Control \$35,000.

16. Turning to revenues the Major arrived at a total of \$9,762,000. To this figure should be added the transitional grant of three and a half millions yearly for the first three years of union thereafter reducing itself by \$350,000 a year while the grant would totally disappear after the twelfth year of union. Eight years' revenue would amount to approximately \$77,000,000 which with \$23,000,000 of transitional grants would amount to about \$100,000,000. Eight years' expenditure would total around \$156,000,000 or a deficit of nearly \$56,000,000. This deficit could only be met from the \$10,000,000 Trust Fund set up at the beginning of union while additional taxation of \$46,000,000 would have to be imposed on the people to meet the balance. Even if the \$16,000,000 held in sterling were converted to dollars and the \$4,000,000 cash surplus were applied against the deficit, the Government would still have to find \$20,000,000 in taxation. The proposed Royal Commission would then recommend either increased taxation or the sale or lease of Labrador either to Quebec Province or the Federal Government.

17. The only reason Canada wants Newfoundland, said the Major, is for the iron ore and the fifty or sixty million cords of wood in Labrador. By the inclusion of Newfoundland into the federation Canada would be in the position of controlling the entire steel industry of the entire North American Continent. He then compared the present situation to the sale of Alaska by Russia to the United States for a mere pittance.

18. Summing up the Major said that the terms were fraudulent, not equitable and did not constitute a fair basis of union.

19. I am enclosing copies of the proceedings<sup>†</sup> as reported in the St. John's *Daily News* of January 8th and 9th.

I have etc.

J. S. MACDONALD

492.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 15

St. John's, January 10, 1948

Sir,

Mr. Gordon Higgins (St. John's City East) followed Major Cashin in the debate on the Confederation Proposals and generally took the ground that it would be unwise for Newfoundland to accept Union on the terms offered.

2. He stated that every courtesy and assistance was extended to the delegation while in Ottawa and that he had nothing but the greatest praise and kindest feelings for all those he had come in contact with from the Prime Minister down. He felt, however, that the Newfoundland delegation was seriously handicapped in the discussions by lack of knowledge of the many and intricate problems inevitably bound up with Confederation. The Canadian representatives, he pointed out, were assisted by some of the top men in the Civil Service of Canada who had had the question under active study since October, 1946, and, in a general way, had been studying it for some years past. The proper approach, he said, was that a complete study of the Canadian system should be made by the various Departmental heads of the Newfoundland Civil Service to advise on the effect Union would have on Newfoundland and that these experts should confer with a delegation which should have full power to negotiate.

3. A further point, which he emphasized strongly and which is bound to create a considerable impression here, is that while the offer received appears to be a fair one he was fully confident that a delegation properly informed, assisted by competent advisers and with the power to negotiate would receive a better offer from Canada than the one they were now considering. The facts brought back by the present delegation would, he argued, be a good basis for future negotiations and he assured his hearers that if the present offer from Canada is not accepted it will not lapse unless world economic conditions greatly change. He therefore concluded that the proper course for Newfoundland was to return to Responsible Government and if later on they desire to consider Confederation further it could be brought up again under more favourable conditions from Newfoundland's point of view.

4. Before the Convention adjourned for the weekend Mr. Hollett (Grand Falls) gave notice of a motion that the debate on the Confederation Proposals should terminate on Wednesday next, January 14th, in order that the Convention may turn to the consideration of forms of Government and make its recommendations to the Secretary of State for Commonwealth Relations by the end of January thus meeting the condition laid down by the Commission of Government for a Spring Referendum and described in a previous despatch.

I have etc.

J. S. MACDONALD

493.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 22

St. John's, January 13, 1948

Sir,

I have the honour to refer to my despatch No. 15 of January 10th on the subject of Mr. Gordon Higgins' speech on the Confederation proposals. On Mon-

day Mr. Higgins resumed his remarks by emphasizing Newfoundland's strategic position and the circumstances surrounding the granting in 1940 of bases to the United States. Mr. Higgins stated that Newfoundland's geographical control of the approaches to the St. Lawrence and its possession of a huge part of the mainland coastal region had never been of any great concern to Canada so long as Newfoundland was part of the Commonwealth family but when bases were granted to the United States Canadians suddenly awoke to the peril of being strategically surrounded. Confederation is now being sought to counterbalance the effect of United States influence and military position in Newfoundland.

2. Mr. Higgins claimed that the United States were definitely interested in obtaining possession of Newfoundland and in all probability were not too pleased with the idea of Newfoundland joining up with Canada because of the difficulties which may ensue over the bases. In so far as union with the United States is concerned the speaker claimed that the position was similar to union with Canada. No irrevocable step should be taken before a Responsible Government is restored and the question thoroughly explored by competent authorities at the express wish of the people. Mr. Higgins concluded by saying that it would be the most arrant cowardice if Newfoundlanders did not assume their rightful obligation to govern themselves.

3. The remaining time of the session was taken up by two speakers Messrs. Bailey and Harrington, both strong Responsible Government supporters.

4. Mr. Bailey spoke on the subject of the burden of taxation that Newfoundland would have to support under Confederation, but his speech is of little importance as Mr. Bailey is considerably mixed-up when it comes to facts and figures. No one takes him too seriously.

5. Mr. Harrington spoke until closing time and began by making a historical review of the previous attempts undertaken to have Newfoundland enter Confederation. He had not yet reached the main part of his speech when adjournment took place.

6. I am enclosing clipping<sup>t</sup> of the proceedings as reported in the St. John's *Daily News* of January 13th.

I have etc.

J. S. MACDONALD

494.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 25

St. John's, January 14, 1948

Sir,

In continuation of my despatch No. 22 of January 13th on the Confederation proposals I have the honour to report that Mr. Harrington, resuming his speech

in the evening session, contended that Canada would be getting a tremendous bargain in the public utilities she would be taking over, which he claimed would amount to not less than \$150,000,000, that Confederation would ruin all chances of union with the United States and that the Privy Council decision of 1927 respecting Labrador would be tampered with. Indeed, he stated that he would stake his life on Quebec taking over Labrador in the event of Confederation.

2. Mr. Butt (St. John's West) and Mr. Northcott (Lewisporte) who followed, repeated the old contentions about high Canadian taxation but made no new points of importance.

3. Before Mr. Smallwood began his rebuttal of points made by Major Cashin several members spoke briefly in favour of Confederation. Mr. Starkes (Green Bay) took the ground that taxes were necessary under any form of Government and that while the Canadian tax rates were high the tax system was more equitable than that in force in Newfoundland. He was prepared to accept the Canadian Government's estimates of revenue and expenditure, which were undoubtedly made after the most careful study by experts, as a good deal more accurate than those put forth by members opposed to Confederation who had only their own imaginations to work on. He pointed out that there were over 100,000 Newfoundlanders in Canada and that far from being appalled by taxation there they were strong in their conviction that Newfoundland should join with Canada.

4. Mr. Vincent (Bonavista North) devoted his remarks particularly to combating the impression, which the anti-Confederates have laboured to produce, that the Canadian tax system is crippling and all-pervasive. He considered the terms offered to be fair and stated he would recommend them to every Newfoundlander.

5. The Reverend Mr. Burry, who represents Labrador in the National Convention, stated that he had come to the decision by a careful analysis of the facts and by his experiences as a member of the Ottawa delegation that this country's future should be linked with Canada. He considered the Commission of Government had outlived its usefulness though it had accomplished some very fine things. Now that the time has come for a more democratic form of Government, he declared, we should look toward Federal Union. Mr. Burry argued that the delegation had made the proper approach in an atmosphere of trust and sincerity and considered the terms to be the best possible terms that Canada could offer Newfoundland.

I have etc.

J. S. MACDONALD

495.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 27

St. John's, January 15, 1948

Sir,

When the Convention reopened yesterday Major Cashin moved that the Report of the Finance Committee on the economic position of Newfoundland be adopted. This was carried unanimously.

2. In anticipation of the termination of the debate on the Confederation proposals Mr. Smallwood, as the member charged by the Convention with the task of explaining these proposals, made a general rebuttal of the arguments or rather assertions — that Labrador would be separated from Newfoundland and annexed to Quebec; that railway workers would be in danger of losing their jobs; that Canada's national debt would be a crushing burden; that Canadian taxation was crippling; that Canada would take over the bases and dismiss Newfoundlanders in the employ of the United States Forces, etc., etc., — put forward by Major Cashin and other speakers who had attacked the proposals most violently in the course of the discussion. Mr. Smallwood spoke for more than five and a half hours and endeavoured to cover the points which he felt were most in need of rebuttal. It would be tedious and of little value to summarize, *seriatim*, the various points that he made as all of them have been covered before in the course of the debate and quite often by himself. His speech, however, helped to correct many of the grossest misrepresentations that have been levelled at the proposals. Moreover, he succeeded at last in adopting a much more moderate and conciliatory tone than has characterized his interventions in the past and the general effect was most salutary.

3. There were two other contributions of some importance to the debate before it terminated this afternoon. Mr. Crosbie (St. John's City West) developed the thesis that Confederation would be ruinous for the Newfoundland fishing industry. He pointed out that in Canada fishermen had to catch and store their own bait and that no system of bait depots had been developed along the lines that had been found so useful in Newfoundland. He pointed out, also, that Canada had no system of compulsory fish inspection and stated that as a result the quality of fish had gone down during the war years while Newfoundland had improved its position by a progressive system of inspection. He referred to the recent acquisition of two modern New England trawlers by Job Brothers and contended that, in view of high taxation and the backward attitude adopted toward modern trawlers, it would not be possible to attract to Newfoundland United States trawlers which possess such great potentialities for increasing the catch. He contended, moreover, that Confederation would end the control of the Newfoundland Fisheries Board over the exportation of fish which had proved of such great benefit to exporters and fishermen alike. He referred to the fact that

under the Confederation terms Newfoundland would not be able to use its surplus to develop its fisheries in competition with other Provinces and stated that though a fisherman with four children under sixteen might receive approximately \$288 per annum for baby bonuses it would do him little good if he lost \$5.00 a quintal on his catch of, say, 500 quintals. Summarizing his position, Mr. Crosbie stated that his considered opinion was that union with Canada, on the terms proposed, would bring about the following results:

- (1) The Newfoundland Fisheries Board would be abolished overnight.
- (2) Compulsory inspection and control of export which has been so beneficial to the country, and caused us to outstrip our Canadian neighbours would go.
- (3) The bait system as a Government facility would disappear as the Province would not be able to afford the cost.
- (4) We would be under the dictates of Ottawa with regard to the export of our principal commodities.
- (5) We would be deprived of the power to negotiate our own trade agreements particularly with the U.S.A. which country is so essential to our economy.
- (6) We would lose our assistance from England in our currency arrangements, thus running a grave risk of losing our European markets.
- (7) Loss of the use of a surplus for anything by way of subsidiary if we wish to use it in that way, such as subsidizing exchange as was done last fall."

4. The other major contribution came from Mr. T. G. W. Ashbourne, who was a member of the Ottawa delegation and represents the important fishing centre of Twillingate on the East Coast. An important fish exporter himself, Mr. Ashbourne took strong issue with Mr. Crosbie's interpretation of the effect of Confederation on the fishing industry and quoted from Canadian fisheries legislation to show that the Canadian government was in a position to put a floor under fish prices should difficult conditions arise and argued that the Federal Government, if it interfered at all with the Newfoundland Fisheries Board, would interfere only to improve conditions. He made light of many of the insinuations levelled against the Confederation proposals by various members and argued that, if twelve million people could live happily in Canada enjoying progressive government, good living conditions and a greater degree of security than was possible in an isolated community like Newfoundland, twelve million three hundred thousand people could do the same. He gave it as his considered opinion that the proposed arrangements were good and should not be turned down.

I have etc.

J. S. MACDONALD

496.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 28

St. John's, January 17, 1948

Sir,

A touch of drama was given to last evening's session of the National Convention when the veteran member for St. John's City West, the Honourable R. B. Job, left his sick bed against his Doctor's orders to raise his voice against Confederation before the debate closed. He was permitted to speak from a chair and like many other bitter anti-Confederates began his speech by asserting that he was not opposed to Confederation in principle. He was, however, strongly opposed to the question being considered by the people at this time and on the present terms. Mr. Job contended that Newfoundland's fresh fish industry, in which he is one of the leading figures, depended on trade with the United States and that the question of closer economic relations with the United States should be gone into thoroughly before Newfoundland commits herself to union with Canada.

2. Three other speakers, Mr. Reddy (Burin East), Mr. Fowler (Port de Grave) and Mr. Crummey (Bay de Verde), spoke in favour of Responsible Government and against Confederation, citing arguments that have now become rather monotonous. The remarks of the latter were particularly vindictive. He claimed that the delegation was needlessly kept in Ottawa while questions of Canadian domestic politics were being fought over and endeavoured to convey the impression that efforts were being made behind the scenes to smooth out the thorny question of divorce. He also endeavoured to suggest that the Newfoundland system of education was in danger and contended that under Confederation the Fisheries Board would be abolished.

3. Before the debate on the Canadian Proposals concluded brief and rather cautious speeches were made in favour of Confederation by Mr. Keough (St. George's), Mr. Macdonald (Grand Falls) and Mr. Ballam (Humber), who was a member of the Ottawa delegation. Mr. Ballam, more forthright than the others, took the view that the terms were fair and that no better terms could have been secured by representatives of an elected Government or of the Commission. He favoured Confederation on the general grounds that it would give Newfoundland political democracy and a better economic status.

I have etc.

J. S. MACDONALD

497.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 40

St. John's, January 20, 1948

Sir,

The debate on Forms of Government opened yesterday with a speech by Mr. Gordon Higgins, K.C., in support of the following motion of which he had given notice some days previously as reported in my despatch No. 29 of January 16th:†

“BE IT RESOLVED that this Convention recommend to the United Kingdom Government that the wishes of the people of Newfoundland should be ascertained at the earliest moment as to whether it is their desire that Responsible Government as it existed in Newfoundland prior to its suspension in 1934, be restored; or that the present form of Government be continued.”

2. Mr. Higgins read from the Convention reports on Mining, Forestry and the Fisheries to prove his point that Newfoundland was now self-supporting again and went on to assert that the United Kingdom Government had promised to restore Responsible Government when the country became self-supporting again. He contended that at the time the undertaking was given in 1934 no one contemplated Confederation or any other question except the restoration of Responsible Government being put to the people. Considerable sections of public opinion undoubtedly take the same view as Mr. Higgins in this matter. It may be recalled, however, that the text of the United Kingdom's undertaking as set forth in the Report of the Amulree Commission and ancillary documents is as follows:

“It would be understood that, as soon as the Island's difficulties are overcome and the country is again self-supporting, responsible government, on request from the people of Newfoundland, would be restored.”

3. If the people of Newfoundland in the Referendum express a desire to have Responsible Government restored there is no doubt that it will be restored. The British Government's undertaking, however, does not preclude them from giving Newfoundlanders an opportunity to ask for some other kind of Government if they so desire and this is the real point at issue.

4. The motion was seconded by Mr. Vardy (Trinity North) who took the position that the country's constitution had merely been suspended and gave it as his opinion that it should be restored as soon as possible. Mr. Smallwood (Bonavista Centre) supported the motion in a short speech. He paid tribute to the Commission of Government though he thought that their best was not good enough and to Responsible Government which he agreed with in principle though he felt afraid of it in practice. While, as a citizen, he could not vote for either the one or the other, as a member of the Convention he considered he had no right to prevent those who favour the retention of Commission or the restoration of Responsible Government from having an opportunity to express their views. Conse-



quently, he felt that both these questions should be placed on the ballot in the forthcoming Referendum.

I have etc.

J. S. MACDONALD

498.

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*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 67

London, January 20, 1948

SECRET AND PERSONAL. Following for Pearson from Robertson, Begins:

1. I have seen Machtig and Sir Gordon Macdonald, who will be in London for the next few days while awaiting the return of the Secretary of State for Commonwealth Relations. If Noel-Baker's return is longer delayed, Macdonald will fly to New York to see him before returning to St. John's before the end of the month.

2. Macdonald and United Kingdom officials are worried as to what action will have to be taken in the not unlikely event that the Newfoundland Convention votes against the inclusion of Confederation in the ballot for the referendum. Macdonald expects the decisive vote in the Convention will be taken on an amendment to be put down by Smallwood for the addition of the Confederation option to the referendum ballot. His information leads him to believe that such an amendment might be defeated by as much as 26 votes to 14, with proponents of Responsible Government and continuing Commission combining to keep Confederation off the ballot.

3. In this contingency, which they regard as the most likely one, the United Kingdom Government will have to decide whether they will accept the Convention's recommendation about the scope of the referendum, or whether they will themselves add the option of Confederation to the ballot. They say they see no long-run solution of Newfoundland's problems outside Confederation, but wonder whether they would in fact be advancing this end by adding the question to this year's referendum against the Convention's advice. They fear that a vote against Confederation in these circumstances might shelve the question indefinitely and wonder whether the long-run prospects of Confederation would not perhaps be improved if the choice put before the electors this year were confined to the alternatives of Responsible Government and a continuation of Commission Rule of a limited period, say 3 to 5 years. They think there is a good prospect of Commission Government being endorsed on such a referendum, and that there is a better chance of Confederation receiving a really decisive majority vote in say 3 to 5 years' time than it is likely to get this year, though they recognize that the pro-Confederation leaders are confident they could get a clear majority even in a three-way referendum this year. They argue that it will take some time for what

they regard as the generous terms of the Canadian offer really to impress the people of Newfoundland, and that this impression is likely to grow stronger and deeper as Newfoundland finds its marketing difficulties increase and its budget surpluses shrink.

4. So far, the question of United Kingdom Government policy has not been considered by any member of the Cabinet except the Prime Minister, whom Sir Gordon Macdonald saw when he first returned. Mr. Attlee's feeling was that it would be unjust and unreasonable to exclude the Confederation option from the referendum simply because a majority within the Convention, made up of the supporters of Responsible and Commission Government, were able to combine to vote down advocates of Confederation. Macdonald assumes that the report of the Convention will at least refer to the substantial minority vote in favor of adding Confederation to the ballot. Machtig thought that such a mention in the report would certainly justify United Kingdom Government in adding Confederation to ballot. Even if report makes no mention of minority vote, United Kingdom would probably feel justified in adding it.

5. United Kingdom Government would not, repeat not, of course put Confederation on ballot against wishes of Canadian Government. You may consider it desirable to obtain preliminary consideration now in Ottawa of question whether Canada would want Confederation to be added to ballot in event of Confederation [Convention?] majority recommending that only Commission Government and Responsible Government be on ballot. This question will have to be settled within a few weeks after Convention closes.

6. In giving you this preliminary account of United Kingdom thinking on the question, I have been asked to make it clear that policy here is far from being formulated, and will not be for some weeks. The Governor has told the Convention that it must close its discussions and submit its recommendations by the end of January, whereupon it will cease to exist. Questions of policy will then be for the consideration of the United Kingdom Government, which will wish to proceed in close consultation with ours. They hope to determine the course to be taken by the beginning of March, with a view to holding the referendum as planned some time in May. If three possibilities are on ballot, and if none achieves clear majority, a run-off referendum in October seems likely. Ends.

499.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 13

St. John's, January 23, 1948

IMMEDIATE. My telegram No. 12 of January 22nd.<sup>†</sup>

Higgins' motion adopted unanimously by Convention last night. Beforehand, Bradley moved an amendment that motion did not preclude Convention recom-

mending other forms of government. This was also adopted without a dissenting voice. After vote was taken on Higgins' motion, Chairman asked members to indicate, by a standing vote, their preference for the two forms of government recommended. 28 stood up for responsible government, 10 abstained. No member stood up for Commission of Government. There were 7 absentees.

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2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 43

St. John's, January 23, 1948

Sir,

Before the vote was taken on Thursday night, as indicated in my telegram No. 13 of today's date, Mr. Bradley called attention to the fact that strictly speaking the motion recommends that two questions only be placed on the ballot paper. While it was understood that this was not the intention of the motion, it was, however, the plain meaning of the words and after some discussion it was agreed to amend Mr. Higgins' motion to read as follows:

"BE IT RESOLVED that this Convention desire to recommend to the United Kingdom Government that the following forms of Government be placed before the people at the proposed Referendum, namely:

1. Responsible Government as it existed prior to 1934;
2. Commission of Government."

For convenience of comparison I enclose copies of the original<sup>21</sup> and the amended form.

I have etc.

J. S. MACDONALD

501.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures<sup>22</sup>*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs<sup>22</sup>*

DESPATCH 53

St. John's, January 28, 1948

Sir,

The debate on the Resolution to place Union with Canada on the ballot paper in the forthcoming Referendum opened on Friday, January 23rd. The following

<sup>21</sup>Voir le document 497.

<sup>21</sup>See Document 497.

<sup>22</sup>Cette dépêche fut signalée au Premier ministre.

<sup>22</sup>This despatch was referred to the Prime Minister.

is the text of the Resolution moved by Mr. J. R. Smallwood (Bonavista Centre):

"BE IT RESOLVED that the National Convention desires to recommend to His Majesty's Government in the United Kingdom that the following form of Government be placed before the people of Newfoundland in the forthcoming National Referendum, namely:

Confederation with Canada upon the basis submitted to the National Convention on November 6th, 1947 by the Prime Minister of Canada."

2. Mr. Smallwood, who never loses an opportunity for propaganda (and as the speeches in the Convention are broadcast they are, by all odds, the best medium of propaganda in this country) began by paying a short tribute to the wise statesmanship of the United Kingdom Government in providing for a Referendum in which the people could freely choose the form of government under which they desire to live but, making no attempt to discuss the question generally, launched out on two points which he desired to drive home not to the members but to the people.

3. He lashed out at a class of merchants who he claimed were particularly pernicious, namely, those who hold exclusive agencies enabling them to come between the manufacturer and the retailer and, without performing any of the genuine functions of a merchant, many of them possessing not even a warehouse, contrived to exact large profits from the people and to drive up the cost of living unnecessarily in the process. Monopolistic traders, he declared, produce nothing but profits for themselves and if Confederation did nothing else but smash this method of doing business it would be fully justified.

4. Turning his attention to the question of the taxation of property, he declared that the one hope of the anti-Confederate group was to bluff the people, as their predecessors had done in 1869, by telling them that under Confederation their land, their houses, their barns, their cows, their boats, their fishing gear, their flakes and stages would be subjected to crushing taxation. Setting out to demolish this argument he pointed out that under Confederation Newfoundland would have two Governments, the Federal Government and Provincial Government. The Federal Government, he pointed out, had never collected property taxes. The Provincial Government, he said, would sit in the very Chamber they were now occupying and everyone knew such a Government would not be so foolish as to try to collect property taxes from the people of Newfoundland. Town Councils doubtless would collect some taxes as they are doing today but they will only collect property taxes if the people so desired.

5. Not content with demolishing this argument he went on to say that the anti-Confederates would not this time get away with their misrepresentations on property taxes as they had in 1869 and boasted that a great Crusade would take place before the Referendum was held to inform the people of the truth about Confederation.

6. In conclusion Mr. Smallwood who holds most of the members in a contempt he does nothing to hide bid them hate Confederation if they liked but vote for the motion and let the people decide.

7. The motion was seconded by Mr. W. J. Banfield (Fortune Bay). He stated that in his section of the country, the South-West Coast of Newfoundland, the

people knew a lot about Confederation because quite a number of them are accustomed to work from time to time in Canada and their fondest hope is that the same standard of living may apply here that they have come to know in Canada. He argued that taxes under Union would be fairer for the bulk of the people and that Newfoundland cannot well stand alone. "Canada," he said, "invites us to go into partnership. They hold out a helping hand. Let us grasp it."

8. When the Convention met on Monday the debate was continued by Mr. Penney (Carbonear) who was opposed to the inclusion of Confederation on the ballot on the ground that the present terms were not the best obtainable for Newfoundland and that, in any case, negotiations should take place with the United States before any decision was made on the question of Confederation with Canada.

9. The same theme was argued at length by the Honourable Mr. Job. He alleged that he was not opposed to Confederation on terms that would ensure justice to Newfoundland but was definitely and positively opposed to the present motion. His thesis was that before any terms are placed before the electorate for a final decision an approach should be made to the United States to ascertain whether they would be prepared, in co-operation with Great Britain and Canada, to help Newfoundland in return for the right of utilizing Newfoundland territory for their own defence. To enter Confederation before doing this, he argued, would be casting away a most valuable bargaining position which might be much better for Newfoundland than anything they could gain from Confederation with Canada.

10. Major Cashin, the next speaker, delivered a long and rambling diatribe against Confederation repeating, for the most part, assertions and arguments he has already put forward on many previous occasions and which I have reported to you from time to time. He did venture into one new field when he endeavoured to reply to Mr. Smallwood's attack on merchants making excessive profits on exclusive agencies. He held that Newfoundland was in this respect no different from Canada itself where the whole commercial structure is in the grasp of an even smaller number than in Newfoundland and citing the Beauharnois Scandal argued that the party system in Canada is no better than in Newfoundland. The Major is clearly an irresponsible demagogue but fortunately he speaks with an exaggeration which among reasonable men effectively rebuts most of the points he tries to make.

11. Major Cashin was followed and supported in his opposition to the motion by Mr. Hollett (Grand Falls), Mr. Cranford (Trinity Centre) and Mr. Vardy (Trinity North). Before the session closed Mr. Spencer (Hermitage) and Mr. Newell (St. Anthony) spoke briefly in support of the motion.

12. When the session opened on Tuesday, January 27th, Mr. Gordon Bradley (Bonavista East), who has unfortunately been absent from the Convention through illness since early last fall, took the floor and delivered a strong speech in support of the motion. He began by endeavouring to remove a number of misconceptions that had grown up through weeks of misrepresentation — that the United Kingdom is pledged to restore Responsible Government; that Responsible Government should be restored before the question of Confederation is consid-

ered; that the terms are not sufficiently complete; that the National Debt would be burdensome; that taxation under Confederation would be high; that Confederation means annexation rather than union, etc. He went on to enumerate the benefits of Confederation from the point of view of Newfoundland, stressing particularly the great benefits that would accrue to the younger generation and to the country generally through Family Allowances and denounced those who, for their own selfish purposes, had not scrupled to call such allowances immoral and deceive the people concerning them. His speech took up the best part of an hour, which is the time limit in this particular debate, and both in delivery and in cogency was by long odds the best yet heard in this debate.

13. Mr. Bradley was followed by three other members of the delegation to Ottawa, Mr. Ballam (Humber), Mr. Ashbourne (Twillingate) and the Rev. Lester Burry (Labrador) all of whom spoke earnestly in favour of the motion. Mr. Keough (St. George's), Mr. Vincent (Bonavista North) and Mr. Figary (Burgeo) and perhaps one or two others spoke briefly recording their support of the motion.

14. In an endeavour to finish the debate and permit the Drafting Committee to make its report in time for the Convention to close on Friday, January 30th, the Convention sat throughout the night and a considerable number of members spoke in opposition. It would be tedious and of little value to set forth the arguments and assertions they put forward in support of their views. It is sufficient, I think, to say that they covered no new ground, although, as befitting the decisiveness of the occasion, their contributions were, for the most part, more shrill and vociferous than during the preliminary debates. One of them only deserves any special notice — the speech of Mr. Gordon Higgins. He alluded to the strong feeling in the country for union with the United States and went on, in what must have been a deliberately planned attempt to stir up sectarian feeling, to inject the subject of divorce into the discussion. He stated bluntly that Confederation would widen opportunities for divorce and would lead to a position that could not be accepted by the Roman Catholic people of Newfoundland. In view of the importance of the subject, I shall endeavour to get a transcript of the text of what he said from the radio broadcast of the debate and forward it later.

15. Mr. Smallwood concluding the debate endeavoured to sum up and rebut the more important points made by various speakers. He felt compelled to deal specially with the question of divorce raised by Mr. Higgins. He stated that no Divorce Court would be set up in Newfoundland unless the people should ask for one and implied that the Federal Government would be prepared to write this into the terms if it were desired. He mentioned to me later, however, that the introduction of this question into the debate during its dying hours was unfortunate from the Confederate point of view, more particularly as people generally did not understand the rather complicated situation and it would consequently be difficult to prevent propaganda based on exaggeration and deliberate misrepresentation.

16. It was five o'clock this morning before Mr. Smallwood completed his rebuttal bringing the debate to a close. The roll was called and the motion to place the Canadian terms of Union before the electorate at the forthcoming Referendum was defeated by twenty-nine votes to sixteen.

17. I attach, herewith, to complete the record, a list of the members who voted for the motion and those that opposed it.<sup>23</sup>

18. While the terms offered are the minimum terms that would enable Newfoundland to carry on as a Canadian<sup>2</sup> Province they are, fairly considered, so advantageous from Newfoundland's point of view that it is disappointing to find that they have not attracted a greater following in the Convention. Indeed, it can safely be said, I think, that while they have confirmed and strengthened the convictions of those already well disposed to consider Confederation they have — with one exception, Mr. Figary from the Port aux Basques district — not changed the views of any of the members who from the beginning have been opposed. The press too, has generally held to its old alignments. While the *Evening Telegram*, St. John's, the *Bay Roberts Guardian*, the *Twillingate Sun*, the *Fishermen's Advocate*, Port Union, and even the *Western Star*, Corner Brook, are well disposed to the terms of Confederation being circulated and explained to the people, the *Daily News*, St. John's, the *Newfoundland Trade Review* and the *Grand Falls Advertiser* have severely criticised the terms on every possible occasion and remain almost fanatically opposed to Confederation appearing on the ballot. In the country at large the effect of the debate, which extended over several weeks before and after the Christmas recess and has been fully broadcast, has, undoubtedly, been considerable. It is clear from many talks I have had with commercial travellers, clergymen, bank managers, members of the Convention and others, (the only method in Newfoundland of getting an idea of the trend of public opinion) that a large and growing body of opinion in favour of union on the terms offered is building up. It is particularly strong, by all accounts, in Labrador, along the North-East and the South-West Coasts and, curiously enough, in the prosperous and well-ordered pulp and paper towns of Grand Falls and Corner Brook.

19. A number of factors coming to public knowledge while the proposals were being discussed had a distinctly damaging effect. Mr. Gordon Higgins read into the record information which, most unfortunately, he had been given at Ottawa as a member of the Transportation Committee, implying that, in the opinion of competent Canadian Railway authorities, the Newfoundland Government Railway was over-manned and that the staff might have to be decreased under Canadian National administration. While a strong effort was put forward by Mr. Smallwood to explain the statement away and a good counter-statement was made with a view to reassuring railway employees, Mr. Higgins' statement has been repeated many times by others and the net effect has been to engender a feeling of uncertainty in a large and influential body of men who should, in view of the great outlay that Canada will have to make on the railway, be overwhelmingly in favour of Confederation.

20. Premier Duplessis' statement to the press emphasizing the enormous mineral wealth of Labrador and intimating that he did not regard the boundary question as settled, was, of course, seized on by the opponents of Confederation and provided them with powerful ammunition.

<sup>23</sup>Voir la pièce jointe, document 505.

<sup>23</sup>See enclosure, Document 505.

21. Finally, the bombshell thrown into the discussion by the totally unexpected announcement of the Canadian austerity programme,<sup>24</sup> which, to an outsider, throws doubt on the soundness of Canada's financial position and, in any case, clearly shows that, whatever may be the ultimate effect of Confederation, the first effect will be to deprive Newfoundlanders of the right to import a long list of commodities which they now can import freely.

22. These various factors, combined with the absence, through illness, of Mr. Gordon Bradley, the most effective speaker on the Confederation side, during the whole of the consideration of the Confederation proposals and the fact that the provisions respecting the assumption of debt and the payment of subsidies are couched in technical language that only a financial expert can readily understand, conspired to rob the terms of the wide popular appeal they might legitimately have been expected to command.

23. There was a considerable danger that criticism instead of being spread over matters of taxation, Provincial finances, the fisheries, local industries and the political and economic aspects of union generally, might have been directed mainly to highly emotional subjects like education and divorce which could quite easily have divided the country on sectarian grounds and made Confederation on any terms impossible — and undesirable even if possible. It is too early, indeed, to say that this danger is past for undoubtedly further efforts to stir up feeling on these subjects may be expected. Eleven out of the thirteen Roman Catholic members of the Convention voted against the motion to put Confederation on the ballot. The head of the Roman Catholics in the Island is known to favour the restoration of Responsible Government. The preponderance of support for that solution comes from the Irish element. There is, however, no evidence, thus far at any rate, of a split over Confederation on racial or denominational lines or that the Roman Catholic population will vote as a unit against it.

24. There was always a danger, also, that criticism of the Confederation proposals might overflow into criticism of Canada itself and have a bad effect on our general relations. This, I think, has been avoided. While I steeled myself, on returning with the delegation, to finding old friends and acquaintances cold or even hostile nothing of that kind has developed. Though the financial effect of Confederation will be serious to many of the people we see most frequently, there

<sup>24</sup>Le 17 novembre 1947, le ministre des Finances avait annoncé certaines mesures en réponse à la crise du change, y compris une limite sur les dépenses lors de voyages de plaisir dans la région du dollar américain, une taxe d'accise spéciale de 25 pour cent sur plusieurs biens impérissables, l'interdiction d'importer certains produits, des quotas d'importation pour d'autres produits et le contrôle des importations de biens de production par le ministre de la Reconstruction et des Approvisionnements. De plus, le gouvernement avait obtenu un prêt de \$300 millions de la Export-Import Bank.

<sup>24</sup>On November 17, 1947, the Minister of Finance had announced certain measures to meet the exchange crisis including a limit on funds spent for pleasure travel in U.S. dollar area, a special 25 per cent excise tax on a number of consumer durable goods, a ban on imports of certain products, import quotas for some products and the control of imports of capital goods by the Minister of Reconstruction and Supply. The Government also obtained a \$300 million loan from the Export-Import Bank.



has only been a single incident where any remark reflecting unpleasantly on Canada had to be objected to. The offender, Mr. Chesley Crosbie, an aggressive and rather uncouth individual prominent in local manufacturing enterprises, has since invited us to the wedding of his daughter. Our New Year's reception was more largely attended than any outside Government House and one of the good humoured toasts, "Canada Ever, Confederation Never," while it certainly didn't show much feeling in favour of union, at least indicated a degree of friendliness that has been absent from earlier campaigns.

I have etc.

J. S. MACDONALD

502.

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*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*<sup>25</sup>

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*<sup>25</sup>

TELEGRAM 18

St. John's, January 28, 1948

IMMEDIATE. SECRET. Following for MacKay,<sup>26</sup> Begins: Your letter of January 22nd<sup>†</sup> enclosing telegram of January 20th from Mr. Robertson<sup>27</sup> and requesting telephonic<sup>28</sup> comments was received this morning.

There was nothing proposed<sup>29</sup> about defeat of Confederation proposals in Convention though defeat was not brought about, as telegram states, by proponents of Responsible Government and of a continuing Commission combining to keep Confederation off ballot. Not a single member of Convention was in favour of continuing Commission.

If United Kingdom Government is worried about putting Confederation on ballot because it got only 16 votes out of 45 it should be even more worried about putting retention of Commission on ballot since it has no support in the Convention at all.

<sup>25</sup>Il s'est glissé quelques fautes lors du chiffrage de ce télégramme. Les références 28, 29 et 30 indiquent les mots exacts.

<sup>26</sup>Le 20 janvier, on annonça que la deuxième direction politique du ministère des Affaires extérieures serait divisée en deux parties, la direction européenne et la direction du Commonwealth britannique. R. A. MacKay fut nommé chef de la direction du Commonwealth britannique qui s'occuperait, entre autres, de la question de Terre-Neuve.

<sup>27</sup>Voir le document 498.

<sup>28</sup>telegraphic.

<sup>29</sup>unexpected.

<sup>25</sup>Some cyphering errors were made when this telegram was sent. Footnotes 28, 29 and 30 indicate the words intended.

<sup>26</sup>On January 20, it was announced that the Second Political Division would be divided into two divisions, the European Division and the British Commonwealth Division. R. A. MacKay was appointed Head of the British Commonwealth Division which would be responsible, among other things, for Newfoundland matters.

<sup>27</sup>See Document 498.

Have dealt fully with long-term prospects of Confederation in numerous reports (see in particular secret report of June 11th, 1947).†

Convention report will certainly make reference to (recorded?)<sup>30</sup> vote.

Have repeatedly emphasized that in my view an essential condition of success in the referendum, and therefore an essential condition permitting Confederation to appear on the ballot, is that British Government place on the ballot retention of Commission of Government without the addition of any specific time-limit, and that they accompany it by a statement making clear that the United Kingdom Government, in view of radical change in its financial position since 1933, can no longer hope to maintain financial stability of Newfoundland and at the same time maintain public and social services at their present levels. (See in particular my despatches No. 106 of February 28th, 1947, and No. 245 of May 26th, 1947.<sup>31</sup>)

Another matter that should be considered in this connection is the bearing of the Marshall Plan on Newfoundland's future. (See my telegram No. 209 of December 5th† and despatch No. 42 of January 22nd.†)

Am reviewing these various points in despatch going forward as soon as Convention closes and feel we should make no snap decision on such an important matter.

503.

*Extrait des débats de la Chambre des Communes*<sup>32</sup>

*Extract from Debates of the House of Commons*<sup>32</sup>

...  
CANADA — TERRE-NEUVE

DEMANDE D'UNE DÉCLARATION  
AU SUJET DE L'ATTITUDE  
DE LA CONVENTION  
DE TERRE-NEUVE

A l'appel de l'ordre du jour.

M. GORDON GRAYDON (Peel): J'aimerais poser une question au secrétaire d'État aux Affaires extérieures. Étant donné que tous les Canadiens s'intéressent à nos négociations avec Terre-Neuve et que, hier, la Convention nationale de ce pays n'a pas consenti à soumettre à la population terre-neuvienne le projet de confédération, le Gouvernement voudrait-il, par la bouche du premier ministre ou du secrétaire d'État aux Affaires extérieures, formuler une déclaration à la Chambre, afin que le pays apprenne du

...  
CANADA — NEWFOUNDLAND

REQUEST FOR STATEMENT ON  
ACTION OF NEWFOUNDLAND  
NATIONAL CONVENTION

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to direct a question to the Secretary of State for External Affairs. In view of the interest across Canada in our negotiations with Newfoundland, and the fact that yesterday its national convention opposed the submission of the confederation plan to the people of Newfoundland, would the government through the Prime Minister or the Secretary of State for External Affairs make a statement to the house so that the country will understand from parliament, rather

<sup>30</sup>minority.

<sup>31</sup>Voir le document 322. La dépêche était datée du 14 et non pas du 26.

<sup>32</sup>Canada, Chambre des Communes, *Débats*, 1948, volume 1, pp. 676-7. Ce débat a eu lieu le 29 janvier.

<sup>31</sup>See Document 322. The despatch was dated the 14th, not the 26th.

<sup>32</sup>Canada, House of Commons, *Debates*, 1948, Volume 1, p. 662. This debate took place on January 29.

Parlement, au lieu de l'apprendre par les journaux si lointains, où en sont les choses, si d'autres négociations sont possibles et si l'on entrevoit la tenue d'autres pourparlers concernant la confédération?

Le très hon. L. S. ST. LAURENT (secrétaire d'État aux Affaires extérieures): J'examinerai soigneusement la teneur de la question que vient de poser l'honorable député et tâcherai de faire préparer une déclaration. L'honorable collègue se rendra compte que le gouvernement canadien a formulé les conditions qu'il jugeait équitables en vue de l'union mais ne s'occupe aucunement de présenter ces conditions à la population de Terre-Neuve; il ne se permettrait pas d'ailleurs de faire ou de dire quoi que ce soit qui parût constituer une tentative d'influencer la décision de la population libre de Terre-Neuve.

Selon les renseignements dont nous disposons, on a voté contre le projet de recommander au gouvernement du Royaume-Uni d'inclure dans le scrutin la question de l'union avec le Canada. D'après ces mêmes renseignements, nous apprenons que la convention nationale est un organisme consultatif dont les décisions ne lient ni la population de Terre-Neuve ni le gouvernement du Royaume-Uni. Nous n'avons reçu aucun renseignement au sujet des décisions prises depuis le compte rendu des journaux relativement au vote de la convention nationale.

M. GRAYDON: Je conclus des observations du ministre qu'il est possible qu'on engage d'autres négociations.

Le très hon. M. ST. LAURENT: En effet. Notre offre reste soumise à la population de Terre-Neuve et à la commission qui constitue son gouvernement. La convention nationale a exprimé ses vues au moyen du scrutin, mais elle ne constitue, je le répète, qu'un organisme consultatif; de sorte que la question reste à régler par ceux à qui incombe la responsabilité constitutionnelle de prendre une décision.

than from the press so far away, just how the situation now stands, whether or not the door is closed to further negotiations, and the prospect of further confederation discussions?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I will examine carefully the terms of the question that has just been asked by the hon. member and endeavour to have some statement made. The hon. member will realize that the Canadian government stated terms which in its opinion would be fair for union and is taking no part whatsoever in presenting those terms to the people of Newfoundland, nor would it venture to do or say anything which might be regarded there as trying to influence the decision of the free people of Newfoundland.

The information we have is that there was a vote against recommending to the government of the United Kingdom the inclusion on the ballot of any question about union with Canada. The information we have is that this national convention was an advisory body and that its decisions were not binding either on the people of Newfoundland or on the United Kingdom government. We have not received any information of decisions taken since the report in the newspapers of the vote in the national convention.

Mr. GRAYDON: I take it from the minister's remarks that the door to further negotiations is not definitely closed.

Mr. ST. LAURENT: No. The offer is still before the people of Newfoundland and before the commission government of Newfoundland. The national convention has expressed by vote its views, but it is only, as I said, an advisory body and the matter still has to be dealt with by those who have the constitutional responsibility for a decision.

504.

NPA/GN10 8/A1, 14(4)

*Le secrétaire officiel, le haut commissariat à Terre-Neuve,  
au secrétaire, la Convention nationale de Terre-Neuve  
Official Secretary, High Commission in Newfoundland,  
to Secretary, National Convention of Newfoundland*

St. John's, January 29, 1948

Dear Capt. Warren,

I wish to refer to my letter of January 2nd<sup>r</sup> with which I enclosed a number of publications requested by the Chairman of the National Convention and listed in

Appendix XV of part II of the Summary of Proceedings. At that time all publications were not available and consequently there were a few omissions which I am taking the opportunity of correcting by sending you the following publications which complete those listed in the above-mentioned Appendix:

| <i>Name</i>  | <i>Number of Copies</i> |
|--|-------------------------|
| The Dominion Succession Duty Act (Office Consolidation) .....                | 14                      |
| The Excise Act, 1934 (Office Consolidation) .....                            | 14                      |
| An Act to Amend the Civil Service Superannuation Act.....                    | 14                      |
| Annual Report of the Canadian Broadcasting Corporation.....                  | 14                      |
| The Veterans' Charter .....  | 14                      |
| An Act to Amend the National Harbours Board Act, 1936 .....                  | 14                      |
| A paper entitled "The Canadian Constitution and United Nations Charter"..... | 14                      |

I am also sending you 100 copies of the "Proposals," pursuant to your verbal request made some time ago.

Yours sincerely,

A. E. L. CANNON

505.

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*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures<sup>33</sup>*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs<sup>33</sup>*

DESPATCH 56

St. John's, January 30, 1948

CONFIDENTIAL

Sir,

I was present this afternoon, along with members of the Supreme Court, the Commission of Government and the Consular representatives of the United States, France and Portugal, at the formal closing of the National Convention. His Excellency the Administrator delivered a short address and was presented by the Chairman with the Convention's recommendations. These recommendations are set forth in the form of a report from a special Drafting Committee of the National Convention to the Secretary of State for Commonwealth Relations and will be made public as soon as they are placed in his hands.

2. The Report, two copies of which I enclose, herewith, for your information, sets forth a brief account of the work accomplished by the Convention and the terms of the Resolutions on forms of Government with the names of the members voting for and against each of them.

3. It will be noted that not a single member expressed a preference for the Commission of Government; that twelve members expressed a preference for Confederation as against either Responsible Government or Commission of Gov-

<sup>33</sup>Cette dépêche fut signalée au Premier ministre.

<sup>33</sup>This despatch was referred to the Prime Minister.

ernment and that four members who voted for the Resolution on Confederation abstained from expressing a preference for it as against Responsible Government or Commission of Government.

~ I have etc.

J. S. MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

*Rapport du Comité de rédaction de la Convention nationale de Terre-Neuve au secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne*<sup>34</sup>

*Report of Drafting Committee of the National Convention of Newfoundland to Secretary of State for Commonwealth Relations of Great Britain*<sup>34</sup>

St. John's, January 29, 1948

Sir,

Section 3 of the National Convention Act of 1946 defines the duties of this Convention as follows:

"It shall be the duty and function of the Convention to consider and discuss among themselves as elected representatives of the people of Newfoundland the changes that have taken place in the financial and economic situation of the Island since 1934, and, bearing in mind the extent to which the high revenues of recent years have been due to wartime conditions, to examine the position of the country and to make recommendations to His Majesty's Government in the United Kingdom as to possible forms of future government to be put before the people at a national referendum."

The Convention was opened by His Excellency the Governor on September 11th, 1946. As a first step in its investigations of the position of Newfoundland the Convention appointed nine Committees consisting of ten members each to enquire into the following:

Agriculture  
Education  
Finance and Economic  
Fisheries  
Forestry  
Local Industries  
Mining  
Public Health and Welfare  
Transportation and Communications

<sup>34</sup>Ce document fut amendé afin de démontrer que c'était un rapport de la Convention nationale plutôt que du comité de rédaction de celle-ci. Voir la pièce jointe, document 509.

<sup>34</sup>This document was amended in order to show that it was a report from the National Convention rather than from its Drafting Committee. See enclosure, Document 509.

The duties of all the above-named Committees now have been completed, and copies of the various Reports submitted by them to the Convention will be found attached herewith. Each of the Reports was in turn the subject of careful examination and extensive discussion by the Convention in its general Sessions. In some instances Committees found it difficult to obtain all the information they would have desired for the making of a more comprehensive investigation. The Convention is satisfied, however, that under the circumstances, these various Reports furnish a sufficiently accurate and complete review of the matters dealt with; and that their conclusions and recommendations are based upon substantial foundations.

In the course of its deliberations the Convention deemed it advisable to send two fact-finding delegations abroad; one to London and the other to Ottawa. The delegation to London left here on April 24th, 1947 and returned on May 10th, 1947, and reported the result of its three discussions with the Secretary of State for Dominion Affairs to the Convention; whilst, in addition, the actual conversations which took place, and which were reported stenographically, were supplied to each individual member for his private information only. The Ottawa delegation left on June 19th, 1947 and returned on October 4th, 1947. During the absence of these two delegations the Convention had been adjourned. The Convention reconvened on October 10th, 1947 and submitted an account of its meetings with representatives of the Dominion Government which is contained in two volumes, copies of which are annexed hereto.

Subsequent to the reconvening of the Convention on October 10th, 1947, the Prime Minister of the Dominion of Canada, the Right Honourable W. L. Mackenzie King, forwarded by special courier to His Excellency the Governor, for transmission to the Convention, a document dated November 6th, 1947, setting forth proposed arrangements for the entry of Newfoundland into Confederation, with which was enclosed a letter from the Prime Minister of Canada also dated November 6th, 1947. A copy of the document and letter is annexed hereto.

Also annexed hereto is the Economic Report on the present financial position and economic outlook of Newfoundland prepared by the Finance Committee of the Convention. This Report was debated at length by the Convention and on January 14th, 1948 was adopted unanimously.

The proposals received from the Canadian Government have been thoroughly discussed and analysed.

The following Resolution was introduced and debated, namely:

“BE IT RESOLVED that this Convention recommend to the United Kingdom Government that the following forms of government be placed before the people at the proposed Referendum, namely:

1. Responsible Government as it existed prior to 1934;
2. Commission of Government.”

For this Resolution the following members voted, namely:

Thomas G. W. Ashbourne  
Charles L. Bailey

Charles H. Ballam  
William J. Banfield  
F. Gordon Bradley, K.C.  
Kenneth M. Brown,  
O.B.E.  
Rev. Lester L. Burry  
Albert B. Butt  
Major Peter J. Cashin  
Edmund C. Cranford  
Chesley A. Crosbie  
P. Wellington Crummey  
Wilfred Dawe  
Percy Figary  
Frank D. Fogwill  
Joseph P. Fowler  
H. Pierce Fudge  
Alfred J. Goodridge  
John A. Hannon  
Michael F. Harrington  
Edgar L. Hickman  
Gordon F. Higgins, K.C.  
Daniel Hillier  
Malcolm M. Hollett  
David I. Jackman  
Hon. R. B. Job  
Colin G. Jones  
Thomas H. Kennedy  
William J. Keough  
Kenneth M. MacDonald  
Michael J. McCarthy  
John J. McCormack  
Leonard J. Miller  
Isaac Newell  
Archelaus Northcott  
Albert E. Penney  
Edmund P. Reddy  
Edgar L. Roberts  
Denis L. Ryan  
Joseph R. Smallwood  
John T. Spencer  
Roland G. Starkes  
Reuben T. Vardy  
S. Fletcher Vincent  
Alfred Watton, Jr.

Against this Motion the following members voted — NIL

The following Resolution was introduced and debated:

**"BE IT RESOLVED** that the National Convention desires to recommend to His Majesty's Government in the United Kingdom that the following form of government be placed before the people of Newfoundland in the forthcoming National Referendum, namely:

**Confederation with Canada upon the basis submitted to the National Convention on November 6th, 1947, by the Prime Minister of Canada."**

The following members voted that this recommendation be made:

Thomas G. W. Ashbourne  
 Charles H. Ballam  
 William J. Banfield  
 F. Gordon Bradley, K.C.  
 Rev. Lester L. Burry  
 Percy Figary  
 Daniel Hillier  
 William J. Keough  
 Kenneth M. MacDonald  
 Michael J. McCarthy  
 Isaac Newell  
 Edgar L. Roberts  
 Joseph R. Smallwood  
 John T. Spencer  
 Roland G. Starkes  
 S. Fletcher Vincent

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The following members voted that this recommendation be not made, namely:

Charles L. Bailey  
 Kenneth M. Brown,  
 O.B.E.  
 Albert B. Butt  
 Major Peter J. Cashin  
 Edmund C. Cranford  
 Chesley A. Crosbie  
 P. Wellington Crummey  
 Wilfred Dawe  
 Frank D. Fogwill  
 Joseph P. Fowler  
 H. Pierce Fudge  
 Alfred J. Goodridge  
 John A. Hannon  
 Michael F. Harrington  
 Edgar L. Hickman  
 Gordon F. Higgins, K.C.  
 Malcolm M. Hollett



David I. Jackman  
Hon. R. B. Job  
Colin G. Jones  
Thomas H. Kennedy  
John J. McCormack  
Leonard J. Miller  
Archelaus Northcott  
Albert E. Penney  
Edmund P. Reddy  
Denis L. Ryan  
Reuben T. Vardy  
Alfred Watton, Jr.

29

Under Standing Order 39 of the Rules of Procedure of the Convention, members could express a preference between one form of government and another, and the following preferences were expressed:

*For Responsible Government:*

Charles L. Bailey  
Kenneth M. Brown,  
O.B.E.  
Albert B. Butt  
Major Peter J. Cashin  
Edmund C. Cranford  
Chesley A. Crosbie  
P. Wellington Crummey  
Wilfred Dawe  
Frank D. Fogwill  
Joseph P. Fowler  
H. Pierce Fudge  
Alfred J. Goodridge  
John A. Hannon  
Michael F. Harrington  
Edgar L. Hickman  
Gordon F. Higgins, K.C.  
Malcolm M. Hollett  
David I. Jackman  
Colin G. Jones  
Thomas H. Kennedy  
John J. McCormack  
Leonard J. Miller  
Archelaus Northcott  
Albert E. Penney  
Edmund P. Reddy  
Denis L. Ryan

Reuben T. Vardy  
Alfred Watton, Jr.

28

*For Commission of Government: NIL*

*For Confederation as against Responsible [Government]:*

Thomas G. W. Ashbourne  
Charles H. Ballam  
William J. Banfield  
F. Gordon Bradley, K.C.  
Rev. Lester L. Burry  
Percy Figary  
Kenneth M. MacDonald  
Edgar L. Roberts  
Joseph R. Smallwood  
John T. Spencer  
Roland G. Starkes  
S. Fletcher Vincent

12

*For Confederation as against Commission of Government:*

Thomas G. W. Ashbourne  
Charles H. Ballam  
William J. Banfield  
F. Gordon Bradley, K.C.  
Rev. Lester L. Burry  
Percy Figary  
Kenneth M. MacDonald  
Edgar L. Roberts  
Joseph R. Smallwood  
John T. Spencer  
Roland G. Starkes  
S. Fletcher Vincent

12

*For Responsible Government as against either Confederation or Commission of Government:*

Charles L. Bailey  
Kenneth M. Brown,  
O.B.E.  
Albert B. Butt  
Major Peter J. Cashin  
Edmund C. Cranford  
Chesley A. Crosbie  
P. Wellington Crummey

Wilfred Dawe  
Frank D. Fogwill  
Joseph P. Fowler  
H. Pierce Fudge  
Alfred J. Goodridge  
John A. Hannon  
Michael F. Harrington  
Edgar L. Hickman  
Gordon F. Higgins, K.C.  
Malcolm M. Hollett  
David I. Jackman  
Colin G. Jones  
Thomas H. Kennedy  
John J. McCormack  
Leonard J. Miller  
Archelaus Northcott  
Albert E. Penney  
Edmund P. Reddy  
Denis L. Ryan  
Reuben T. Vardy  
Alfred Watton, Jr.

28

Enclosed herewith also is a certified copy of the Minutes of the Meetings of the Convention of January 22nd, January 28th and January 29th, 1948<sup>t</sup> at which these votes were taken.

Respectfully submitted,  
MAJOR PETER J. CASHIN  
(Convenor)  
GORDON F. HIGGINS, K.C.  
ALBERT B. BUTT  
JOSEPH R. SMALLWOOD  
THOMAS G. W. ASHBOURNE  
ROLAND G. STARKES

506.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 57

St. John's, January 31, 1948

SECRET

Sir,

Now that the National Convention has completed its work and forwarded to the United Kingdom Government its recommendations respecting the questions to be placed before the people of Newfoundland in the forthcoming Referendum, it would seem desirable to consider a number of points of importance to Canada that will arise in the next stage of the campaign.

2. I notice from excerpts from newspapers across Canada that have been telegraphed to the press here, that all of them express surprise at the action of the National Convention in voting down the motion to recommend that Confederation with Canada be placed on the ballot in the forthcoming Referendum and that most of them assume that defeat of the motion in the Convention means that the question of union with Canada will not be submitted to the people. The defeat of the motion was in no sense a surprise. [ . . . ]

3. The action of a majority of the members of the Convention in refusing to recommend to the United Kingdom Government that the people of Newfoundland be permitted to express their views on the question of Confederation on the terms offered by Canada does not, of course, mean that Confederation will be left off the ballot. The Dominions Office have in fact made it clear on several occasions that a recommendation from any sizable minority would be considered. While the Convention recommended unanimously that restoration of Responsible Government and the retention of the Commission of Government be placed on the ballot paper, the latter was included merely as a matter of form. When the members were asked to express their preferences for the one as compared with the other, not a single member supported the Commission. Sixteen members, however, voted to recommend that Confederation with Canada be placed on the ballot. It would seem, therefore, that, in the normal course, the Government of the United Kingdom will place Confederation on the ballot, unless the Canadian Government should itself request otherwise.

. . .

8. I note from Mr. Robertson's telegram of January 20th that His Excellency the Governor is busily engaged in London in propounding the view that the long-run prospects of Confederation would be improved if the choice put before the electors this year were confined to the alternatives of Responsible Government and the continuation of Commission rule. I agree that the Commission, in such a contest, would win. It would be quite impracticable to ask the people, as the Governor suggests, to vote for a short period. For what would be the position

when it approached the end of its term? A new Convention would have to be elected and a new Referendum held — a process which has required two years in the present instance and would probably require a similar period when it came up again. Moreover, in preparation for any subsequent Referendum it would, in my view, be impossible to prevent a delegation going to Washington as well as to Ottawa. I do not know what prospects there would be of the United States being willing to accept Newfoundland as a State or Territory but I can say with complete assurance that if the question got to the point of being placed on the Referendum it would be irresistible.

...

11. While I feel, from the consideration above cited, that there is no reason for withdrawing from the contest because of the adverse vote in the National Convention there has been a new development, since the terms of union were offered to the delegation from the Convention, that may so radically change the economic condition and prospects of Newfoundland that it may well be advisable to take advantage of the vote to let the question of union drop. If the Marshall Plan is carried out in its present form the many millions of dollars that will be spent in modernizing the fishing fleets of Norway, Iceland, France, Portugal and perhaps one or two other countries and the removal of tariff and other barriers to trade between the participating countries of Western Europe will involve serious inroads into and may result in the entire loss of Newfoundland's long-established salt cod market in Europe and the chief industry of the country would be practically ruined. Accordingly, it would be necessary to provide relief on a scale beyond anything contemplated in the present terms. Even if, in response to Newfoundland's representations, some modification is made in the Plan, it could hardly interfere with such basic features of the Plan as increased production of food in the fish-producing countries and increased facilities for trade within the countries participating in the Plan. In any case, it is evident that a new factor of major importance has emerged in this situation since it was decided to offer terms to Newfoundland and that it should be thoroughly weighed before a decision to press the terms to a vote of the people is taken.

...

15. It is, of course, essential that there should be no pressure from Canada to influence the electors of Newfoundland in their choice. It is also essential, however, in order that they may be in a position to decide whether to vote for union with Canada or not, that the terms of union be brought clearly to the attention of all electors with sufficient explanatory material to enable the terms to be easily understood. As I pointed out in my despatch No. 118 of March 5th, 1945,<sup>35</sup> in which the subject of Confederation was first raised, a campaign will have to be carefully planned to ensure that the advantages of Union are made clear to the people of Newfoundland and measures taken to counteract the misrepresentations that will undoubtedly be made by their opponents. I understand that the group advocating union with Canada is planning to launch an Association for these purposes as soon as it is known that Confederation will be on the ballot.

<sup>35</sup>Voir le document 90.

<sup>35</sup>See Document 90.

They will be no match financially for their opponents, who will be able to look for support to the merchants of Water Street and more particularly to the manufacturers and others whose plants and businesses will be endangered by Confederation, but will have to do what they can to collect small amounts from large numbers; to mobilize as fully as possible the help of voluntary unpaid workers from among the people; and generally to depend on the popularity of their cause among the masses.

...

I have etc.

J. S. MACDONALD

507.

2828-40

*Extrait du Evening Telegram de St. John's du 31 janvier 1948*  
*Extract from St. John's Evening Telegram of January 31, 1948*

...

### DISSOLUTION OF THE NATIONAL CONVENTION

HIS EXCELLENCY THE ADMINISTRATOR OFFICIATES AT  
CLOSING — MEMORANDUM TO COMMONWEALTH RELATIONS  
CONTAINS ONE RECOMMENDATION

Another page in Newfoundland's political history ended yesterday afternoon as the Convention held its final session, and was formally dissolved by His Excellency the Administrator, Sir L. E. Emerson, Kt.

As the formal session began, high dignitaries of Church and State, and the members of the National Convention assembled in the House of Assembly Chamber awaiting the arrival of the official party from Government House.

At three fifteen, Captain Gordon Warren, R.A., entered the Chamber, and walking to the Bar of the House, saluted Mr. McEvoy, the Convention Chairman, and announced the arrival of His Excellency.

The Chairman immediately left the Dais, and left the Chamber to meet the Official party.

Upon re-entering he was accompanied by His Excellency and followed by Captain Warren and Mr. Campbell Macpherson. Through the silent, standing dignitaries and members of the Convention, the party slowly walked the length of the Chamber, His Excellency the Administrator moving to the Seat on the Dais.

Addressing His Excellency, Mr. McEvoy thanked him for his presence on behalf of the Convention, and informed him that the Assembly had finished its duties assigned by the National Convention Act except for the forwarding of its recommendations on forms of government to the United Kingdom Government for the coming referendum.

The Convention's Chairman then handed the Convention's official memorandum to His Excellency and asked him at his earliest convenience to send them to the Secretary of State for Commonwealth Relations.

In accepting the memorandum, His Excellency the Administrator spoke as follows:

ADDRESS BY H.E. THE ADMINISTRATOR

Mr. Chairman and Members of the National Convention: It is now some sixteen months since His Excellency the Governor whose absence today we all regret, opened this Convention. In his speech he foretold, as it were, the difficulties which you would encounter in the performance of your task, and the considerable amount and the importance of the work which that task entailed. His prophecies have in a large measure been fulfilled.

When an inquiry into the economic, political and financial affairs of Newfoundland was held in 1933, with a view to considering the remedy for our then serious situation, the task was entrusted to a Royal Commission consisting of three men chosen because of their particular qualifications for the work. For nearly nine months they laboured quietly, efficiently and speedily and in that comparatively short time found themselves in a position to make their report and their recommendations. When it was decided to hold another enquiry, with a similar object in view, His Majesty's Government in Great Britain proposed a method along democratic lines, a method whereby the elected representatives of the people, sitting in a National Convention, should undertake work similar to that formerly performed by a chosen few. Now we all know that an elected assembly differs in many important respects from a small compact commission. The members are not chosen because of any particular qualifications; they come from different parts of the country and from different walks of life; they have different interests and have different conceptions of their duties and responsibilities. They work in public and instead of holding their discussions in the quiet detachment of a small conference chamber they debate in full session and before a public audience, and, in the case of this particular Convention, over the wireless for the benefit of the public at large. That your proceedings have been prolonged, that your debates have from time to time resulted in some members wandering from the direct path of the Terms of Reference and that argument has frequently been passionate, all these things were, I think, to be expected. A great deal of the criticism which has been levelled at the Convention should therefore, in justice, be considered bearing these factors in mind. The Convention, like similar national constitutional assemblies held in different parts of the world since the War has followed a pattern which was in a large measure to be anticipated.

Your debates have been followed with keen interest by our fellow-countrymen and it is probably true to say that a great deal more information has been broadcast to a greater number of people by the means adopted, than would have resulted from the limited circulation and publicity given to a lengthy report of a Royal Commission.

Your labours have been long and arduous and I feel sure that you will be happy at the release which becomes effective today. In a short time a referendum will take place and our fellow-countrymen will be enabled to disclose the extent to which their interest in their own welfare has been aroused by your efforts. The only manner in which they can show that they are really interested in and desirous of some form of democratic government, as we know it, is by exercising their

right to vote in great numbers. Commission of Government, excellent as it is as a temporary stopgap in the case of emergency, does not provide the proper spiritual outlet for the development of the political soul of a free people. Their ultimate goal must be democratic government either alone or as a partner in a greater democratic union. Whether democratic government is to come now or later, it is only by the exercise of the right to vote that the people can demand it, as it is only by similar action that they can control it.

I know that you will all agree, that a special word of thanks is due for the services rendered by your various Chairmen, the late Mr. Justice Fox, whose sudden death was so much lamented, Mr. Bradley and Mr. McEvoy, all of whom have given valuable gratuitous service in an office which was not at all times an enviable one.

Gentlemen, you have been separated from your families and your pursuits for a considerable time and in thanking you for your efforts in this historic Convention, I hope that now that you can return to your normal lives you will find happiness and good fortune.

I now formally accept your recommendations and assure you that they will be transmitted to the Right Honourable the Secretary of State at the earliest opportunity. . . .

...

508.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 59

St. John's, February 2, 1948

Sir,

The attempt of the majority of the members of the National Convention to deny the people an opportunity to vote on the terms of union offered by the Canadian Government appears to have given rise to a spontaneous wave of indignation in many parts of Newfoundland. In response to a great many enquiries as to what action the people might take to make clear to the Government of the United Kingdom that the majority in the Convention did not fairly represent their views, Mr. Bradley spoke for ten minutes over the radio on Saturday night, January 31st. We had a dinner party at the house that evening and were unable to listen to the broadcast but I understand that Mr. Bradley spoke very forcibly indeed and urged the people to send him telegrams of protest which he could forward to the Government of the United Kingdom through His Excellency the Governor, who is now in London. In this way, he thought, it would be possible to remove any doubt there might be in the minds of the British Government on the question of whether Confederation should go on the ballot in the forthcoming referendum.



2. Mr. Bradley's address was not mentioned in the *Daily News* this morning. It is learned, however, that in response to his suggestion, public meetings of protest were called over the week-end in St. Anthony, the headquarters of the Grenfell Mission on the North-East Coast and at Lawn, a Roman Catholic community on the South Coast and at other points as well. There is no information yet from Lawn but the meeting at St. Anthony was attended by two hundred citizens — practically the whole adult male population — and a resolution condemning the Convention was passed unanimously. I understand that already this morning sheaves of telegrams, many of them signed by scores of citizens in the various outport communities, are being received and that Major Cashin, one of the leading advocates of the restoration of Responsible Government, is taking the air tonight in an endeavour to stem the tide.

3. This morning, before leaving for their homes in various parts of the country, the following message was sent to the Secretary of State for Commonwealth Relations, London, by the Confederation group:

"The undersigned members of the National Convention strongly urge that Confederation with Canada as a form of government be placed before the Newfoundland people in the referendum. We know that many thousands of Newfoundlanders in all parts of the country, including constituencies other than our own, are highly anxious to have opportunity to vote on Confederation in the referendum. Though we are the minority of the Convention, we are confident that we are more representative of public opinion today than are those who voted against placing Confederation on the ballot. Protests from the public and demands that Confederation be submitted to the people are already pouring in upon us. We urge your consideration to this appeal."

4. In view of the importance of this development in showing the breadth and strength of public feeling I will report on it further in the course of a few days.

I have etc.

J. S. MACDONALD

509.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 63

St. John's, February 3, 1948

CONFIDENTIAL

Sir,

I have the honour to refer to my despatch No. 56 of January 30th and to enclose amended copies of page 7 of the recommendations of the National Convention<sup>36</sup> with copies of the Minutes of the Meetings of the Convention of Janu-

<sup>36</sup>Voir la pièce jointe, document 505.

<sup>36</sup>See enclosure, Document 505.

ary 22nd, January 28th and January 29th, 1948, at which the votes on forms of Government were taken. The amendment to page 7 consists in having the report signed by the Chairman and the Secretary on behalf of the Convention in lieu of by the members of the Committee that drafted the Report.

I have etc.

J. S. MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

*Dernière page amendée du Rapport de la Convention nationale de  
Terre-Neuve au secrétaire d'État aux Relations avec le  
Commonwealth de Grande-Bretagne*

*Amended last page of Report from National Convention of  
Newfoundland to Secretary of State for Commonwealth  
Relations of Great Britain*

Enclosed herewith also is a certified copy of the Minutes of the Meetings of the Convention of January 22nd, January 28th and January 29th, 1948<sup>t</sup> at which these votes were taken.

Respectfully submitted,  
NATIONAL CONVENTION

J. B. McEvoy  
Chairman

W. G. WARREN  
Secretary

CHAPITRE IV/CHAPTER IV

LE REFERENDUM  
(FÉVRIER — JUILLET, 1948)  
THE REFERENDUM  
(FEBRUARY — JULY, 1948)

510.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 64

St. John's, February 3, 1948

Sir,

In continuation of my despatch No. 59 of yesterday<sup>1</sup> I may say that Mr. Smallwood informs me that telegrams are continuing to pour in from communities all over Newfoundland demanding that Confederation be placed on the ballot in the forthcoming Referendum. A rough enumeration places the number of telegrams received at approximately five hundred and the number of signatures attached to them at approximately eleven thousand of which four thousand five hundred are from districts represented by members of the National Convention who voted against the Resolution. Among the messages is a telegram from one of the largest fish exporting firms in Newfoundland, W. and J. Moores, Limited, of Carbonear, which is signed by the Directors and by the entire office staff. In addition to St. Anthony, information has been received that similar meetings have been held in Deer Lake, Burin and Buchans. The *Evening Telegram* characterizes the situation as "One of the most amazing outbursts of public opinion in this country's political history."

I have etc.

J. S. MACDONALD

511.

FCO

*Mémorandum du lord du Sceau privé de Grande-Bretagne  
au premier ministre de Grande-Bretagne*

*Memorandum from Lord Privy Seal of Great Britain  
to Prime Minister of Great Britain*

London, February 3, 1948

<sup>1</sup>Voir le document 508.

<sup>1</sup>See Document 508.

In the absence of Mr. Noel-Baker<sup>2</sup> I have discussed with Sir Gordon Macdonald and Sir Eric Machtig the position resulting from the conclusions of the Newfoundland National Convention as reported in the annexed telegram.

It will be seen that the Convention have in effect recommended that the Referendum should be between Responsible Government and Commission of Government, and have outvoted the inclusion of Confederation with Canada in the ballot paper. It now remains for the Government here to decide what are the questions to be submitted at the Referendum in the light of the Convention's report.

The terms of reference of the Convention, as announced in Parliament on 11th December, 1945, were as follows:

"To consider and discuss amongst themselves, as elected representatives of the Newfoundland people, the changes that have taken place in the financial and economic situation of the island since 1934, and, bearing in mind the extent to which the high revenues of recent years have been due to wartime conditions, to examine the position of the country and to make recommendations to His Majesty's Government as to possible forms of future Government to be put before the people at a national referendum."

When it was decided to set up the Convention, it was hoped that this would consist of a body of responsible people who would look at the various possible forms of government dispassionately and clarify the issues to be put to the Newfoundland people for their decision. Actually this hope has not been realised. The Convention has consisted of political aspirants who have dealt with the matter on bitter party lines, and they have in fact tried to anticipate the decision which it was intended should be left to the people as a whole at the referendum. In spite of having received very generous terms, which the Canadian Government have indicated that they would be prepared to recommend to the Canadian Parliament as a basis for union between Canada and Newfoundland, the Convention so conducted their operations as to endeavour to prevent this issue being put before the people.

It is clearly open to the United Kingdom Government to decide that Confederation with Canada as well as the other two courses should be placed on the referendum paper, since it was not the intention that the Convention should in effect be able to decide the issue, and it would be intolerable if the opponents of Confederation in the Convention were successful in a manoeuvre which would prevent the matter being submitted to the people of Newfoundland. On the other hand, the tactics require some consideration. If it should be decided that confederation should be included in the ballot paper notwithstanding the recommendations of the Convention, it will no doubt be represented in Newfoundland that the United Kingdom Government are anxious to impose Confederation on Newfoundland, and if the result of a referendum is a vote adverse to Confederation, this might put back the possibility of confederation indefinitely. It must also be remembered that Mr. Mackenzie King has made it clear that the Canadian Government would only wish to effect Confederation if the people of Newfound-

<sup>2</sup>Noel-Baker était le représentant de la Grande-Bretagne au Conseil de sécurité des Nations Unies.

<sup>2</sup>Noel-Baker was the representative of Great Britain on the Security Council of the United Nations.

land indicate clearly and beyond all possibility of misunderstanding that it is their will that Newfoundland should become a Province of Canada. There is no doubt that Confederation with Canada at the right time presents the best hope for Newfoundland, and that the sooner it comes the better. But the question is one for Newfoundland people to determine. We ought so to handle the matter as not to risk Confederation being relegated to the background for many years to come. My feeling is, however, and Sir Gordon Macdonald and the officials of the Commonwealth Relations Office concur in this view, that the proper course would be to place Confederation with Canada on the referendum paper together with Responsible Government and the continuation of Commission of Government, unless the Canadian Government, after we have consulted them, should advise that in the circumstances they would prefer that Confederation should not be included.

There are two supplementary points. In defining continuation of Commission of Government as one of the alternatives on the ballot paper we should, in Sir Gordon Macdonald's view, with which I agree, limit this to continuation for a period of five years, at the same time making it clear that before the end of that period, in say three and a half years' time, we would arrange for a further testing of Newfoundland public opinion as to the future form of government at the end of the five years. This is necessary since we could not commit ourselves to an indefinite continuation of Commission of Government. It may be that if the period is limited as suggested the people of Newfoundland will vote for this course as providing a further breathing space before they become committed to either responsible government or confederation with Canada.

The term "responsible government" should be defined as Responsible Government as it existed in 1933 before the institution of Commission of Government. There would be no question at present of the adoption by Newfoundland of the Statute of Westminster or of it assuming full Dominion status on the Canadian model.

I assume that Mr. Noel-Baker should be brought into this matter before a decision is reached, and this might be done by sending him a copy of this minute if you are in agreement with it. I am not sure whether, if you and he agree with the course proposed, you would think it necessary to bring the matter before the Cabinet. Sir Gordon Macdonald will be available for discussion, but he feels that he should return to Newfoundland shortly and is planning to do so at the end of next week.

ADDISON

512.

FCO

*Le secrétaire privé adjoint du premier ministre de Grande-Bretagne  
au secrétaire adjoint, l'office des Relations avec le  
Commonwealth de Grande-Bretagne*

*Assistant Private Secretary to Prime Minister of Great Britain  
to Assistant Secretary, Commonwealth Relations Office  
of Great Britain*

London, February 4, 1948

My dear Cumming-Bruce,

The Prime Minister has seen Lord Addison's Minute of the 3rd February on Newfoundland. The Prime Minister has commented "I have already discussed this with Sir Gordon Macdonald. I agree with Lord Addison's views. Send a copy to the Secretary of State for Commonwealth Relations for his views."

Yours sincerely,

J. L. PUMPHREY

513.

243s

*Mémorandum de la direction du Commonwealth britannique**Memorandum by British Commonwealth Division*

CONFIDENTIAL

Ottawa, February 4, 1948

## CONFEDERATION CAMPAIGN IN NEWFOUNDLAND

When Mr. Ewart Young, the editor of the *Atlantic Guardian* was in my office on January 31st, he told me something of the plans which Mr. Smallwood has in mind for a confederation campaign. I have described these plans in a separate memorandum.<sup>†</sup>

2. A further piece of information volunteered by Mr. Young is of interest in this connection. He said that Mr. Smallwood has engaged a business manager to look after the financial aspects of the campaign and that this business manager was in Ottawa in the course of a tour during which he has been endeavouring to secure campaign funds from business people in Canada. Mr. Young said that this business manager had had no difficulty in locating businessmen who feel that confederation would be advantageous to them and who would be willing to contribute to a campaign fund. In almost every case, however, he had in fact failed to secure any commitment because the business people with whom he discussed the matter were all under the impression that the recent vote in the Convention against including confederation in the referendum means that it will not be among the forms of government voted upon by the people. Mr. Young expressed the view that the only course now open to the business manager is to return to Newfoundland and to come to Canada again if and when it is announced that confederation will be included on the ballot. He pointed out, however, that, since this will not be known for a month or so, the confederation campaign will thereby be shortened to a matter of two, or at the most, three months.

P. A. B[RIDLE]

514.

243s

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures**High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 141

London, February 5, 1948

SECRET AND PERSONAL. Following for Pearson from Robertson, Begins: Reference my telegram No. 67, January 20th,<sup>3</sup> Newfoundland.

1. Lord Addison, who is temporarily in charge of the Commonwealth Relations Office in the absence of Noel-Baker and Gordon-Walker, has put up a paper to the Prime Minister on the future of Newfoundland which follows pretty closely the line of analysis and argument reported in my telegram under reference. He definitely recommends that the Confederation option should be added to the referendum ballot, unless the Government of Canada, which will of course be consulted in advance, probably through Clutterbuck, should prefer that it be omitted.

2. Machtig said the United Kingdom Government were definitely in favour of Newfoundland entering Confederation, but were afraid they might be charged in Newfoundland with trying to push it in. This was an impression they wished to avoid. I thought that this was probably as good an opportunity as another of saying something about our misgivings concerning the possible electoral consequences of the economic and social policies now being pursued by the Commission of Government (see my telegram No. 103 of January 29th).<sup>†</sup> I pointed out that it would be equally unfortunate if the impression was created in Newfoundland, or in Canada, that the Commission Government was being rigged up to make it look a more likely contender at the forthcoming referendum. Machtig assured me that though they had no doubt in their minds that the Commission form of Government would be better than Responsible Government for Newfoundland over, say, the next four or five year period, they had equally no doubt that entry into Confederation was much the best security for the future of the island. He repeated that their only doubt in London was whether the chances of Newfoundland's entering Confederation on the lines foreshadowed by the Prime Minister's offer would be enhanced by a three-way referendum this spring. This, however, was a question on which they would be guided by the judgment of the Canadian Government. Ends.

515.

243s

*Mémoire du ministère des Affaires extérieures*

*Memorandum by Department of External Affairs*

SECRET

Ottawa, February 5, 1948

## NEWFOUNDLAND; REFERENDUM

At the meeting of the Cabinet on February 5th, it was agreed that the Canadian High Commissioner in the United Kingdom be instructed to inform the U.K. authorities that the Canadian government considered that the form of the referendum to be submitted to the people of Newfoundland was a matter solely for decision by the U.K. government; no reference should be made as to any views of the Canadian government as to whether or not confederation should be included and no request for such views should be anticipated.

<sup>3</sup>Voir le document 498.

<sup>3</sup>See Document 498.

516.

*Extrait de The Mackenzie King Record<sup>4</sup>*  
*Extract from The Mackenzie King Record<sup>4</sup>*

...

The last major problem Mackenzie King considered before the Convention was the question of the entry of Newfoundland into confederation. On February 5 the Cabinet discussed a memorandum<sup>†</sup> from the Department of External Affairs on the extent of Canada's interest in the referendum on the future of the colony being prepared by the British government. According to the Prime Minister, the memorandum "rightly stated that we did not wish to interfere in the question of whether or not Confederation with Canada should be put on the balloting paper by England — on the referendum paper which was being prepared by England for Newfoundland people to vote on. However, it had in the latter half of it suggested statements to our High Commissioner, Robertson, in England which would give the British Government reason to believe we would welcome having the Confederation matter included. I said I did not think we ought to, specially in the light of the first part of the statement, say one way or another what we were or were not to do. That was their responsibility.

"I pointed out that sooner or later, it would be known that Canada had mentioned certain things; that would defeat the very thing that those in Newfoundland wished to achieve in the way of Confederation. The very thing our High Commissioner in Newfoundland felt should not be done, namely, they never thought we were anxious to have them in Confederation. I could see that St. Laurent was unwilling to do other than press the matter as it had come from External Affairs. He refers to the body there as though it was some council of learned men so much wiser than anyone else, so he does not profess that he himself has had to do with the matters advocated. Seeing this, I left the discussion to other members of the Cabinet, particularly Wishart Robertson, McCann, Abbott — all of whom thought it would be wrong for Canada to express any opinion on what . . . Britain should do.

"Robertson pointed out quite emphatically that what they should do is to decide between responsible governments and other governments and when they had found responsible governments, come to negotiate with them. That is the position I have taken from the beginning.

"St. Laurent was inclined to feel that all that had been done up to the present, should not have been attempted if that was the view taken. In this, I think he is quite wrong."

517.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
 au secrétaire d'État aux Affaires extérieures*  
*Extracts from Despatch from High Commissioner in Newfoundland  
 to Secretary of State for External Affairs*

<sup>†</sup>Volume 4, p. 343. La convention en question est la convention du parti Libéral.

<sup>4</sup>Volume 4, p. 343. The convention referred to is the Liberal Party Convention.



DESPATCH 68

St. John's, February 5, 1948

Sir,

I have the honour to refer to my despatch No. 548 of November 26th, 1947,<sup>5</sup> respecting the formation of the Union with America party. It has now been ascertained that the two moving spirits in the party are Mr. James Halley, a local lawyer who is the partner of Mr. J. B. McEvoy, Chairman of the National Convention, and Mr. Geoffrey Sterling, Editor of the tabloid newspaper the *Sunday Herald*, which has a large and rapidly-growing circulation in Newfoundland.

2. It is understood that the promoters of the new party have been putting considerable effort into organizing local groups and trying to outline a plan of campaign. Mr. Thomas Halley, also a lawyer, has given considerable time to the work. Mr. Jackman and one or two other members of the National Convention are sympathetic. As the motion to send a delegation to Washington was voted down in the Convention, it was hoped to launch a campaign along similar lines to the campaign now being waged by Mr. Bradley and Mr. Smallwood and, by securing sheaves of telegrams and petitions, to persuade the British Government to put the question on the ballot or failing that to make it more difficult for them to put on Confederation which would, if successful, close the door to all their hopes.

3. The new party needed some expression of official opinion that could be played up as evidence of United States interest in taking Newfoundland into the Union. Mr. James Halley had a conversation with officials of the United States Consulate General here a few weeks ago in the hope of securing some such encouragement. As he could get nothing from the Consulate on the question he proceeded to the United States. [ . . . ] I have been unable to get any information that he has seen anyone of consequence. [ . . . ]

4. But while the Union with America party is not in a position to do anything worthwhile in the present campaign, there is no doubt of the very large latent interest in union with the United States as the best solution of Newfoundland's difficulties. I feel certain that, if the Commission of Government is retained for a further period, it will be quite impossible to prevent this question being fully explored when the time arrives to set up an alternative form of Government. I doubt that the United Kingdom Government is fully aware of this situation or of the repercussions it could have. A new Administration in Washington might not discourage advances from Newfoundland and once Newfoundland began to negotiate terms of union with the United States, the question would very soon become a live issue in the British West Indies, British Honduras and British Guiana, more particularly as the officials and leading citizens in all of these possessions are much less to the Left than the Government of the United Kingdom. This is the danger involved in a further period of office for the Commission of Government. By its nature it cannot be more than a temporary expedient but

<sup>5</sup>Voir le document 458.

<sup>5</sup>See Document 458.

its continuation now could raise problems of succession that could easily prove unmanageable.

I have etc.

J. S. MACDONALD

518.

FCO

*Le Foreign Office de Grande-Bretagne à la délégation  
de Grande-Bretagne aux Nations Unies*

*Foreign Office of Great Britain to Delegation  
of Great Britain to the United Nations*

TELEGRAM 519

London, February 6, 1948

IMMEDIATE. SECRET. Following for Secretary of State for Commonwealth Relations from Machtig, Begins: We have now had from Acting Governor, Newfoundland, summary of recommendations of Newfoundland Convention and it is necessary for us to decide shortly questions to be submitted to the electorate at the forthcoming referendum. Gordon Macdonald has discussed position with Addison and ourselves and Addison has, subject to reference to you, made a submission to Prime Minister with which Prime Minister is in agreement. In order to explain position and obtain your views Macdonald now proposes to fly to New York leaving here on Saturday evening February 7th. He will bring all the requisite documents and information. We hope this arrangement will be convenient to you.

Macdonald strongly urges that until you and he meet you should suspend consideration of your proposed flying visit to Ottawa from New York, as he fears that Newfoundland public opinion would regard visit by you to Mr. Mackenzie King at this stage as an attempt by United Kingdom Government to force Confederation with Canada on Newfoundland. Macdonald considers that such a development would be damaging to the objective which we have in view.

519.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 74

St. John's, February 7, 1948

Sir,

I have the honour to refer to my telegram No. 22 of February 4th<sup>†</sup> and earlier correspondence respecting the popular demand that Confederation be placed on the ballot in spite of the National Convention vote to exclude it and to report that 1550 telegrams from 670 outport communities containing the signatures of approximately 44,000 voters have been received to date. There are approximately 160,000 persons on the voters' list, but in the elections for the National Convention only about 63,000 voted though it is to be noted that there were seven acclamations. In some districts more persons signed the telegrams of protest than

actually voted for members of the Convention. Had the election for the Convention been held in midwinter it is doubtful, indeed, if as many would have voted for members of the Convention as have already signed the telegrams of protest.

2. While the protest is against Confederation being left off the ballot and does not pledge the signatories to vote for Confederation there is extremely little sentiment in Newfoundland against the action of the Convention on theoretical democratic grounds and I think it may be safely assumed that as high as 90% or even 95% of those who signed the telegrams protesting against the exclusion of Confederation from the ballot are persons who desire to vote for Confederation.

3. The strength of the response to Mr. Bradley's appeal has placed beyond doubt the fact that union with Canada has a strong following all over the Island and that the British Government will almost certainly feel itself obliged to include Confederation on the ballot.

I have etc.

J. S. MACDONALD

520.

C.D.H./Vol. 62

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 24

St. John's, February 9, 1948

MOST IMMEDIATE. My telegram No. 23 of February 9th.<sup>†</sup> Union with the United States.

Governor passed through Gander yesterday en route to New York for consultations with Noel-Baker.

521.

R.A.M./Vol. 4

*Extrait du Evening Telegram de St. John's du 9 février 1948*

*Extract from St. John's Evening Telegram of February 9, 1948*

OPINIONS ON CONFEDERATION

By Telegram Staff Writer

If the Office of Commonwealth Relations decides that Confederation is to go on the referendum ballot paper, how should the actual union be effected?

Answering this question for the *Telegram*, Mr. J. B. McEvoy, K.C., prominent St. John's lawyer and past Chairman of the National Convention, says: If the Office of Commonwealth Relations decides that Confederation is to go on the referendum ballot paper, it should go on only in principle and not on the basis of the present terms which are unnegotiated.

If the people favour Confederation in principle, this would mean that the

question of Responsible Government would be erased, and the Commission of Government would be retained temporarily and empowered to negotiate final terms of Confederation with the Canadian Government.

The result of these negotiations would be submitted to the people who would then vote for or against union on the basis of the new negotiated terms.

In effect, this would mean two referendums.

The present terms of Confederation were received by a delegation hampered by their lack of power, and the people should not be asked to make an irrevocable decision on the unnegotiated terms which this delegation received, Mr. McEvoy claims.

Even if the Commission of Government negotiated with the Canadian Government, he goes on, it is not certain they will get any better terms of Confederation; but before the people are asked to make a decision for or against union with Canada the terms must be negotiated between governments.

The second "referendum" on the new terms, would in effect give the people a choice between a retention of the present Commission of Government and Confederation on the basis of the new terms. If Confederation was selected, the purely technical points of union could be handled easily. If it was turned down, Commission would be retained.

In such a case, the people, if they desired to do so could again take advantage of the Amulree recommendation that when Newfoundland is self-supporting and when the people asked for it, Responsible Government would be restored.<sup>6</sup>

...  
522.

2828-40

*Mémorandum de la direction du Commonwealth britannique*

*Memorandum by British Commonwealth Division*

MINUTE ON DESPATCH NO. 77 OF FEBRUARY 9TH<sup>†</sup> FROM  
THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S  
REPORTING A SPEECH ON THE QUESTION OF  
CONFEDERATION DELIVERED ON FEBRUARY 8TH  
BY MR. C. C. PRATT

1. Mr. Pratt is one of the leading merchants of Newfoundland. He appears to be deeply interested in the political question and, though he states he is not necessarily opposed to confederation as such, he has for some time been arguing, mainly on commercial and other economic grounds, against confederation being brought about on terms arising out of the Ottawa discussions.

2. The following are the main points made by Mr. Pratt in his February 8th address:

(1) Canada's confederation proposals are unilateral. An inexpert examination of them by the National Convention followed by a heated pre-referendum campaign does not allow for proper evaluation of the economic implications of confederation for Newfoundland; nor can it adequately prepare the Newfoundland people for making a final decision at the referendum.

<sup>6</sup>Voir l'appendice E.

<sup>6</sup>See Appendix E.

(2) Among the matters requiring further clarification are: (a) Newfoundland's currency position and the effect of confederation on Newfoundland trade with the United States and with Europe; (b) the effect of Canadian foreign trade policies on Newfoundland's fish marketing system; and (c) the effect of Canadian taxation on Newfoundland's economic life.

(3) The people should be permitted to vote in the referendum only on the principle of confederation. If the vote were favourable an impartial body of experts should make an exhaustive study of the impact of confederation on the Newfoundland economy. Negotiations with Canada could then be instituted on the proper level and a second plebiscite could subsequently be held on the terms so negotiated.

3. Both the St. John's *Daily News* and the St. John's *Evening Telegram* which unlike the *Daily News* is quite well disposed to confederation, endorse Mr. Pratt's thesis in principle. The *Evening Telegram* feels that the popular protest against confederation not being recommended by the Convention does not reflect a positive desire for confederation but rather resentment against the electorate being deprived of a chance to vote on the question. In its view the Newfoundland public are in a state of bewilderment regarding the political issues confronting them; so far as confederation is concerned, they regard it as a possible solution and desire to see it further explored.

P. A. B[RIDLE]

523.

PCO-CRF

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs  
to Secretary of State for External Affairs*

Ottawa, February 10, 1948

NEWFOUNDLAND — PROPOSAL TO HAVE UNION WITH  
THE UNITED STATES PLACED ON THE BALLOT

On Saturday night, February 7th, an appeal was made over the Newfoundland radio by Mr. Jackman, a member of the Convention, asking for the people to sign a monster petition that union with the United States be placed on the ballot in the forthcoming referendum. Other supporters are Mr. Halley, a local lawyer, and Mr. Geoffrey Sterling, editor of the *Sunday Herald*, which has a large and growing circulation in Newfoundland. (Some connection between the *Herald* and the *Chicago Tribune* is suspected.) It is not clear whether Jackman proposes political or economic union.

2. Jackman has cabled the Secretary of State for Commonwealth Relations informing him that the petition is being circulated and asking if confederation is placed on the ballot, union with the United States should go on too. He has also approached the United States Consul General who expressed to Mr. Macdonald

complete surprise and indicated that the matter would be embarrassing to his Government.

3. Mr. Macdonald thinks that although the proposal "will not stand careful examination, sentiment in favour of idea of union with the United States, though only latent at present, would I feel sure, if stirred up, be quite irresistible." He thinks that the campaign should be nipped in the bud and suggests an immediate reply from the Secretary of State for Commonwealth Relations.

4. Although it would seem doubtful whether the United Kingdom Government will take any action to place union with the United States on the ballot, the possibility that present movement might weaken support for confederation should not be overlooked. Several supporters of responsible government in the convention argued that if responsible government were restored, Newfoundland would be free to approach the United States, at least for a trade agreement.

5. In view of the Government's decision not to intervene with respect to having confederation placed on the ballot, presumably it will not wish to intervene with respect to the proposal to have union with the United States placed on the ballot.

6. A copy of each of the following is attached: Despatch No. 68, February 5th, Telegrams 23 and 24 of February 9th.

L. B. PEARSON

524.

PCO

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 79

St. John's, February 10, 1948

Sir,

I have the honour to transmit herewith for your information copy of a cable to the Secretary of State for Commonwealth Relations signed by thirty-two members of the Law Society of Newfoundland,<sup>7</sup> contending that, in accordance with the Address to His Majesty by the Newfoundland Legislature and the Newfoundland Act of 1933, only two forms of Government can be submitted to the people in the forthcoming Referendum, namely Responsible Government and Commission Government.

I am informed that of the fifty members of the Law Society, three members resident in St. John's refused to sign the telegram, five members residing outside of St. John's were not consulted and that the remaining members of the Society, being in the employ of various Government Departments, were not considered eligible.

I have etc.

J. S. MACDONALD

<sup>7</sup>Voir le document suivant.

<sup>7</sup>See following document.

525.

10300-E-40

*Extrait du Daily News de St. John's du 10 février 1948*  
*Extract from St. John's Daily News of February 10, 1948*

...  
**32 LAWYERS PROTEST TO BRITISH GOVERNMENT  
 MAINTAIN NO IRREVOCABLE DECISION AS TO UNION WITH  
 CANADA SHOULD BE MADE UNTIL FREE NEGOTIATION  
 IS CONDUCTED AT GOVERNMENTAL LEVEL**

The first authoritative and official pronouncement by the Newfoundland Law Society on the perplexity of the present constitutional crisis was made yesterday. They uphold the recommendations of the National Convention.

The thirty-two lawyers are of the unanimous opinion that no irrevocable decision as to union with Canada should be made until a full examination by financial and economic advisers has been completed. They contend that such a union would require detailed and exhaustive negotiations between governments.

The following cable has been remitted to the British Government in London and to the Rt. Hon. the Secretary of State for Commonwealth Relations at Lake Success, New York.

"The undersigned members of the Bar of Newfoundland are of the considered opinion and firmly maintain that the address to His Majesty by the Newfoundland Legislature and the Newfoundland Act of 1933 enacted by the British Parliament provided specifically that Newfoundland's constitution would be merely suspended and would be restored to the people at their request when the country again became self-supporting. As the National Convention has decided that Newfoundland is self-supporting, therefore only two forms of government can be considered and submitted to the people in the referendum, namely Responsible Government and Commission Government. The issue of Confederation can be properly decided in the usual constitutional manner at a general election. Canadian Government has presented unilateral proposals only and we consider that no irrevocable decision as to Union with Canada should be made without prior full examination by a Newfoundland Government and its financial and economic advisers and after detailed and exhaustive negotiations between governments.

(Sgd.) CHARLES E. HUNT, JOHN C. HIGGINS, R. A. PARSONS, RICHARD CRAMM, E. S. PINSENT, ROBERT S. FURLONG, HAROLD KNIGHT, JOHN A. BARON, THOMAS P. HALLEY, ERIC COOK, E. J. PHELAN, RUPERT BARTLETT, JAMES HALLEY, LESLIE R. CURTIS, GORDON HIGGINS, JAMES D. HIGGINS, FREDERIC EMERSON, JAMES GIBBS, ARTHUR MIFFLIN, DOUGLAS PINSENT, REX RENOUF, ALEX KELLY, ERIC JERRETT, JAMES BRADSHAW, GERALD TESSIER, DEREK LEWIS, GORDON STIRLING, ISAAC MERCER, FRANCIS RYAN, SAMUEL HAWKINS, PAULINE HOWLETT, LOUISE SAUNDERS."

...

526.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 80

St. John's, February 10, 1948

Sir,

I have the honour to enclose the text of an address delivered by Mr. J. A. Barron, K.C., last Sunday before the Holy Cross Literary Association on the subject of Responsible Government.<sup>†</sup> Mr. Barron's address differs from the others delivered on the same subject during the present campaign in that for the first time Canada is attacked on the grounds that Canadian policy has been constantly detrimental to Newfoundland. In a review of Canada-Newfoundland relations during the past fifty years, the speaker, after referring to Canada's part in the defeat of the Bond-Blaine Treaty and the attitude of the Mackenzie Bowell Government at the time of the Confederation negotiations of 1894, accuses Canada of having connived with the United Kingdom Government to impose Commission of Government rule in Newfoundland. Once this form of Government was in power, Mr. Barron states that it was easy for the Canadian financial institutions to tighten their grip on the country. Mention was made that Canada obtains sorely-needed United States currency from Newfoundland and to the fact that sixty per cent of this country's imports come from Canada. Mr. Barron contends that the advantages of the relations between the two countries are all one-sided and that Newfoundland always has been treated in a shabby manner by Canada.

2. Mr. Barron advances the usual argument that the Restoration of Responsible Government is a prerequisite to the negotiation of Confederation terms but asks what advantages are there to joining up with a country where unemployment is rife in the Maritimes and where the slums in the large cities would be a disgrace in Newfoundland. Canada, he claims, will have to shortly curtail its Family Allowances scheme due to taxation difficulties and the country is split wide open by racial differences and by the rivalries of Quebec and Ontario. Stress is laid on the Canada-United States adverse balance of trade as compared with Newfoundland's present favourable position with respect to the latter country.

3. The professional men and merchants who, on the whole, have been silent so far on the constitutional issue and who generally favour Responsible Government, have begun to realize that they have a fight on their hands if their choice is to prevail in the forthcoming referendum. It would appear that the Confederation campaign has made considerably more headway than they had anticipated.

I have etc.

J. S. MACDONALD



527.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 27

St. John's, February 12, 1948

Approximately 50,000 signatures, including St. John's area, have now been received asking that Confederation be placed on ballot, including one telegram received last night from Grand Bank, largest settlement on the south coast, containing 959 names constituting about 99 per cent of electors. It is planned to present signatures in public ceremony to the Governor as soon as he arrives.<sup>8</sup>

528.

FCO

*La délégation de Grande-Bretagne aux Nations Unies  
au Foreign Office de Grande-Bretagne*  
*Delegation of Great Britain to the United Nations  
to Foreign Office of Great Britain*

TELEGRAM 455

New York, February 12, 1948

**MOST IMMEDIATE. SECRET.** Following for Sir E. Machtig Commonwealth Relations Office from Secretary of State for Commonwealth Relations, Begins: I have had full discussion with Newfoundland with Sir Gordon Macdonald and am in complete agreement with the decision to which the Prime Minister and Lord Addison have come. Please take appropriate action. Ends.

529.

2828-40

*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, February 13, 1948

## NEWFOUNDLAND; REFERENDUM

At the meeting of the Cabinet on February 13th, it was agreed that the U.K. government be informed that, in the Canadian view, the addition of union with the United States on the ballot for the forthcoming referendum would be undesirable, such addition having recently been suggested by a member of the Newfoundland Convention.

<sup>8</sup>Ce télégramme fut signalé au Premier ministre.

<sup>8</sup>This telegram was referred to the Prime Minister.

530.

243s

*Le secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne au haut commissaire de Grande-Bretagne*  
*Secretary of State for Commonwealth Relations of Great Britain to High Commissioner of Great Britain*

TELEGRAM 150

London, February 14, 1948

SECRET. Following from Machtig. My letter of 9th February.<sup>†</sup>

We have now heard that the Secretary of State after discussion with Gordon Macdonald is in complete agreement with views expressed in Lord Addison's minute to the Prime Minister. We are accordingly sending you a separate official telegram asking you to advise Canadian Government what we propose. This should be done informally and confidentially as it might well be embarrassing to the Canadian Government if it could be said that they had been embarrassed by us. From what Robertson has told me I think it improbable that Canadian authorities will in fact wish to express any view, but we feel that we must be in a position of having given the Canadian Government an opportunity of letting us know their views on what we propose. We should of course like to know as quickly as possible whether they have anything to say, since the Governor of Newfoundland is anxious that he should be able to make an announcement on the subject early in March. For this purpose we should propose on hearing from you, to address an official despatch to the Governor explaining in terms suitable for publication, the decision reached. We would let you have an advance copy of this despatch.<sup>9</sup>

531.

PCO-CRF

*Le secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne au haut commissaire de Grande-Bretagne*  
*Secretary of State for Commonwealth Relations of Great Britain to High Commissioner of Great Britain*

TELEGRAM 151

London, February 14, 1948

SECRET. We have been considering very carefully the report of the Newfoundland Convention<sup>10</sup> the terms of which have no doubt been received by the Canadian Government from their High Commissioner in St. John's.

The view of the United Kingdom Government is that despite the fact that the proposal to include confederation with Canada among the questions to be submitted to the electorate was outvoted it would not be right that the people of Newfoundland should be deprived of an opportunity of considering the issue at

<sup>9</sup>Le haut commissaire de Grande-Bretagne donna une copie de ce télégramme au ministère des Affaires extérieures le 16 février.

<sup>10</sup>Voir la pièce jointe, document 505.

<sup>9</sup>The High Commissioner of Great Britain gave a copy of this telegram to the Department of External Affairs on February 16.

<sup>10</sup>See enclosure, Document 505.

the Referendum. It appears to us that the convention have gone beyond their terms of reference in trying to anticipate the decision which it was intended should be left to the people as a whole and that the terms which the Canadian Government have proposed following their full discussion with the delegation from the convention are sufficiently detailed to enable the electorate to judge the issue for themselves. We consider therefore that unless the Canadian Government should intimate to you that they would prefer that confederation should not be included, the proper course would be to place confederation with Canada on the Referendum paper together with Responsible Government (as it existed in 1933) and the continuation of Commission of Government (which we propose should be limited to a period of 5 years with a proviso that before the end of that period we would arrange for a further testing of Newfoundland public opinion as to the future form of Government at the end of the period). We propose to give directions accordingly.

I may explain in this connection that the view of the Newfoundland Government is that if there are three questions on the ballot paper, there should be provision in the Referendum Act for a second Referendum should no one form of Government get an absolute majority at the first vote. The form in favour of which the smallest number of votes was cast would in that case be omitted from the ballot paper at the second poll. We understand the Governor's view is that the first Referendum should be held about the end of May and the second, if one becomes necessary, in October. We should be glad if you would approach Canadian authorities in the above sense explaining that we should wish to be in a position to make an announcement on the subject at an early date.

532.

FCO

*Le haut commissaire de Grande-Bretagne au secrétaire d'État  
aux Relations avec le Commonwealth de Grande-Bretagne  
High Commissioner of Great Britain to Secretary of State  
for Commonwealth Relations of Great Britain*

TELEGRAM 163

Ottawa, February 17, 1948

IMPORTANT. SECRET. Your telegram No. 151. Newfoundland. I saw Pearson about this yesterday and had further word with him today.

2. Officially Canadian attitude is that they are grateful to us for informing them in advance of announcement but that they do not wish to be consulted and are quite content that we should proceed as we think best. They are anxious to be able to say, if questions are asked in Parliament here after announcement, that the Canadian Government were not repeat not consulted, that there was no reason why they should have been consulted and that the matter was purely one for United Kingdom decision in the light of the local circumstances.

3. Unofficially however, while greatly welcoming decision to place confederation on ballot paper and also proposal for second referendum if necessary, Pearson expressed some concern on following three points:

(1) They feel that if Commission of Government is placed on ballot paper with suggested limitation to five years, there would be strong temptation for people of Newfoundland to vote for this course and scales would be unduly weighted against confederation. Moreover, so short a period would be very unsettling for it would mean that whole issue would have to be thrashed out afresh in 3 1/2 to 4 years' time. They doubt very much for their part whether confederation if turned down now could usefully be discussed again so soon. On these various grounds they would feel much happier if 10-year limit could be substituted for 5-year limit.

(2) As regards continuation of Commission of Government they wondered also whether we had it in mind to explain to Newfoundland people before voting takes place the financial implications of this course. No doubt nothing very specific could be said but it was suggested that something would be needed to prevent Newfoundlanders nursing exaggerated expectations and to bring home to them what they do not yet seem to realise, viz. that in view of the United Kingdom's own dollar difficulties it would be impossible for the United Kingdom Government to help them as much in the future as they had done in the past.

(3) In connection with the placing of Confederation on ballot paper, Canadians were anxious that the Newfoundland voters should not be given the impression that they were to vote on the Canadian terms on a "take it or leave it" basis. They suggested that best way for avoiding any such impression would be for it to be made clear by United Kingdom Government in proposed announcement that, in the event of vote being in favour of confederation, means would be provided to enable final details of proposed terms and arrangements for constitution of Newfoundland as a province of Canada to be discussed and settled officially between the two countries.

4. I said that I would of course put these points to you and felt sure that you would give them full weight. As regards (1) however it seemed to me that 10 years might be regarded as altogether too long a period; Commission of Government was after all only intended to be an emergency form of Government and we should probably be very reluctant to lend ourselves to implication that we should be willing to see it continued for such a long time ahead notwithstanding that the emergency which had led to its establishment was over. Pearson replied that he quite understood this but my argument seemed to him to apply as much to five years as to ten years. He did not imagine that we wished to encourage Newfoundlanders to vote for continuation of Commission of Government and the longer the period proposed the less likely they would be to do so and the less the danger of scales being weighted against confederation.

5. As regards (3) Pearson at first suggested that description of actual machinery which would be adopted for implementing confederation should be included in announcement. I said that I did not think this practicable since it would require a lot of working out and ideas would have to be exchanged with Canadian Government about it. I think he would be quite content with some loosely-worded formula on the lines suggested under (3) that it might perhaps be improved by addition of words "whether by the formation of a provisional government or otherwise" after the words "means would be provided." Point in mind is that it

would presumably be for responsible Newfoundlanders (possibly with our assistance) to settle matters finally with Canadian Government.

6. I should be grateful for your views on points raised by Canadians. If there is time I think it would be helpful if I could put your views to them and endeavour to square matters here unofficially before you proceed to announcement.

533.

243s

*Mémoire du sous-secrétaire d'État adjoint aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Under-Secretary of State for External Affairs  
to Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, February 19, 1948

## NEWFOUNDLAND

The United Kingdom High Commissioner has informed us that the United Kingdom Government's view is that despite the fact that the proposal to include confederation on the referendum ballot was outvoted in the Newfoundland National Convention, it would not be right to deprive the people of Newfoundland of an opportunity of considering the issue at the referendum. It has therefore been decided that unless the Canadian Government should intimate that it would prefer that confederation should remain off the ballot, it will be included along with the Commission of Government for a five-year period, and restoration of responsible government as it existed before 1933.

2. It is also proposed that if no alternative receives an absolute majority at the referendum, which will probably be held in May, a further referendum on the two alternatives receiving most votes in the voting in May will be held later, probably in October.

3. The High Commissioner has been told that we are grateful for their courtesy in so advising us, but that it is felt that the question as to whether confederation should be included is for the United Kingdom to decide.

ESCOTT REID

534.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 90

St. John's, February 19, 1948

Sir,

I have the honour to report that the St. John's evening newspaper carries an announcement that the Confederate party, headed by F. Gordon Bradley and

Joseph R. Smallwood, has taken over a suite of offices in St. John's from which the Confederation campaign will be directed. The article goes on to say that within the next fortnight the Confederate organization will launch an intensified political campaign reaching into every corner of Newfoundland through the medium of radio addresses and printed material. It is said that one thousand citizens all over the country have offered to become active campaigners for the cause of Confederation. Mr. Smallwood declined to comment on the rumour that a Confederate newspaper is to be published.

I have etc.

J. C. BRITTON

535.

2828-40

*Mémorandum de la direction du Commonwealth britannique*

*Memorandum by British Commonwealth Division*

MINUTE ON DESPATCH NO. 92 OF FEBRUARY 19TH<sup>1</sup> FROM THE  
ACTING HIGH COMMISSIONER FOR CANADA IN NEWFOUNDLAND  
ENCLOSING CLIPPINGS FROM "THE MONITOR" FOR

FEBRUARY, 1948, WHICH CONTAIN ARTICLES ON THE CONSTITUTIONAL ISSUE

1. *The Monitor*, which is the organ of the Archdiocese of St. John's, denies an implication in the *Manchester Guardian* that Roman Catholics in Newfoundland will be instructed to vote for Responsible Government. The newspaper says that it "does not presume to direct or instruct the people how to vote" but that it has publicly taken the stand that "the final decision as to Newfoundland's future should be made, only after full discussion and negotiation by a Parliament elected by, and representative of, the people of Newfoundland."

2. *The Monitor* states that there are three main reasons for its adopting this position:

1. The "pledge" that Responsible Government would be restored to the country on the request of the people.

2. Only a duly-elected parliament, with both branches of the legislature functioning, would be competent to deal with the complicated issues, social, economic, educational, and religious, which would be involved in any radical constitutional change.

3. No other course would be consistent with "our dignity as a people and with our traditions and history."

3. In the first of a series of articles designed to assist its readers "in coming to a sane, unprejudiced and patriotic decision," *The Monitor* argues that Newfoundland, as a result of wartime developments, now "stands on a solid foundation of economic stability" and that, since the possible terms of union with Canada are unilateral, the people should be asked to choose in the referendum only between a return to Responsible Government and continuation of the Commission of Government.

P. A. B[RIDLE]

536.

243s

*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, February 20, 1948

## NEWFOUNDLAND; REFERENDUM

At the meeting of the Cabinet on February 20th, it was reported that the United Kingdom High Commissioner had been informed that it was a matter for decision by the United Kingdom whether confederation with Canada should be included on the ballot to be used in the referendum to be held in Newfoundland in May.

The Cabinet noted with approval the report submitted.

537.

FCO

*Le secrétaire d'État aux Relations avec le Commonwealth*  
*de Grande-Bretagne au gouverneur de Terre-Neuve*  
*Secretary of State for Commonwealth Relations*  
*of Great Britain to Governor of Newfoundland*

TELEGRAM 45

London, February 24, 1948

IMMEDIATE. PERSONAL AND SECRET. Addressed Governor St. John's Newfoundland No. 45 repeated Ukrep Ottawa No. 179. Following from Machtig.

Your telegram No. 54.<sup>†</sup> My immediately following telegram<sup>†</sup> contains text of draft despatch to you. Please telegraph whether you are in agreement with its terms or have any textual alterations to suggest. On receipt of your reply despatch will be signed and sent to you with a view to its publication on receipt.

In drafting the despatch we have had the advantage of assistance of Clutterbuck who has just arrived here and has advised us of the confidential discussions he had with Canadian authorities on receipt of our telegram referred to in my No. 43.<sup>†</sup> Wording of second sentence of paragraph 7 of the despatch has in particular been adopted to meet observations made to him by Canadian authorities.<sup>11</sup>

This telegram and immediately following telegram are being repeated to Acting High Commissioner Ottawa so that he may show draft despatch to Canadian authorities informally. Ends.

<sup>11</sup>La deuxième phrase du paragraphe 7 se lisait  
 comme suit:

<sup>11</sup>The second sentence of paragraph 7 read as  
 follows:

In the event of the vote being in favour of confederation, means would be provided to enable final details of the proposed terms and arrangements for the constitution of Newfoundland as a province of Canada to be discussed and agreed between representatives of Newfoundland and Canada.

538.

243s

*Extrait d'un memorandum du sous-secrétaire d'État adjoint aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Extract from Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

SECRET

Ottawa, February 25, 1948

## NEWFOUNDLAND REFERENDUM BALLOT

Attached is a copy of a draft despatch<sup>†</sup> from the Secretary of State for Commonwealth Relations to the Governor of Newfoundland which it is proposed to make public shortly. The copy was left by Mr. Garner of the United Kingdom High Commissioner's Office who said that if we had any comments to offer he would be glad to forward them.<sup>12</sup>

...

E. R[EID]

539.

FCO

*Extrait d'un télégramme du haut commissaire de Grande-Bretagne au secrétaire d'État aux Relations avec le Commonwealth de Grande-Bretagne*

*Extract from Telegram from High Commissioner of Great Britain to Secretary of State for Commonwealth Relations of Great Britain*

TELEGRAM 195

Ottawa, February 27, 1948

IMMEDIATE. SECRET AND PERSONAL. Following for Machtig.

Your telegram No. 196.<sup>†</sup> Newfoundland.

I was on the point of reporting that St. Laurent had seen the draft despatch and did not wish to make any comments when your telegram arrived.

2. I have since discussed with MacKay and Bridle (Robertson left this morning<sup>13</sup> and Pearson is not yet back) the proposed amendment to paragraph 7. While they see fully force of Government's request they feel that reference to "full terms" without qualification goes too far in the opposite extreme and might be interpreted as leaving door open for a completely fresh start with Canadian negotiations. As you know, Prime Minister in his letter<sup>14</sup> emphasised that financial terms went as far as Canadian Government could go, though he indicated that they would be prepared to give reasonable consideration to suggestions for

<sup>12</sup>La note suivante était écrite sur ce memorandum:

I do not think we should make any comment. ST. L[AURENT]

<sup>13</sup>N. A. Robertson avait été de passage à Ottawa.

<sup>14</sup>Voir la pièce jointe, document 442.

<sup>12</sup>The following note was written on the memorandum:

<sup>13</sup>N. A. Robertson had been in Ottawa for a few days.

<sup>14</sup>See enclosure, Document 442.



modification on other matters. Canadians are anxious to adhere to this position and do not wish to lay themselves open to a charge later that Newfoundland opinion was misled into believing that they would be prepared to vary all the terms.

3. In the circumstances, Canadians would greatly prefer that sentence should read "to enable the terms and arrangements for the constitution of Newfoundland as a province of Canada on the basis of the Canadian Government's offer to be discussed and agreed between authorised representatives . . ." St. Laurent has endorsed this suggestion.

4. I hope it will be possible to meet Canadian views by some such addition. They are quite content to leave precise wording to you but certainly attach importance to the point. If however you are unable to meet it, I have suggested that it would of course always be open to Canadian Government to make their position clear.

...

540.

243s

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 244

London, March 1, 1948

IMMEDIATE. CONFIDENTIAL. Following from Robertson, Begins:

1. I was asked to go down to the Commonwealth Relations Office this afternoon to look at the language of the draft despatch to the Governor of Newfoundland and which has been under discussion between our Department and Earncliffe,<sup>15</sup> and between the Commonwealth Relations Office and the Commission of Government in Newfoundland.

2. I gather there has been some difference in view about the wording of the penultimate paragraph, with Newfoundland very anxious for the deletion of words "final details of the proposed" before "terms and arrangements," and the substitution for the omitted words of "full."

3. In an effort to meet our point of view without unduly upsetting the Newfoundlanders, Machtig is now proposing to insert "the" before "full," which it is believed would relate back to the unsatisfactory description of the status of the Confederation proposals contained in a preceding paragraph of the despatch. He also proposes to substitute "settled" for "discussed and agreed" which should go some distance to limit and offset the wider language they are proposing to use in the first part of the paragraph as a sop to Newfoundland's susceptibilities. They sincerely hope that this compromise language will be acceptable to us, as they wish to get the despatch off to the Governor in final form tomorrow afternoon.

Ends.

<sup>15</sup>Le haut commissariat de Grande-Bretagne.

<sup>15</sup>High Commission of Great Britain.

541.

243s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner  
in Great Britain*

TELEGRAM 281

Ottawa, March 2, 1948

**MOST IMMEDIATE. SECRET.** Your telegram 244 March 1, Newfoundland. Following for Robertson from MacKay.

Your telegram just reached my desk this morning and since it is impossible to see Pearson or other authorities before afternoon I suggest that the Commonwealth Relations Office be asked if they could delay despatch to Newfoundland until tomorrow.

542.

243s

*Extraits d'un télégramme du secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Extracts from Telegram from Secretary of State for External Affairs  
to High Commissioner in Great Britain*

TELEGRAM 288

Ottawa, March 3, 1948

**IMMEDIATE. SECRET.** Your telegram No. 244, March 1, Newfoundland. Following for Robertson from Pearson, Begins:

1. I understand that you and MacKay discussed the original draft of the despatch to Newfoundland left by Garner in the Department on February 25th. This draft seemed reasonably satisfactory.

2. On February 27th Garner called on MacKay and said that the C.R.O. at the instance of the Governor of Newfoundland wished to make the change outlined in your paragraph 2. [ . . . ]

3. A wording satisfactory to us was suggested to Garner and he passed this on to the Commonwealth Relations Office, explaining the reasons for our preference. The essential point in our suggestion was that a qualification such as "on the basis of the Canadian government's offer" should be inserted in the sentence. So long as some such phrase is included, we are not disposed to object to insertion of the words "the full" before the word "terms," or to the substitution of "settled" for "discussed and agreed," although the latter seems preferable since it would tend to give the Newfoundland people a clearer impression of active participation by Newfoundland representatives in the working out of the final terms.

. . .

543.

243s

*Extraits d'un télégramme du haut commissaire en Grande-Bretagne  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Telegram from High Commissioner in Great Britain  
to Secretary of State for External Affairs*

TELEGRAM 249

London, March 3, 1948

IMMEDIATE. SECRET. Following from Robertson, Begins: My telegram No. 244, March 1st, and your telegram No. 281 of March 2nd, Newfoundland.

1. United Kingdom authorities, who have had a good deal of difficulty in settling the final form of their despatch to the Governor of Newfoundland on the subject of the referendum, and who are under considerable pressure to get it published promptly, hope that we will not press them to make further changes in its wording. [ . . . ]

2. Since we have, I think wisely, made a virtue of our not expressing an official view on the inclusion of Confederation in the referendum, I do not think we should press further for drafting changes in the covering despatch to the Governor.

3. If, on further reflection, you should still feel that references in the despatch to post-referendum discussions with Canada about entry into Confederation need qualification or a different emphasis, it is of course always open to our Government to make its position more precise if it is thought that such a course would in all the circumstances be wise. There are obvious objections to letting the impression get abroad in Newfoundland that the terms of the union offered in November would be the subject of completely free negotiation with a new and representative delegation. On the other hand, I suppose that from the point of view of the forthcoming referendum there are equal objections to insisting that the terms of the proposed union may not be varied in the smallest particular. To my mind, the language of United Kingdom despatch preserves a tolerable compromise between these conflicting considerations. Ends.

544.

243s

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 106

St. John's, March 3, 1948

CONFIDENTIAL

Sir,

His Excellency the Governor was good enough to receive me for an hour this morning and to outline his conversations with Prime Minister Attlee and members of the Government on the form of the ballot in the forthcoming referendum.

2. It has been agreed during the discussions in London and Lake Success, he stated, that three questions would be placed on the ballot, namely, Responsible Government as it existed prior to 1934; Commission of Government for a period of five years; and Confederation with Canada. With respect to the latter question the electorate would be asked to vote merely on the question of principle, leaving the terms to be discussed and agreed between the Commission of Government and the Government of Canada.

3. I asked him if the Government of Canada was aware that such proposals were contemplated. He assured me that they had been communicated to the Canadian Government through the British High Commissioner in Ottawa and that Mr. Robertson, the Canadian High Commissioner in London, had recently been in Canada for consultations on them. In this connection he pointed out that there was some difference of opinion as to the conditions under which the Commission of Government would negotiate terms of union with the Government of Canada and stated that the formula proposed by the Canadian Government, namely, the substitution of "settled" for "discussed and agreed" would not be acceptable to him as it took for granted there could be no negotiation on matters of substance. As I was not aware of these discussions I did not feel it wise to pursue the matter further.

4. I need only add that the Governor also stated that it had been agreed that his instructions on this occasion would take the form of a despatch which could be given to the press as soon as it arrived and that he rather anticipated the whole matter would be settled by the end of the present week.

5. The Governor, who was very friendly, continued to express the hope that Newfoundland might some day become a part of the Dominion. As his sentiments appeared to be genuine, I refrained from pointing out that a third defeat for Confederation — the likely result of a referendum carried out under the conditions he had mentioned — would make it a good deal more difficult than it would be in a fair contest now.

6. Mr. Gordon Bradley, who has been in St. John's for the past couple of weeks in connection with the organization of a Confederation Association, has been endeavouring to secure from the Governor an intimation that Confederation on the terms secured by the delegation from the Canadian Government would be on the ballot, but failing to obtain any such assurance, he left this afternoon to return to his home in Bonavista to await the public announcement of the decision before deciding on his future course of action.

I have etc.

J. S. MACDONALD

545.

243s

*Extraits d'un télégramme du secrétaire d'État aux Relations avec  
le Commonwealth de Grande-Bretagne au haut commissaire  
par intérim de Grande-Bretagne*

*Extracts from Telegram from Secretary of State for Commonwealth  
Relations of Great Britain to Acting High Commissioner  
of Great Britain*

TELEGRAM 209

London, March 5, 1948

IMPORTANT. SECRET AND PERSONAL. Following from Machtig, Begins: Your telegram No. 195,<sup>16</sup> Newfoundland.

<sup>16</sup>Voir le document 539.

<sup>16</sup>See Document 539.

We have considered very fully wording of second sentence of paragraph 7 of the despatch to Newfoundland but while we realise that the position is as stated in paragraph 2 of your telegram, the inclusion of the phrase "on the basis of the Canadian Government's offer" seemed to us to go rather too far in the direction of treating the Canadian offer as embodying final and complete terms. We found, moreover, that the Newfoundland Government were very averse to any substantial variation of the wording which we had proposed. They have however now agreed that the sentence should read "in the event of the vote being in favour of confederation means would be provided to enable the full terms and arrangements for the constitution of Newfoundland as a province of Canada to be discussed and settled between authorised representatives of Newfoundland and Canada." Despatch with the sentence in this form has accordingly been sent to the Governor of Newfoundland who has been asked to let us and you know in advance the date on which it will be published in Newfoundland. A copy of the despatch as sent follows by mail.

I may explain that Clutterbuck<sup>17</sup> and I discussed the matter with Norman Robertson who has himself telegraphed to his Government that wording finally adopted seems to be the best possible in the circumstances.

...

If Canadian authorities should still feel difficulty, Clutterbuck will be able to explain position to them more fully on his return to Ottawa at beginning of next week.

546.

243s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner  
in Great Britain*

TELEGRAM 309

Ottawa, March 5, 1948

IMMEDIATE. SECRET. Newfoundland.

Garner has left telegram with us giving final text of second sentence paragraph 7 of despatch which it is proposed to publish in Newfoundland. This reads as follows: "In the event of the vote being in favour of confederation means would be provided to enable the full terms and arrangements for the constitution of Newfoundland as a province of Canada to be discussed and settled between authorized representatives of Newfoundland and Canada."

2. It is regretted that the C.R.O. did not see fit to include a qualification such as we suggested. This is the more serious in view of statement this week of the Governor to Scott Macdonald that voting on the question of confederation would be merely on the question of principle leaving the terms to be discussed and agreed between the Commission of Government and the government of Canada.

<sup>17</sup>Sir Alexander Clutterbuck était alors à Londres.

<sup>17</sup>Sir Alexander Clutterbuck was then in London.

3. We do not feel that we can agree to this wording since it seems to open much wider considerations than the Prime Minister's letter to the Governor covering the proposed terms.

4. Please draw the attention of the Commonwealth Relations Office to the following paragraph from the Prime Minister's letter of October 29th:<sup>18</sup> "I feel I must emphasize that as far as the financial aspects of the proposed arrangements for union are concerned, the Government of Canada believes that the arrangements go as far as the Government can go under the circumstances. The Government could not readily contemplate any change in these arrangements which would impose larger financial burdens on Canada. On the other hand, with respect to those matters which are primarily of provincial concern, such as education, the Government of Canada would not wish to set down any rigid conditions, and it would be prepared to give reasonable consideration to suggestions for modification or addition."

5. A copy of this telegram is being sent to Newfoundland and Macdonald is being asked to advise the Governor.

547.

243s

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 269

London, March 6, 1948

SECRET. Your telegram No. 309, March 3rd.

I have communicated your views to Commonwealth Relations Office. They recognize that United Kingdom Government is solely responsible for the form and content of the despatch to the Governor of Newfoundland, and would not claim that it could modify or qualify in any particular the position of our Government as set forth in the Prime Minister's letter of October 29th. Clutterbuck, who should be in Ottawa on Monday, will attempt to explain why United Kingdom authorities have not felt that they could insist on inserting the additional language which we felt would make the references to confederation in the despatch clear beyond peradventure.

548.

243s

*Mémoire du ministère des Affaires extérieures  
Memorandum by Department of External Affairs*

Ottawa, March 10, 1948

SUMMARY OF CANADIAN NEWSPAPER COVERAGE AND  
OPINION ON RECENT NEWFOUNDLAND DEVELOPMENTS

Extensive coverage has been given by Canadian newspapers to recent developments in Newfoundland when (a) the National Convention voted 29-16 against

<sup>18</sup>Voir la pièce jointe, document 442.

<sup>18</sup>See enclosure, Document 442.

the placing of confederation on a referendum ballot to decide a future form of government, and (b) there was a resulting popular demand for its being so included. About 50,000 persons are reported to have signed messages urging that confederation be included on the ballot. There are about 172,000 persons on the voters' list.

Many newspapers regard the Newfoundland Convention's failure to recommend inclusion of confederation on the referendum ballot as "undemocratic" (*Montreal Star*, *Vancouver News Herald*); "unreasonable" (*Montreal Gazette*); "not a good decision" (*Vancouver Province*); "clearly undemocratic" (*Ottawa Citizen*); "a high-handed action" (*Sydney Post Record*), and others reflecting this view include the *Winnipeg Free Press* and the *Toronto Star*. The latter newspaper says "The confederation proposal should go on the plebiscite ballot in the spring voting. Twenty-nine men should not be permitted to block a vote by the entire electorate." The *Montreal Gazette* points out that "it (the referendum) offers an opportunity to obtain a general and direct expression of the people's opinion on the issue, one way or the other."

Some newspapers (*Toronto Star*, *Ottawa Citizen*) hold the view that the Canadian Government has been correct in stating terms it regards as fair and equitable. The *Vancouver Daily Province* describes the terms as "generous" and "weighted as much as possible in Newfoundland's favour." Describing the matter as one for Newfoundlanders themselves to decide, the *Province* says this "is in sharp contrast to the pistol point annexations made in the Balkans." The *Toronto Telegram* declares that "Mr. King indicated that in his proposals he went as far as the Government of Canada was willing to go, but there are not wanting in this country many who have felt that without considerably more information than they have they are unprepared to go even as far as Mr. King."

Whatever the outcome, the *Ottawa Journal* says that "in the present instance the Government's attitude was faultless," and some other newspapers, expressing views along this line, believe the Canadian Government has done nothing with which to reproach itself.

The *Halifax Chronicle* wonders whether "Newfoundland opinion has been swayed . . . by the contemplation of the results of confederation on the Maritime Provinces of Canada." The *Sydney Post Record* claims there is another reason for anti-confederation in Newfoundland's influential circles. "And that is the raw deal these three Maritime Provinces are getting from Ottawa."

The *Ottawa Journal* regards union with Canada as a "headache" and claims there "are not a few Canadians who will feel a sense of relief that the proposal is not to become a fact."

Some Canadian newspapers (the *Toronto Star*, the *Toronto Telegram*) take the view that Newfoundlanders feel they can make better terms with Canada once they have their own responsible government. The *Sydney Post Record* believes it is probable a confederation referendum would be put before the people if Newfoundland were to acquire an elective assembly again. The *Montreal Gazette* notes that "there are some Newfoundlanders who believe that the negotiations with Canada should be carried on between sovereign powers, that the return to self-government in Newfoundland would be a logical first step towards

beginning negotiation upon the appropriate level." The *Halifax Herald* also remarks that some Newfoundlanders appear to hold this view.

The *Edmonton Journal* suggests the whole issue of union with Canada "is rapidly becoming a class issue between the business interests in St. John's . . . and the fishermen and lumbermen in the little coastal settlements." The *Toronto Star* points out the influential merchant class in St. John's are opposed to union, and an editorial expresses doubt confederation "would carry at present in the face of the organized opposition which would develop." This line also is taken by the *Sydney Post Record* and the *Vancouver News Herald*, which says: "Ottawa circles expected the National Convention to turn down confederation, according to reports. This body was composed chiefly of business men . . . They are represented as feeling that it would not be desirable to start paying Canadian taxes and to compete with industries in their lines in Canada."

The general trend of editorial comment throughout the country on the issue of union with Newfoundland is that it is something for Newfoundlanders themselves to decide and without interference from the outside.

549.

*Extraits des débats de la Chambre des Communes*<sup>19</sup>  
*Extracts from Debates of the House of Commons*<sup>19</sup>

...

## TERRE-NEUVE

QUESTIONS SOUMISES AU  
GOUVERNEMENT CANADIEN  
ET RÉPONSES AUX  
MÊMES QUESTIONS

Le très hon. L. S. ST. LAURENT (secrétaire d'État aux Affaires extérieures): Il y avait au *Feuilleton* d'hier une question de l'honorable représentant de Broadview (M. Church) au sujet de l'évolution des événements se rattachant à l'entrée possible de Terre-Neuve dans la Confédération, et j'ai demandé qu'elle soit réservée. Sauf erreur, comme le premier ministre a des renseignements à communiquer à la Chambre aujourd'hui, j'aimerais auparavant déposer le texte de certaines questions supplémentaires que le gouverneur de Terre-Neuve a soumises au gouvernement canadien, ainsi que des copies des réponses qu'on a fournies à ces questions.<sup>20</sup>

ANNONCE D'UN REFERENDUM SUR LA  
FUTURE FORME DE GOUVERNEMENT

Le très hon. W. L. MACKENZIE KING (premier ministre): Monsieur l'Orateur, je formule immédiatement à la Chambre la déclaration dont vient de parler mon honorable collègue, le secrétaire d'État aux Affaires extérieures.

<sup>19</sup>Canada, Chambre des Communes, *Débats*, 1948, volume 3, pp. 2157-8. Ce débat a eu lieu le 11 mars.

<sup>20</sup>Voir l'appendice A.

...

## NEWFOUNDLAND

QUESTIONS SUBMITTED TO CANADIAN  
GOVERNMENT AND ANSWERS  
THERE TO

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Yesterday there was a question on the order paper by the hon. member for Broadview (Mr. Church) with respect to developments in connection with the possible entry of Newfoundland into confederation, and I asked that it be allowed to stand. As I understand that the Prime Minister has information to communicate to the house today, before that is done, I should like to table copies of certain additional questions that were submitted to the Canadian government by the governor of Newfoundland, and copies of the answers that were given to those questions.<sup>20</sup>

ANNOUNCEMENT OF REFERENDUM ON  
FUTURE FORM OF GOVERNMENT

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I might give the House immediately the statement to which my hon. friend the Secretary of State for External Affairs has just referred.

<sup>19</sup>Canada, House of Commons, *Debates*, 1948, Volume 3, pp. 2095-6. This debate took place on March 11.

<sup>20</sup>See Appendix A.



Le gouvernement du Royaume-Uni nous apprend qu'on doit publier aujourd'hui à Terre-Neuve un document annonçant que la population de Terre-Neuve aura bientôt l'occasion, dans un referendum, de se prononcer sur sa forme future de gouvernement. Elle sera appelée à choisir entre les trois solutions suivantes: continuation du gouvernement par commission pour une période de cinq ans, restauration du gouvernement responsable tel qu'il existait en 1933, avant l'établissement du gouvernement par commission, et confédération avec le Canada. Si aucune de ces formes de gouvernement n'obtient les suffrages de la majorité absolue, un peu plus tard, la population opérera entre les deux formes qui auront reçu le plus grand nombre de voix.

Peut-être y aurait-il avantage à rappeler les derniers événements qui ont précédé cette annonce. On se souvient que l'été dernier une députation du congrès [convention] national s'est rendue à Ottawa pour sonder les bases d'une union fédérale juste et équitable de Terre-Neuve et du Canada. Un comité du Cabinet a été chargé de conférer avec elle. Durant l'été on a eu plusieurs séances au cours desquelles les deux parties ont échangé des renseignements et étudié les nombreux problèmes pouvant découler de l'union. A la fin de ces séances, on a publié un rapport complet, dont on a déposé des exemplaires au début de la présente session.

Après mûre réflexion, le Gouvernement a adressé au gouverneur de Terre-Neuve, afin qu'il le transmette à la convention nationale, un exposé des termes que nous jugeons constituer une base juste et équitable pour l'union de Terre-Neuve et du Canada, advenant le cas où la population terre-neuvienne désirerait cette union. [ . . . ]

...

La convention nationale de Terre-Neuve a discuté à fond l'exposé des conditions d'union transmises par le gouvernement canadien. Cependant, par un vote de 29 voix contre 16, la convention s'est opposée à ce que la question de la confédération figure dans le bulletin du plébiscite. Par la suite, on a transmis nombre de télégrammes comportant, dit-on, environ 50,000 noms d'électeurs, priant les membres de la convention de les transmettre au secrétaire d'État pour les Relations du Commonwealth, en l'enjoignant de permettre à la population de voter sur la question.

Le congrès [convention] national n'était autorisé qu'à formuler des recommandations au sujet des questions à inclure sur le bulletin du plébiscite, la décision appartenant au gouvernement du Royaume-Uni [ . . . ].

We have been advised by the United Kingdom government that a statement is to be issued today in Newfoundland announcing that the people of Newfoundland will be given the opportunity shortly to vote in a referendum on their future form of government. Three questions will be submitted to the people: continuation of commission government for a five-year period; restoration of responsible government as it existed in 1933 prior to the establishment of commission of government; and confederation with Canada. If no form of government receives an absolute majority, a second vote will be held some time later on the two forms receiving the largest support.

I think it would be useful were I to remind the house of the recent steps preceding the present announcement. It will be recalled that last summer a delegation from the national convention visited Ottawa to ascertain what fair and equitable basis might exist for federal union of Newfoundland and Canada. A committee of the cabinet was appointed to meet with the Newfoundland delegation. Several meetings were held during the summer for the exchange of information and exploration of the many issues that would be involved in union. At the close of these meetings a comprehensive report was issued, copies of which were tabled early in the present session of parliament.

After due deliberation the government sent the governor of Newfoundland, for transmission to the national convention, a statement of terms believed to constitute a fair and equitable basis of union of Newfoundland with Canada should the people of Newfoundland so desire. [ . . . ]

...

The statement of terms transmitted by the Canadian government was discussed at length by the national convention in Newfoundland. The convention, however, voted 29 to 16 against recommending the inclusion of confederation on the referendum ballot. Subsequently many telegrams, bearing the names, it is said, of some 50,000 voters, were sent to members of the convention for transmission to the Secretary of State for Commonwealth Relations requesting that the people be permitted to vote on the question.

The national convention was only empowered to make recommendations regarding the questions to be included on the referendum ballot, decision on the matter remaining with the United Kingdom government. [ . . . ]

...  
 Comme le gouvernement du Royaume-Uni a décidé de faire figurer au bulletin de vote la question de la confédération, la population canadienne suivra avec un vif intérêt le résultat du plébiscite. Évidemment, il n'appartient qu'aux Terre-neuviens de choisir leur futur mode de gouvernement. Ni le Gouvernement ni la population du Canada ne tiennent à influencer le moins le moins leur décision. Si les Terre-neuviens se prononcent nettement en faveur de l'entrée dans la confédération, les Canadiens, j'en suis sûr, les accueilleront comme associés dans un Canada agrandi. S'ils prennent la décision contraire, je suis également convaincu que la population canadienne respectera et comprendra leurs désirs.

**M. FRÉDÉRIC DORION:** Le projet d'entente que le gouvernement canadien a adressé à Terre-Neuve sera-t-il soumis à la Chambre avant la conclusion d'un accord, au cas où le résultat du plébiscite qui doit se tenir à Terre-Neuve favoriserait l'entrée de ce pays dans la confédération canadienne?

Le très hon. **MACKENZIE KING:** Cela fait partie des conditions que nous sommes prêts à proposer. La réponse est oui.

...  
 The decision to include confederation on the ballot having been taken by the United Kingdom government, the outcome will be watched with deep interest by the people of Canada. The question as to their future form of government is, of course, one for the people of Newfoundland alone to decide. Neither the government nor the people of Canada would wish to influence in any way their decision. Should the people of Newfoundland express clearly their will that Newfoundland should enter confederation, I am sure that the people of Canada will welcome them as partners in a larger Canada. Should they decide otherwise, this decision, I am no less sure, will be received with understanding and respect by the people of Canada.

**Mr. DORION:** Will the proposed arrangement addressed by the Canadian government to Newfoundland be submitted to this house before any agreement is concluded, in case the result of the referendum in Newfoundland is favourable to its entry into confederation?

**Mr. MACKENZIE KING:** The answer is yes. That is part of the terms we are prepared to recommend.

550.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
 aux Affaires extérieures<sup>21</sup>*  
*High Commissioner in Newfoundland to Secretary of State  
 for External Affairs<sup>21</sup>*

DESPATCH 118

St. John's, March 11, 1948

CONFIDENTIAL

Sir,

I have the honour to report that the long-awaited Despatch, copy of which is enclosed, from the Secretary of State for Commonwealth Relations to the Governor, setting forth the basis of the forthcoming referendum on the future form of Government of Newfoundland was made public here at noon today.

2. On reading the despatch, which bears the date of March 2nd, it is evident that the Governor in his recent talks with Mr. Attlee in London and Mr. Noel-Baker in New York has succeeded in securing a form of ballot that gives the maximum advantage to the Commission of Government. The provision limiting the term of Office to five years will appeal powerfully to the large body of Newfoundlanders who hesitate to take so irrevocable a step as Confederation, with all the uncertainties and readjustments that it would involve, when presented with so

<sup>21</sup>Cette dépêche fut signalée au Premier ministre.

<sup>21</sup>This despatch was referred to the Prime Minister.

favourable an opportunity to put off the decision. Moreover, omission of any reference to Britain's inability to continue financial assistance — the *raison d'être* of the Commission's appointment — contrives to leave the impression that retention of the Commission, for a further period, will carry with it the undertaking to maintain Newfoundland's financial stability as in the past.

3. While Commission of Government is put on the ballot in the form judged most favourable to its acceptance, Confederation is dealt with in the most unfavourable terms. Reference is made to the defeat, by twenty-nine votes to sixteen, of the Resolution recommending that Confederation be put on the ballot on the basis submitted to the National Convention by the Prime Minister. No reference is made, however, to the fact that, since that vote was taken, 50,000 electors — nearly a third of the entire electorate — have petitioned that Confederation be put on the ballot. Confederation will not be put to the people specifically on the terms offered by Canada. Indeed, it will be put before them in ambiguous and equivocal terms. Voters are to be left in the dark as to whether they would be voting for Confederation, if they should so vote, on the terms set forth by the Canadian Government as modified in discussions with representatives of the Commission of Government or on different terms. Moreover, the provision in the penultimate paragraph that the final settlement of terms must be left to the Commission of Government (in whom, by the very fact of voting for Confederation, the voter will have expressed lack of confidence) is, to say the least, a requirement that will give rise to considerable misgiving.

4. Apart from its effect on the vote the form of the ballot is unsatisfactory, from the point of view of Canada's interests, in that it leaves the whole of the basis of union proposed by the Canadian Government to be re-examined. Moreover, it will provide no assurance that the terms that may ultimately be agreed upon will have the support of the people of Newfoundland.

5. There is no reasonable doubt, since the phenomenal success of Mr. Bradley's appeal for popular support in having it put on the ballot, that Confederation, on the terms offered by the Canadian Government, would have won a majority in a fair contest. And it would have settled the question effectively. Under the conditions laid down by the British Government in the Despatch enclosed Confederation enters the fight under a considerable handicap and even if it secures a majority a re-examination of the basis of union is almost bound to follow.

I have etc.

J. S. MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire d'État aux Relations avec le Commonwealth  
de Grande-Bretagne au gouverneur de Terre-Neuve*<sup>22</sup>

*Secretary of State for Commonwealth Relations  
of Great Britain to Governor of Newfoundland*

London, March 2, 1948

<sup>22</sup>La traduction de cette dépêche est reproduite à la fin du texte original.

Sir,

I have the honour to state that His Majesty's Government in the United Kingdom have had under careful consideration the Report of the National Convention of Newfoundland which was set up in terms of the National Convention Act No. 16 of 1946.

2. The terms of reference of the Convention were "to consider and discuss among themselves as elected representatives of the people of Newfoundland the changes that have taken place in the financial and economic situation of the Island since 1934, and, bearing in mind the extent to which the high revenues of recent years have been due to wartime conditions, to examine the position of the country and to make recommendations to His Majesty's Government in the United Kingdom as to possible forms of future government to be put before the people at a national referendum." In the course of their proceedings the Convention made a very full study of the financial and economic situation of Newfoundland, and I should like to pay this tribute to the conscientious way in which members of the Convention carried out their difficult task. As noted in the Report, the Convention arranged for delegations to visit both London and Ottawa and as a result of the discussions between the Ottawa delegation and the Canadian authorities, the Canadian Government issued a document setting out the arrangements which they would be prepared to recommend to the Canadian Parliament as a basis for union between Canada and Newfoundland should the Newfoundland people indicate their desire for such a course.

3. At the vote taken at the conclusion of the Convention a motion was passed without dissentients recommending that the following forms of Governments should be placed before the people at the proposed referendum:

- (1) Responsible Government as it existed prior to 1934.
- (2) Commission of Government.

A further Resolution recommending that Confederation with Canada upon the basis submitted to the National Convention on the 6th November, 1947, by the Prime Minister of Canada, should be placed before the people of Newfoundland in the referendum was negated by 29 votes against 16.

4. His Majesty's Government in the United Kingdom appreciate that there has been a feeling amongst some members of the Convention that the entry of Newfoundland into a Confederation with Canada should only be arranged after direct negotiations between a local responsible Government and the Canadian Government. The terms offered by the Canadian Government represent, however, the result of long discussion with a body of Newfoundlanders who were elected to the Convention, and the issues involved appear to have been sufficiently clarified to enable the people of Newfoundland to express an opinion as to whether confederation with Canada would commend itself to them. In these circumstances, and having regard to the number of members of the Convention who supported the inclusion of Confederation with Canada in the ballot paper, His Majesty's Government have come to the conclusion that it would not be right that the people of Newfoundland should be deprived of an opportunity of considering the issue at the referendum and they have, therefore, decided that Confederation with Canada should be included as a third choice on the referendum paper.

5. The Resolution of the Convention did not indicate any limiting period for the continuance of Commission of Government if this form was found to be favoured by the electorate. Commission of Government was originally established on a temporary basis in view of the difficult financial circumstances of Newfoundland in 1933, and it appears to His Majesty's Government that if it is to be continued there must be some understanding as to the period in which the position would be again reviewed. They have decided, therefore, that the question to be placed on the ballot paper should be limited to the continuation of Commission of Government for a period of five years, on the understanding that before the end of that period arrangements should be made for a further testing of Newfoundland public opinion as to the future form of government at the end of the five-year period.

6. The questions to be put before the people at the National Referendum will therefore be:

- (a) Commission of Government for a further period of five years.
- (b) Responsible Government as it existed in 1933 prior to the establishment of Commission of Government.
- (c) Confederation with Canada.

7. Since on the above basis there will be three questions on the ballot paper, it is intended that there should be provision in the Referendum Act for a second referendum should no one form of government get an absolute majority at the first vote. The form of Government in favour of which the smallest number of votes was cast would in that case be omitted from the ballot paper at the second poll.

8. It will be understood that, in the event of a form of government other than Commission of Government being decided upon as a result of the referendum, the Commission of Government will continue in being for the period required to arrange for the establishment of the new form of government. In the event of the Vote being in favour of Confederation, means would be provided to enable the full terms and arrangements for the constitution of Newfoundland as a province of Canada to be discussed and settled between authorized representatives of Newfoundland and Canada.

9. I shall be glad if you will arrange for the publication of this despatch in Newfoundland.

I have etc.

P. J. NOEL-BAKER

[TRADUCTION]

Monsieur le Gouverneur,

J'ai l'honneur de vous informer que le Gouvernement de Sa Majesté au Royaume-Uni a étudié avec soin le rapport de la Convention nationale de Terre-Neuve instituée en vertu de la Loi n° 16 sur la Convention nationale (1946).

2. Les membres de la Convention avaient reçu mandat "d'étudier et de discuter entre eux, à titre de représentants élus de la population de Terre-Neuve, les changements qui se sont opérés dans la situation financière et économique de l'Île depuis 1934, et, compte tenu du fait que les revenus élevés des années récentes

provenaient dans une grande mesure des conditions du temps de guerre, d'examiner la position du pays et de présenter au Gouvernement de Sa Majesté au Royaume-Uni des recommandations concernant les modes de gouvernement qui pourraient être proposés au peuple par un referendum national." Au cours de ses délibérations, la Convention a fait une étude approfondie de la situation financière et économique de Terre-Neuve; c'est un hommage que je tiens à rendre aux membres de la Convention à cause de la conscience avec laquelle ils se sont acquittés de leur lourde tâche. Ainsi que l'expose le rapport, la Convention envoya des délégations à Londres et à Ottawa; à l'issue des entretiens qui eurent lieu entre les autorités canadiennes et la délégation envoyée à Ottawa, le Gouvernement canadien publia un document dans lequel étaient exposés les arrangements qu'il consentirait à recommander au Parlement canadien pour servir de base d'union entre le Canada et Terre-Neuve si la population de Terre-Neuve manifestait le désir d'adopter cette formule.

3. Lorsque le vote fut pris, à la clôture de la Convention, une motion adoptée à l'unanimité recommanda que les formes suivantes de gouvernement fussent proposées au peuple lors du referendum projeté:

- (1) Le gouvernement responsable tel qu'il existait avant 1934.
- (2) La Commission de gouvernement.

Une autre résolution, qui recommandait de proposer à la population de Terre-Neuve, lors du referendum, la confédération avec le Canada sur la base offerte à la Convention nationale, le 6 novembre 1947, par le Premier ministre du Canada, fut rejetée par 29 voix contre 16.

4. Le Gouvernement de Sa Majesté au Royaume-Uni tient compte de ce que certains membres de la Convention ont estimé que l'entrée de Terre-Neuve dans la Confédération canadienne ne devrait s'effectuer qu'à la suite de négociations directes entre un gouvernement responsable local et le Gouvernement canadien. Les conditions offertes par le Gouvernement canadien sont cependant le résultat de longues discussions avec une délégation de Terre-Neuviens élus membres de la Convention, et la lumière semble avoir été faite suffisamment sur les questions en jeu pour que la population de Terre-Neuve soit en mesure de juger si elle doit souhaiter la confédération avec le Canada. Dans ces circonstances, et en raison du nombre de membres de la Convention qui ont demandé mention soit faite de la formule confédérative sur le bulletin de vote du referendum, le Gouvernement de Sa Majesté en est venu à la conclusion qu'il serait injuste de ne pas offrir à la population de Terre-Neuve l'occasion d'envisager cette voie lors du referendum et il a décidé en conséquence que la confédération avec le Canada devrait aussi figurer sur le bulletin.

5. La résolution de la Convention ne limitait d'aucune façon la durée de la Commission de gouvernement advenant le choix de cette formule par la population. La Commission de gouvernement fut provisoirement établie, à l'origine, en raison des difficultés financières où Terre-Neuve se trouvait en 1933, et le Gouvernement de Sa Majesté estime que si ce régime est maintenu, il faudra convenir d'une période de temps après laquelle le régime fera l'objet d'une nouvelle revue. Le Gouvernement de Sa Majesté a donc décidé que la question inscrite sur le bulletin de vote sera le maintien de la Commission de gouvernement pendant une

période limitée à cinq ans, étant entendu qu'avant l'expiration de cette période, il sera pris des dispositions pour consulter de nouveau l'opinion publique de Terre-Neuve sur le mode de gouvernement qui succédera à cette période de cinq ans.

6. Les questions soumises à la population lors du referendum national seront les suivantes:

- (a) La Commission de gouvernement pendant une nouvelle période de 5 ans.
- (b) Le Gouvernement responsable tel qu'il existait en 1933 avant l'établissement de la Commission de gouvernement.
- (c) La confédération avec le Canada.

7. Étant donné que cette formule comporte l'inscription de trois questions sur le bulletin de vote, le Gouvernement de Sa Majesté entend que la Loi sur le referendum prévoit un second referendum au cas où le premier scrutin ne donnerait la majorité absolue à aucun des trois modes de gouvernement. La formule en faveur de laquelle aurait été déposé le plus faible nombre de votes serait omise sur le bulletin du second referendum.

8. Il sera entendu que, si le referendum choisit un mode de gouvernement autre que la Commission de gouvernement, celle-ci continuera d'exister pendant toute la période requise pour préparer l'instauration du nouveau mode de gouvernement. Si le vote est favorable à la confédération, des mesures seront prises pour que les conditions et arrangements détaillés relatifs à la constitution de Terre-Neuve en tant que province du Canada soient étudiés et réglés entre les représentants autorisés de Terre-Neuve et du Canada.

9. Je vous saurais gré de bien vouloir prendre des dispositions pour faire publier la présente dépêche à Terre-Neuve.

J'ai l'honneur etc.

P. J. NOEL-BAKER

551.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 120

St. John's, March 12, 1948

Sir,

With reference to my despatch No. 118 of March 11th respecting the form of the ballot in the forthcoming referendum, I have the honour to transmit herewith for your information copies of editorials and other comment appearing in the *Daily News* and *Evening Telegram* today.†

2. The *Daily News* editorial is, as usual, highly critical, holding that the effect of the British Government's decision is a repudiation of the contract under which

self-government was suspended and contending that Mr. Noel-Baker has repudiated his own National Convention and disregarded the opinion of an overwhelming majority of the Bar of Newfoundland.

3. The *Evening Telegram*, maintaining its position of impartiality, has contented itself with outlining the various forms of Government among which the electors may choose. It commends the Secretary of State for Commonwealth Relations for placing Confederation on the ballot and gives special attention to the provision that the Commission of Government will be authorized, in the event of Confederation securing a majority, to discuss and settle the terms. It goes on to point out that in negotiation with the Federal Government they may seek modifications of the terms and arrangements laid down in the Grey Book. "Such negotiations," the *Telegram* points out, "can only be conducted as between equals, or by delegations which they might appoint, and it is possible to conceive that the authorized representatives of Newfoundland would be by no means disposed to accept the conditions received." A commentator in the *Telegram* expresses the view that the Commission form of Government will receive a boost due to the clause limiting it to five years only and makes some other general comment that may be of interest.

4. I enclose also copy of a clipping<sup>†</sup> stating that Confederates here are jubilant at the news that Confederation will be on the Referendum ballot paper. While they are, of course, pleased that Confederation is on the ballot, I know that many of them are dismayed at the conditions under which it is on the ballot. The interview given by Mr. Smallwood was deliberately phrased in optimistic terms, partly because to admit defeat at the beginning would be disastrous and partly to stir up enthusiasm among his followers here and among Newfoundlanders in Canada from whom he hopes to obtain financial assistance in carrying on his campaign.

I am further informed that the statement attributed to Mr. Bradley represents what an over-enthusiastic reporter thinks he would have said since Mr. Bradley is still in Bonavista and could not be contacted. I think I should point out further that Mr. Smallwood, as an old journalist, has many contacts with journalists in Canada and that much of the material he succeeds in getting into the press is straight propaganda designed to keep up enthusiasm rather than an objective appraisal of the facts.

I have etc.

J. S. MACDONALD

552.

243s

*Le chef, la direction du Commonwealth britannique,  
au haut commissaire à Terre-Neuve*

*Head, British Commonwealth Division,  
to High Commissioner in Newfoundland*

SECRET AND PERSONAL

Ottawa, March 12, 1948



Dear Mr. Macdonald,

I have your letter of March 8th<sup>†</sup> about the proposed statement regarding the Newfoundland referendum. Since you wrote, the statement has been made public and a statement was issued here by the Prime Minister, a copy of which was sent you by telegraph. I thought you might like to have some personal observations about the whole matter as seen from this end.

2. As you know, our proposed amendment to the last sentence in the second-last paragraph of the despatch to the Governor was not accepted by United Kingdom authorities. Clutterbuck was instructed to come in and see us and explain why. He was in Tuesday and again Wednesday last. On Wednesday, Escott Reid and I had about twenty minutes with him on the Newfoundland statement. He was considerably on the defensive, explaining that the United Kingdom had wanted to assure the Newfoundland people just as we did that they would have some voice in arranging the final details of union and drafting their own constitution. They felt, however, that the original draft would have indicated to the Newfoundland people that their participation would be little more than dotting the i's and crossing the t's on the terms drafted last summer. He said that they did not wish in any way to seek to overturn the proposed terms or to give the Newfoundland people any suggestion that the terms could be substantially altered. On the other hand, the Prime Minister's letter of October 29th had clearly left the door open for discussion on matters of provincial concern such as education. He mentioned also divorce as a subject in which he felt the Newfoundland representatives would wish to have a voice. He said that he thought the sentence to which we took exception, unless torn out of its context, did not mean that the terms on the whole could be discussed *de novo*. In any case, the United Kingdom authorities could not commit the Canadian Government to reopen questions such as finance on which the door was clearly closed by the Prime Minister's letter (although perhaps not bolted).

3. It was quite evident from Clutterbuck's statement that the real pressure was coming from the Governor and possibly the Commission of Government who Clutterbuck seemed to think had been consulted. Considered in the light of your despatch No. 106 of March 3rd, I am not at all sure that the Governor does not hope, in the event of a favourable vote for confederation, to re-canvass the whole basis of confederation. Clutterbuck said, however, that it had been made clear to the Governor that the Canadian Government meant what was said in the Prime Minister's letter of October 29th about finance.

4. We told Clutterbuck that we thought the Government might have to consider issuing a statement at the time a despatch was published in Newfoundland. We said that there is a possibility that the sentence to which we took exception might be taken out of its context for purposes of propaganda during the election and that people might be misled into thinking that, given a favourable verdict, we were prepared to reopen the whole question of terms. We might then be faced with a delegation coming to Ottawa a few months hence assuming that the whole matter was open for re-examination. We said that in such an eventuality it was

by no means unlikely the Canadian Government would be accused by Newfoundland people of "double-crossing" them. We reminded him of the historic grievances of Nova Scotia and British Columbia arising out of confederation negotiations and we said that we would not wish to see a similar situation develop with respect to Newfoundland.

5. We were somewhat taken by surprise by the precipitate action of the Governor in publishing the despatch. We did not know until about noon Wednesday that it should be published the next day. We had assumed up until that point that the text could still be reconsidered.

6. The statement made by the Prime Minister yesterday, the text of which was sent you by telegraph last night, was drafted with a view to putting the government "on the record" so as to avoid embarrassment later. Little attention was paid to it in the press here and presumably little would be paid to it in Newfoundland since papers would be more concerned with the text of the despatch from the Secretary of State. I hope the statement was not offensive in any way to Newfoundlanders. It is equally true that little attention was paid here to the despatch to the Governor except to the extent of the factual side that confederation would be on the ballot.

7. Events are now set in train and I don't suppose anything can be done to clear up any misunderstandings which may arise about the United Kingdom statement. No doubt Smallwood and Company will now begin deploying their troops. By the way, the copy of the advertisement of the "confederates" from the *Evening Telegram* which you sent up a few days ago was, I thought, quite effective and dignified.

8. We shall, of course, continue to be interested in any news you can send us.

Yours sincerely,

R. A. MACKAY

553.

243s

*Extraits d'une lettre du haut commissaire à Terre-Neuve  
au chef, la direction du Commonwealth britannique*

*Extracts from Letter from High Commissioner in Newfoundland  
to Head, British Commonwealth Division*

SECRET AND PERSONAL

St. John's, March 15, 1948

Dear Mr. MacKay,

I wish to acknowledge and thank you for your letter of March 12th which reached me this morning respecting your conversation with the British High Commissioner on the form of the ballot in the forthcoming referendum.

...

Having won his point, the Governor seems to be more conciliatory now. In an interview I had with him yesterday, in which I emphasized again our position with respect to financial terms, he assured me that he understood the Canadian position, and, in the event of Confederation winning in the referendum, did not

contemplate reopening the financial aspects. He also expressed the view that, if Confederation should win, the Newfoundland representatives should not be allowed to defeat the expressed will of the people by stubborn insistence on conditions the Canadian Government may not be prepared to accept. These are important interpretations of the Despatch but the provision respecting further discussion of the terms is certainly unsatisfactory.

...

Yours sincerely,

J. S. MACDONALD

554.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 123

St. John's, March 15, 1948

CONFIDENTIAL

Sir,

I have the honour to report that I brought the text of the Prime Minister's statement in the House of Commons on March 11th respecting the forthcoming referendum in Newfoundland to the attention of His Excellency the Governor as soon as it arrived and that I had a conversation with him on it this morning. While our discussion was quite informal, the Governor, in the course of his remarks, clarified two or three points of sufficient interest to make it worth-while bringing them to your knowledge.

2. I began by drawing attention to the paragraph from the letter of October 29th last, emphasizing that, as far as the financial aspects of the proposed arrangements for union are concerned, the Government of Canada believes that the arrangements go as far as the Government of Canada can go under the circumstances. Referring to the rather ambiguous wording of the Despatch from the Secretary of State for Commonwealth Relations, I expressed the hope that the people of Newfoundland would be under no misunderstanding with respect to this matter. The Governor was inclined to argue that the Despatch, if read carefully, was really not ambiguous on the point but that, in any case, he and the United Kingdom Government well understood the position of the Canadian Government in the matter. He assured me that in the event that Confederation should win a majority in the forthcoming referendum, there would be no disposition on the part of the Newfoundland representatives to reopen the financial aspects of the proposed basis of union. In reply to my enquiry as to whether there were any other aspects they might desire to reopen, he said that education and divorce and the relation of Newfoundland's fishing regulations and the fishing industry generally to those of Canada would not appear to have been thoroughly explored at Ottawa and should perhaps be gone into a little further.

3. I further called his attention to the provision under which, in the event of the vote being in favour of Confederation, the "terms for the constitution of Newfoundland as a Province of Canada would be discussed and settled by the authorized representatives of Newfoundland and Canada" and expressed the view that it would be most unfortunate if, after a favourable vote, settlement could be deferred indefinitely, through the recalcitrance of the delegation that might be chosen. Sir Gordon stated, however, that there was no reason to fear any such outcome. If the people voted in favour of Confederation they would get Confederation. He would do his utmost to see that the representatives chosen were men who would understand that their duty was to see that the will of the people was carried out rather than men who might use their position to prevent full agreement being reached.

4. I am inclined to think that it may not be quite as easy to achieve these aims as the Governor appears to think but, in view of the unsatisfactory terms of the Despatch under reference, it is reassuring to have this fuller information as to the interpretation he is putting on them.

I have etc.

J. S. MACDONALD

555.

PCO-CRF

*Mémorandum de la direction du Commonwealth britannique*

*Memorandum by British Commonwealth Division*

MINUTE ON DESPATCH NO. 129 OF MARCH 19TH FROM

THE CANADIAN HIGH COMMISSIONER, ST. JOHN'S,

REPORTING POLITICAL DEVELOPMENTS

IN NEWFOUNDLAND

1. A Bill to implement the United Kingdom decision regarding the referendum is shortly to be published for comment. No date has yet been chosen for the referendum but it will likely be held in the last week of May.

2. Consideration is being given to holding the second referendum, if necessary, a week or ten days after the first but present indications are strongly against such a course being feasible.

3. It has been announced that the estimated number of eligible voters is 172,826 of whom 44% live in St. John's and neighboring settlements of the Avalon Peninsula.

4. The High Commissioner confirms his first impression that the form of the referendum has improved the electoral prospects of the commission of government. Also, it appears possible that, if Responsible Government comes last on the first ballot, the bulk of its supporters may switch to the Commission.

5. The Responsible Government League plans to publish a weekly newspaper, as well as a study now being made by "a group of economic experts" of the effect of confederation on the Newfoundland economy.

6. Mr. Bradley feels that the form of the referendum leaves the voters in doubt as to whether they would be voting for confederation on the terms offered by the

Canadian Government or in principle only. He also feels that the provision for discussion and settlement of the full terms and arrangements will be interpreted by the opponents of confederation as asking Newfoundlanders to deliver their country bound hand and foot. His particular concern about this provision arises from his fear that the Governor will choose representatives in whom confederates have no confidence. The High Commissioner says that Mr. Bradley is evidently so dissatisfied that he is definitely contemplating withdrawing from the contest.

7. Sir Leonard Outerbridge, a prominent Newfoundland businessman, has written a letter to the St. John's *Daily News* denying that the British Government has broken a pledge in placing confederation on the ballot. He points out that if a majority vote for Responsible Government, the British Government will certainly restore it.

8. Mr. Eric White, a prominent Newfoundland businessman, and an active supporter of the Responsible Government movement, has written a letter to the *Daily News* saying that the government ought to issue a statement clearing up three points:

(i) If there is a change of government, approximately when will it take place? (Uncertainty on this point, he says, is having serious effects on employment and trade.)

(ii) Is the vote on confederation to be in principle only, with a further vote after negotiations between authorized representatives, or would Newfoundlanders definitely vote themselves into Canada in the referendum?

(iii) Who would appoint the Newfoundland representatives to discuss the full terms and arrangements and from among whom would they be appointed? (Mr. White feels that the representatives should be chosen from the ranks of outstanding citizens as well as from government circles.)

P. A. B[RIDLE]

556.

PCO-CRF

*Mémorandum de la direction du Commonwealth britannique*

*Memorandum by British Commonwealth Division*

MINUTE ON DESPATCH NO. 132 OF MARCH 22ND FROM THE  
CANADIAN HIGH COMMISSIONER IN ST. JOHN'S REPORTING  
AN ANNOUNCEMENT BY MR. CHESLEY A. CROSBIE THAT HE  
HAS DECIDED TO LEAD THE "UNION WITH AMERICA PARTY"

1. Mr. Chesley A. Crosbie, former member of the National Convention and prominent Newfoundland fish producer, announced on March 20th in a radio address that he has decided to lead "the Party for economic union with the United States." Mr. D. I. Jackman, the former head of the Party has given his allegiance to Mr. Crosbie.

2. Mr. Crosbie has hitherto advocated the restoration of Responsible Government and has opposed confederation. One argument he has advanced is that as part of Canada Newfoundland would be deprived of the power to negotiate its

own trade agreements, particularly with the United States — a country whose trade is essential to the Newfoundland economy.

3. Mr. Crosbie now goes considerably farther. He still advocates a return to Responsible Government but only because this is the only way in which economic union with the U.S. might be brought about. He regrets the British Government's decision not to include this "form of government" on the ballot paper and says that "because of this decision it will be necessary to return to self-government before economic union with the U.S. can become a reality."

4. Mr. Crosbie says that he believes that economic union with the U.S. would effect a fundamental solution of Newfoundland's economic problem by developing two-way trade with Newfoundland's largest potential market — particularly for fresh fish.

5. Mr. Crosbie turns his new movement into an argument against confederation by pointing [out] that if Newfoundlanders vote for union with Canada they will forever have lost their chance to enjoy the benefits which would flow from an economic union negotiated at this time between Newfoundland and the U.S.

6. Mr. Crosbie does not specify what he means by economic union except to make it clear that he contemplates complete free trade and the investment of "millions of dollars of American capital" in Newfoundland and Labrador. He says that he has every confidence that economic union with the U.S. can be arranged and he claims that such an arrangement will not involve any change of political allegiance.

7. The St. John's *Daily News* gives its unqualified support to the idea of economic union with the U.S. but the St. John's *Evening Telegram* reserves comment, merely pointing out that the plan appears to be "based on nothing more concrete than wishful thinking."

8. Mr. Crosbie's announcement would appear, at least for the time being, to divide the Responsible Government movement into two main camps — Mr. Crosbie's party and the Responsible Government League in alliance with Major P. J. Cashin's group. It may be noted, however, that a reconciliation has only recently been effected between these last two while, at the same time, all three groups are uniformly opposed to confederation.

9. Mr. Crosbie is aggressive, ambitious and a man of means, willing to spend it in the pursuit of political power. He presents himself to the people as a man engaged in the fishing industry who is anxious to see all others engaged in the same industry enjoy the just fruits of their labours. In the elections to the National Convention he headed the polls in the district of St. John's City West and secured the largest number of votes cast for any single candidate. In spite of the flimsy basis upon which Mr. Crosbie has launched his campaign, his words will almost certainly possess a powerful appeal for uninformed fishermen who constitute the bulk of the electorate. The morning after his radio announcement about one thousand people called at his headquarters in St. John's to sign on as members of his party and a considerable volume of telegrams is flowing in from outlying settlements.

P. A. B[RIDLE]

557.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

DESPATCH 135

St. John's, March 24, 1948

Sir,

With reference to my despatch No. 129 of March 19th and earlier reports on the reactions to the Despatch of March 11th from the Secretary of State for Commonwealth Relations, setting forth the form of the ballot in the forthcoming referendum, I have the honour to report that the March issue of *The Monitor*, the Catholic Monthly Journal, has now appeared.

2. The paper states it cannot accept the reasons which have been advanced by the Secretary of State for including Confederation on the ballot paper and expresses the opinion that the people have not sufficient information on the financial, economic, social and spiritual aspects of Confederation to enable them to formulate their views upon it. It compares Confederation to a marriage arranged by parents without reference to the young couple and, conveniently overlooking that the proposed union specifically provides for the approval of the Newfoundland people as an indispensable condition to its adoption, characterizes the arrangement as shocking and unfair.

3. Urging Confederates to vote for Responsible Government as a preliminary to Confederation, *The Monitor* makes no mention of the point, which is basic to the Confederate desire for a referendum, that if left to Responsible Government there would be no negotiations. Both parties would be controlled by Water Street and would see to it that Confederation proposals were not brought forward.

4. It is recognized that the priests of the St. Patrick's Deanery, who edit *The Monitor*, could not take so strong a stand on an important public question without the consent of the Archbishop. It cannot be doubted, therefore, that the views that they expound in the editorial under reference will have a considerable effect on the development of opinion among the Roman Catholic section of the electorate.

5. I enclose for your information the text of the article under reference.<sup>1</sup>

I have etc.

J. S. MACDONALD

558.

R.A.M./Vol. 4

*Extraits d'une lettre du chef, la direction du  
Commonwealth britannique, à J. R. Smallwood*  
*Extracts from Letter from Head, British Commonwealth  
Division, to J. R. Smallwood*

CONFIDENTIAL

Ottawa, March 26, 1948

Dear Mr. Smallwood,

I have your letter of March 15th<sup>†</sup> asking for information on the Old Age Pensions Act and on bait freezing facilities for fishermen. I enclose a memorandum<sup>†</sup> on each which I hope will be useful. What follows is a layman's gloss on the Memos.

...

[ . . . ] I've marked this confidential since I should not want to be quoted. You are of course at liberty to use any information herein.

My kind regards to yourself and Mr. Bradley. All power to your arms!

Yours sincerely,

R. A. MACKEY

559.

243s

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire à Terre-Neuve*

*Under-Secretary of State for External Affairs to High Commissioner in Newfoundland*

SECRET AND PERSONAL

Ottawa, April 5, 1948

Dear Mr. Macdonald,

I refer to your letters of March 22 and 27,<sup>†</sup> and your telegram No. 46 of April 1 to MacKay.<sup>†</sup>

I appreciate that the emergence of a party for economic union with the United States is a serious threat to confederation, and I can quite understand that, as a result, the confederation group may be in something of a funk.

At the same time I am very doubtful about your taking any part in providing the confederation group with special material to meet the issue. The issue, after all, is not immediately union with Canada or union with the United States, but rather union with Canada or restoration of responsible government. The Canadian Government has committed itself to complete abstention from influencing the election in any way. Care should therefore be taken to provide the confederation group with only such material as would be available to anyone requesting it.

Yours sincerely,

L. B. PEARSON

560.

2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État aux Affaires extérieures*  
*High Commissioner in Newfoundland to Secretary of State for External Affairs*



DESPATCH 151

St. John's, April 6, 1948

Sir,

I have the honour to report that the Confederation Association opened its campaign last evening with a radio speech by Mr. Gordon Bradley, K.C., President of the Association. Mr. Bradley was introduced by Mr. Smallwood and spoke for fifteen minutes. The text of his address is not available. It is not published in either the *Daily News* or the *Evening Telegram* and I was myself giving a talk to the local branch of the Institute for International Affairs last evening and so was unable to hear him.

2. I am informed, however, that while Mr. Bradley spoke well, his speech was rather disappointing. Everyone was expecting him to turn his devastating logic upon the Economic Union with the United States party but he failed to do so, contenting himself with a few brief references to it as a "red herring" to mislead the electors. He threshed over again a good deal of old straw — the attempt of members of the National Convention to keep Confederation off the ballot and his success, when supported by telegrams representing more than 50,000 people, in having it put before the people for their decision. In closing Mr. Bradley summarized again the Confederation terms and urged that they represented the best choice for Newfoundland in the present circumstances.

3. I am informed that the first issue of the *Confederate*, the organ of the Confederation Association, will be on the streets tomorrow and that it is planned to issue 60,000 copies and distribute them as widely as possible over the Island.

I have etc.

J. S. MACDONALD

561.

2828-40

*Mémorandum du ministère des Affaires extérieures**Memorandum by Department of External Affairs*

Ottawa, April 6, 1948

SUMMARY OF THE OPINIONS OF CANADIAN DAILY NEWSPAPERS  
ON POLITICAL DEVELOPMENTS IN NEWFOUNDLAND

The decision of the United Kingdom Government to include Confederation with Canada on the referendum ballot in Newfoundland to vote a future form of government has been commended by most Canadian daily newspapers. They regard this new turn of events as a welcome removal of an obstacle to free expression.

On March 11, the U.K. Government's decision was announced. One newspaper (*Victoria Daily Times*) had time to catch its editions that same day with comment, and declared inclusion of Confederation on the ballot "will make possible a more decisive and satisfactory vote on the question." This, generally, was the tone that followed in newspapers across the country.

The following day (March 12) four newspapers (*St. Catharines Standard*,

*Windsor Daily Star*, *Toronto Globe and Mail* and *The Montreal Gazette*) ran editorials praising the action as "good news" (*Standard*); "the chance (for Newfoundlanders) to express themselves" (*Star*); "welcomed by all concerned" (*Globe and Mail*); and "justified" (*Gazette*).

It was not, however, until the following day that most newspapers found space and time for expression. On March 13th seven newspapers commented. Wise and discreet was the trend of the editorial in the *Ottawa Journal*; "reasonable and just," said the *Montreal Star*; but the *Halifax Herald* debated the value of the "clear majority" rule in the referendum. The *Brantford Expositor* said the decision was to the "surprise" of some and the satisfaction of many, while the *Sydney Post Record* commended the British Government for its action. The *Winnipeg Tribune* decided "Canadians were disappointed when reports came from the island that confederation would not be an issue in the referendum," and the *Kingston Whig Standard* believed the decision would be "acclaimed" in Newfoundland "and in Canada, too."

On Monday, March 15, three more newspapers added their remarks. *The Vancouver Sun* asked, "What happens if there is no clear majority in favour of any one of the three questions?" This newspaper said the official announcements left this question "very much up in the air." *The Peterborough Examiner* said Canadians would welcome Newfoundland into Canada, but warned there must be "no Canadian campaign to influence the decision of the Newfoundlanders." *The Toronto Star* regarded the U.K. decision as wise.

On March 30, *The Toronto Star* ran an editorial explaining the work of the anti-unionists and formation of the Responsible Government League. It said the league takes the view that strong ties with the U.S. can be gained through responsible government, while confederation will lock the door forever. *The Star* feels that, "considering the strength of sentiment in Newfoundland favorable to the U.S., rather than to Canada, this last appeal is bound to win votes for self-government."

The majority of newspapers agree on one point: that this is an issue for Newfoundlanders themselves to decide, and there should be no official pressure exercised from the outside. *The St. Catharines Standard*, however, thinks that "the case for this country should not lack presentation." Canada's only concern on this point, says the *Toronto Globe and Mail*, is that the decision reflects "the freely-expressed will of the people and not the political machinations of any group." *The Montreal Gazette* argues, that "quite apart from the conjectural question of whether a clear majority will favor union," it is "all the more important that official Canadian spokesmen should continue a strictly disinterested attitude toward the referendum."

*The Ottawa Journal* regards the position of Canadians and the Government in the controversy as "scrupulously correct."

*The Kingston Whig Standard* believes "the decision rests with them (Newfoundlanders) and them alone;" and the *Peterborough Examiner* regards the issue as "a matter for Newfoundlanders alone to decide," as does the *Toronto Star*.

Whatever the outcome, some newspapers say, it should be treated in the spirit of co-operation and with respect.

The *Victoria Daily Times* sees relations continuing on the same friendly and co-operative basis. The *Globe and Mail* declares Canadians "will applaud the decision and await the outcome with warm and friendly interest." The *Ottawa Journal* says Canada's position "now is one of friendly interest and brotherly concern," and the *Brantford Expositor* agrees with the Prime Minister "when he said that should the people of Newfoundland decide to enter the Canadian Confederation, they will be welcome, but should they decide otherwise, their decision will be accepted with understanding and respect." The *Kingston Whig Standard* thinks the people of Canada will watch the results with gratification because Newfoundlanders "have been given freedom of expression to choose the manner in which they shall be governed in future."

Some other points have been raised by a few newspapers. But general newspaper reaction to the U.K. decision can be summed up as follows:

- (a) The decision is welcomed as a good one;
- (b) There should be no Canadian interference, and
- (c) The outcome (whatever it is) must be accepted in the spirit of friendship.

562.

2828-40

*Mémorandum de la direction du Commonwealth britannique*  
*Memorandum by British Commonwealth Division*

CONFIDENTIAL

MINUTE ON DESPATCH NO. 155 OF APRIL 8TH, 1948,<sup>†</sup> FROM  
THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S, NFLD.,  
REPORTING ON POLITICAL DEVELOPMENTS

1. It is claimed that 40,000 people have expressed the desire to join the party advocating economic union with the United States. This figure is almost certainly exaggerated.

2. Mr. C. A. Crosbie, leader of the party, plans shortly to visit Boston and Washington. Ostensibly on business, his real object will be to endeavour to obtain a clear understanding that, if his party should ultimately be elected in Newfoundland, economic union with the United States would be a feasible subject for discussion. The High Commissioner thinks that he intends to try to see important officials in the State Department and in the Department of Commerce.

P. A. B[RIDLE]

563.

2828-40

*Extraits d'une lettre du haut commissaire à Terre-Neuve*  
*au chef, la direction du Commonwealth britannique*

*Extracts from Letter from High Commissioner in Newfoundland*  
*to Head, British Commonwealth Division*

CONFIDENTIAL

St. John's, April 15, 1948

Dear Mr. MacKay,

I have your letter of April 9th<sup>†</sup> respecting distribution of the "Proposed Arrangements for the Entry of Newfoundland into Confederation"<sup>23</sup> and "The Report of the Meetings."<sup>24</sup>

...

Both Mr. Bradley and Mr. Smallwood are greatly disappointed that they cannot get information quickly to answer gross misrepresentations as to the terms and other matters having a direct bearing on Confederation. It would be of great importance, for example, if they could secure information as to whether or not the commercial treaties entered into by the United States with Canada and with other countries contain a clause permitting the United States Government to enter into Customs Unions without being required to generalize the benefits to countries enjoying the benefit of most favoured nation treatment. The information, if it were favourable, would enable them to puncture one of the strongest forces they have to contend with — the widespread yearning in this country for free trade with the United States. But this information, though it could be turned up in ten minutes in Ottawa, is simply not available in this country. No question of giving special help to the Newfoundland Confederate Association need arise for nothing need be given to them that would not equally be given to any other group or individual that asked for the information.

In more general terms, it seems to me that it is of great importance to secure a decision, in principle, on this basic question of whether or not to provide information that may be requested from time to time on the various aspects of Confederation so that such requests can be dealt with immediately they are received. Misrepresentation can only be answered effectively if it is answered promptly. There is no question here of impairing the principle of leaving the decision on Confederation to the people of Newfoundland or of bringing any pressure whatever to bear upon them to induce them to vote in its favour. The point is simply whether authorization will be granted to supply promptly information necessary to enable a voter to satisfy himself as to the effects of Confederation. No charge of favouritism could be brought against such action for such information is of a character that can be given to any group or individual that asks for it.

Yours sincerely,

J. S. MACDONALD

564.

2828-40

*Mémoire de la direction du Commonwealth britannique**Memorandum by British Commonwealth Division*

MINUTE ON DESPATCH NO. 167 OF APRIL 15TH<sup>†</sup> FROM  
THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S  
REPORTING POLITICAL DEVELOPMENTS

<sup>23</sup>Voir l'annexe à la pièce jointe, document 442.<sup>23</sup>See sub-enclosure, Document 442.<sup>24</sup>Voir la pièce jointe, document 421.<sup>24</sup>See enclosure, Document 421.

1. The enthusiasm which greeted the launching of the party advocating economic union with the U.S. appears to be gradually declining. There is a growing realization that the obstacles to economic union are formidable. At the same time, the High Commissioner feels that the propaganda put out by the party has not yet been effectively countered.
2. The Confederate Association has emphasized the difficulties in the way of economic union in a number of recent radio addresses and the St. John's *Evening Telegram* published a strong editorial on April 13th pointing out that the U.S. is committed to a policy of non-discrimination in lowering tariff barriers and arguing that it would be unlikely to discriminate against important customer countries such as Canada by entering into a tariff union with Newfoundland.
3. The party advocating economic union with the U.S. appears to draw its adherents to a large extent from among those desiring the return of Responsible Government rather than from those supporting confederation or the Commission of Government.
4. The most efficient propaganda put out by the Responsible Government League is the claim that tariff concessions could be secured from the U.S. through negotiations under the Leased Bases Agreement. An article appearing in the March issue of the *Atlantic Guardian* entitled "The U.S. Bases; Newfoundland's Case for a New Deal" has strengthened the appeal of this claim.
5. Major P. J. Cashin, chief spokesman of the Responsible Government League, is now attacking the Commission of Government on the ground that Britain can no longer afford to assist Newfoundland financially. He is also continuing his attacks on confederation, his main object being to raise bogeys of various kinds.
6. The Confederate Association, like the Responsible Government League, is at present conducting its main campaign by means of radio addresses and by publishing a weekly newspaper. This paper, *The Confederate*, is superior as an organ of propaganda to its rival *The Independent*. The Confederate Association, however, suffers, in comparison with other groups, by a serious lack of funds.
7. A potential threat to confederation is the possibility that virtually all of the Roman Catholic voters may follow the advice of the archdiocesan newspaper and vote for Responsible Government. Roman Catholics constitute about one-third of the total population.
8. The High Commissioner feels that the Commission of Government, since there is no one to speak for it, is beginning to lose popular support.
9. There is as yet no pronounced trend towards any one form of government. Indeed, at present it seems unlikely that any one will get a clear majority over all on the first ballot.

P. A. B[RIDLE]

2727-40

*Mémoire du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

Ottawa, April 16, 1948

SUMMARY OF OPINIONS IN THE FRENCH-LANGUAGE PRESS  
ON RECENT DEVELOPMENTS IN NEWFOUNDLAND

The question of the plebiscite on the form of government in Newfoundland has been received with mixed feelings in the French-language press of Canada. In the Province of Quebec in particular, the outcome of the vote is watched with interest, on account of the *cause célèbre* on the legal ownership of Labrador.

All newspapers, however, have shown a great deal of restraint, contenting themselves with the general remark that it is up to the population of Newfoundland to decide its own fate.

*Le Soleil* of Quebec, states, under date of January 29, 1948:

"Some observers who are more or less sceptical, believe that the entry of Newfoundland in the Canadian Confederation is the consequence of a secret agreement between London, Ottawa and Washington. London would derive from it certain advantages, both economic and political. For Ottawa, it would be a means of having a direct influence on a strategic point of great importance for Canada, and for Washington, the beginning of the end of British colonial intervention in American countries. All these assumptions derive from the hidden desire and sometimes the expressed wish, of the nationalist groups of the Continent."

In a letter from Ottawa, dated April 1, 1948, and appearing in both *Le Devoir*, Montreal, and *Le Soleil*, Quebec, it is reported that the Press Gallery correspondents of these two papers have interviewed three visitors from Newfoundland, who gave them their version of the controversy over the plebiscite. The three visitors stated that Mr. Duplessis, Prime Minister of Quebec, was quite popular in Newfoundland because he was opposed to Confederation. *Le Devoir* adds:

"The popularity of Mr. Duplessis, however, would be short-lived if he ever tried seriously to recover Labrador."

*Le Droit* of Ottawa, on December 10, 1947, deplores that:

"Public opinion in Canada seems to be indifferent to the question of whether the Island of Newfoundland becomes the tenth province of Canada. Newspapers mention the fact casually, and some ministers or members of Parliament make statements, but the idea receives very little attention from the citizens in general."

*L'Action Catholique* of Quebec shares the general view expressed by *The Monitor*, looked upon as the mouthpiece of the Roman Catholic Church in Newfoundland, that they should oppose annexation with Canada (Feb. 5).

And finally, *La Presse* of Montreal, of January 31, 1948, states:

"The Federal authorities have acted wisely in taking all means to prevent any misunderstanding and provoke a roorback. The future relations between members of the Federal family of Canada can only gain by a complete mutual understanding. Nobody will be able to say later on that he has been fooled, because everyone is invited to take a decision with perfect knowledge of the circumstances. The old provinces are awaiting with interest the verdict of the population of Newfoundland."

566.

2828-40

*Le haut commissaire à Terre-Neuve au chef,  
la direction du Commonwealth britannique*  
*High Commissioner in Newfoundland to Head,  
British Commonwealth Division*

CONFIDENTIAL

St. John's, April 19, 1948

Dear Mr. MacKay,

Since sending my telegram No. 51 of April 17th<sup>1</sup> respecting the visit of Mr. J. B. McEvoy to the United States and Canada, I learn that he is proceeding first to Cambridge, Massachusetts, where he is to have an interview with a Harvard Professor on United States tariff and commercial treaty policy and is then proceeding to Washington where he hopes to have conferences with Government officials to ascertain United States Government views on the possibility of negotiations with Newfoundland for an economic union. Later Mr. McEvoy is planning to go to Toronto and he might drop in at Ottawa on his way home.

McEvoy claims to be on the fence — undecided in his own mind as to what is best for Newfoundland, but sentimentally attached to the Confederate solution, although not in the present terms. He has even promised on two occasions to speak for Confederation on behalf of the Newfoundland Confederate Association but has never carried the matter any further. I know that he had interviews with Crosbie before he left and my own strong feeling is that he is undertaking the job on Crosbie's behalf. I feel therefore, that I should let you have this brief sketch on his plans in the event that you should have an opportunity to talk with him before he gets back.

Yours sincerely,

J. S. MACDONALD

567.

2828-40

*Mémorandum de la direction du Commonwealth britannique*<sup>25</sup>

*Memorandum by British Commonwealth Division*<sup>25</sup>

MINUTE ON DESPATCH NO. 177 OF APRIL 22ND FROM  
THE CANADIAN HIGH COMMISSIONER IN ST. JOHN'S  
REPORTING POLITICAL DEVELOPMENTS

1. The current issue of the *Monitor*, Newfoundland's Roman Catholic journal, while continuing to express the opinion that the Newfoundland people should not be asked to make the irrevocable choice of Confederation on the proposed terms, emphasizes that Roman Catholic voters "are completely free to cast their ballot according to *their own personal conviction*."
2. Mr. C. A. Crosbie, head of the party advocating economic union with the U.S., and Mr. D. Jamieson, his campaign manager, have recently given radio addresses. Mr. Crosbie developed the thesis that Confederation would jeopardize Newfoundland fisheries. The High Commissioner feels that Confederation is

<sup>25</sup>P. A. Bridle.

vulnerable on this score. He also thinks that Mr. Crosbie's program for economic union with the U.S. will gain many adherents among "gullible fisherfolk" if it cannot be shown to be wishful thinking.

3. Mr. Gordon Bradley, leader of the Confederation movement, also spoke over the radio recently. He argued the futility of Newfoundland endeavouring to secure economic union with the U.S. He said that it is contrary to established United States commercial policy, which is of a non-discriminatory character, that there would be strong opposition to such a move on the part of U.S. fishermen; and that the U.S. would be unwilling, merely to please Newfoundland, to discriminate against countries such as Canada which buy vastly more U.S. products than does Newfoundland.

4. As no one is championing the cause of the Commission of Government, some inroads are being made in its position. On the other hand, two Newfoundland Commissioners have recently made public speeches describing the work of the Commission in favourable terms.

568.

243s

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire  
à Terre-Neuve*

*Under-Secretary of State for External Affairs to High Commissioner  
in Newfoundland*

Ottawa, April 24, 1948

Dear Mr. Macdonald,

I refer to your letter to Mr. MacKay of April 15th regarding the provision of material on confederation. May I begin with some general discussion of the request you make towards the end of the letter for "a decision in principle on this basic question of whether or not to provide information that may be requested from time to time on the various aspects of confederation so that such requests can be dealt with immediately they are received."

2. Presumably you do not wish us to seek reconsideration by the Cabinet of the broad policy on which it is decided of not interfering or seeking to influence in any way the election in Newfoundland. With respect to giving out information, this is broadly covered by the statement in my letter of April 5th (which incidentally the Minister saw) that "care should therefore be taken to provide the confederation group with only such material as would be available to anyone requesting it."

3. At the same time these broad statements of policy would appear to admit of some clarification. In the first place, I should think that they would admit of giving the confederate group or anyone else copies of Canadian public documents on request.

In the second place I should think they would also admit of giving information about Canada or the Canadian system of government which is public knowledge although not necessarily contained in any single or specific document. In the



third place I should think they would admit of giving explanations of Canadian laws, policies, or administrative practices; although in these instances greater care would need to be exercised to avoid giving misinformation or personal opinions. In the fourth place, with respect to the effect of confederation on Newfoundland I should think that we would have to be very careful not to go beyond anything given in the so-called "black book"<sup>26</sup> and the replies forwarded in answer to enquiries from the National Convention.

4. A more difficult question arises as to how far we should be prepared to give out material on United States policy. I should think there would be no objection to giving anyone copies of American public documents provided the source from which they are obtained is kept confidential. It would, of course, be preferable if such documents could be obtained direct from the United States authorities. I do not think, however, that we should go on record with interpretations of United States policy. This must be left to the Newfoundlanders or to United States authorities.

5. I quite appreciate the delicacy of the situation in which you find yourself. It is a pity to see the cause of confederation going by default for lack of information. But, while giving out as far as we legitimately can any information requested, I think we should avoid being used as an information bureau by the confederates.

6. I hope that this letter will help to clarify matters. In any case I have every confidence in your discretion in handling the situation.

Yours sincerely,

L. B. PEARSON

569.

PCO-CRF

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 55

St. John's, April 26, 1948

IMMEDIATE. Date of referendum has been fixed for June 3rd.

570.

2828-40

*Extrait d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extract from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

<sup>26</sup>Nom qu'on avait donné, à cause de la couleur de la couverture, aux deux volumes polycopiés, *Rapport des entretiens des délégués de la Convention nationale de Terre-Neuve et des représentants du gouvernement canadien*. Voir le document 421.

<sup>26</sup>Name given, because of the colour of the cover, to the two mimeographed volumes, *Report of Meetings between Delegates from the National Convention of Newfoundland and Representatives of the Government of Canada*. See Document 421.

DESPATCH 183

St. John's, April 26, 1948

Sir,

I have the honour to report that I have had a visit from Mr. Gordon Bradley and Mr. J. R. Smallwood, President and Secretary of the Newfoundland Confederation Association, who desired to speak of two matters which they considered to be of great importance in the forthcoming Referendum.

2. They stated that opponents of Confederation are conducting a whispering campaign among Newfoundland civilians employed on the United States military bases. The campaign is designed to persuade the employees that union with Canada would mean that the bases will come under Canadian control and they will lose their jobs. The number of permanent employees now engaged on the bases is approximately 3,000 and there are, in addition, a couple of thousand seasonal employees. The base here at Fort Pepperrell is filled to overflowing, and a number of officers are endeavouring to secure houses in town. These families afford employment for several hundred domestic servants, in addition to the civilians employed directly by the United States Government. Altogether, Mr. Smallwood computes that, with dependents, about 10,000 votes would be affected, out of a total electoral roll of approximately 173,000. It will be, therefore, one of the most important groups of opinion in the Referendum. In addition, the United States community on the bases are well paid and lavish spenders in local stores, theatres, and restaurants, and if opponents of Confederation can succeed in getting across the idea that union with Canada would mean the withdrawal of United States personnel, it would have even wider and more damaging repercussions. Messrs. Bradley and Smallwood are most anxious that such flagrant misrepresentation should be rendered ineffective by a statement in the House of Commons setting forth that Confederation, under the arrangements proposed by the Canadian Government, would in no sense affect the Base Agreements, and, consequently, United States tenure of the bases. They point out that the probability of this situation arising was foreseen even when the Delegation was in Ottawa and state that, when it was mentioned in the joint meetings, it was indicated that the Minister for National Defence could make a statement at an appropriate time in the House, in answer to a question or otherwise, definitely ending the possibility of misrepresentation on this issue.

3. I pointed out that the Minutes of the meetings, while they referred to a discussion on the subject, did not state that such a statement would be made. However, in view of their strong recollections on the point, and the fact that the Minutes did not constitute a very complete record of the discussions, I stated I would inform you of their representations so that the matter could be given consideration.

4. They also pointed out that the opposition groups are making statements, and twisting statements that occurred in certain Canadian papers, to convey the impression that Family Allowances are merely a wartime enactment and that there is a strong probability that they will shortly be abolished. Newfoundlanders, therefore, so it is insinuated, should beware of letting their judgement be swayed by the benefits of Family Allowances for there is no assurance of their continuance. Newfoundland might well give up its autonomy and its revenues

only to find that, in a year or two, the Family Allowances Act will be repealed. They indicated that a statement by the Honourable Paul Martin, Minister of National Health and Welfare, would be most helpful in combating this insidious propaganda. Such a statement need not be made, they point out, with any special reference to the Newfoundland situation. It was suggested that advantage might be taken of some appropriate occasion to review, in Parliament or in some public statement that could be quoted, the benefits the system of Family Allowances was conferring on health and welfare generally, and that they have already proved too valuable for anyone to question the desirability of their continuance. Better still, it might be said that the Government has not the slightest intention of repealing the Act, or of restricting its benefits. Clearly a statement of this kind would be of great help in the Referendum.

5. As the campaign is working up into its final stage, statements on both of these matters, to be fully effective, would have to be made by the middle of May at the latest, in order that time may be allowed to give them publicity in all parts of Newfoundland.<sup>27</sup>

I have etc.

J. S. MACDONALD

571. 2828-40

*Le haut commissaire à Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*<sup>29</sup>  
*High Commissioner in Newfoundland to Secretary of State  
for External Affairs*<sup>29</sup>

DESPATCH 213

St. John's, May 8, 1948

Sir,

Something of a sensation was created here today by the publication in the *Evening Telegram* of documents secured by Mr. John B. McEvoy, K.C., in the course of his recent visit to the United States, showing that there is no practical possibility of Newfoundland securing economic union or free trade with the United States.

2. The documents consist *inter alia* of a Memorandum on Union by Manley O. Hudson, Professor of International Law at Harvard University and Judge of the World Court. The eminent jurist expresses the following conclusions:

<sup>27</sup>La note suivante était écrite sur cette dépêche: <sup>27</sup>The following note was written on this despatch:

Item I, answered by statement in Parliament in answer to question May 20.<sup>28</sup> Item II, copies of a speech by Mr. Martin sent Nfld office. R. A. M[ACKAY]

<sup>28</sup>Voir le document 580.

<sup>28</sup>See Document 580.

<sup>29</sup>Cette dépêche fut signalée au Premier ministre.

<sup>29</sup>This despatch was referred to the Prime Minister.

"As a result of my enquiries and reflections, I cannot see at the present time any promising prospect of even a tentative assurance being given by the Government of the United States concerning future relations with Newfoundland.

In any consideration of relations between the United States and Newfoundland, one must bear in mind the close relations existing between the Government of the United States and the Government of the United Kingdom, and between the Government of the United States and the Government of Canada. These relations are so intimate, and they are so important to the United States, that nothing is likely to be done in Washington to which either the United Kingdom or the Dominion of Canada offered objection.

It is difficult to foresee a trade agreement which would give to Newfoundland advantages greater than those prescribed in the trade agreement with the United Kingdom of 17 November, 1938. In any event, it seems to me most improbable that the United States would make any concessions to Newfoundland which would not also be applicable to the Maritime Provinces of the Dominion of Canada.

I can see no prospect in the immediate future of establishing any enduring liens which would be of advantage to Newfoundland. The possibility of any political or economic union with the United States is remote and its achievement may be fraught with hazards."

3. A letter from Mr. A. H. Monroe, a principal of one of the leading business concerns engaged in Newfoundland's fishing industry and his firm's representative in the United States, expresses the view that it would be dangerous to the fishing industry to conclude an Agreement with the United States and that persistence in seeking further concessions of a discriminatory nature would result in an explosion.

4. There is also a letter from the Gloucester Fisheries Association bluntly stating that if their fishing interests were endangered by proposals for further concessions to outside fishing concerns, they would make representations to Congress insisting on full protection.

5. The effect of the information brought back by Mr. McEvoy is heightened by the fact that the Newfoundland Broadcasting Corporation refused him its facilities to speak to the people of Newfoundland on the subject, ruling that the question was political and could only be spoken about under the sponsorship of one of the recognized parties or groups. Mr. Smallwood, Secretary of the Newfoundland Confederate Association, adroitly invited Mr. McEvoy to make use of as much of the Association's time as he might need to give the people of Newfoundland a full report on the results of his investigation and he will begin his broadcasts shortly.

6. Judge Hudson's memorandum and supporting documents practically sweep the ground from under Mr. Chesley A. Crosbie's movement to stampede the electorate with the promise of free trade with the United States and demonstrate, as conclusively as anything short of a statement from the United States Government itself could do, that the promise was a vain and an empty one. Seldom if ever in the political history of Newfoundland has an irresponsible promise boomeranged with such effect on the fortunes of the party that put it forward.

7. I enclose the text of the various documents<sup>†</sup> as they appear in the *Evening Telegram* together with supporting editorials<sup>†</sup> summarizing the information in the documents and castigating the Broadcasting Corporation for its refusal to permit Mr. McEvoy to communicate the information he had secured to the people of Newfoundland.

I have etc.

J. S. MACDONALD

572.

243s

*Le sous-ministre du Bien-être social, le ministre de la  
Santé nationale et du Bien-être social, au président, le  
Comité interministériel sur les relations entre le  
Canada et Terre-Neuve*

*Deputy Minister of Welfare, Department of National Health  
and Welfare, to Chairman, Interdepartmental Committee  
on Canada-Newfoundland Relations*

SECRET

Ottawa, May 11, 1948

Dear Sir,

Attention: R. A. MacKay, Esq.

This will acknowledge your letter of May 7th<sup>†</sup> regarding the possibility that speedy plans may have to be made for the establishment of certain Federal services in Newfoundland in the event that Newfoundland should decide to enter into confederation with Canada. In addition to considering the possibility from the point of view of the Welfare Branch of this Department, I have also passed your letter on to my colleague on the Health side, Dr. Cameron, for his consideration.

Of the three services in the welfare field which would be directly affected, the most important is, of course, the family allowance program. I have no doubt that we could arrange, within a very short time after the result of the referendum is known, to have an office established in St. John's, Newfoundland, for the purpose of setting up machinery for family allowance payments. On the basis of our experience in establishing family allowances in 1945, I would estimate that we would not require more than three months at the outside, from the time we opened our office in St. John's, until we were in a position to pay family allowances.

So far as our other services are concerned, I do not think we need to worry about these. One is physical fitness, and I doubt if the new Province of Newfoundland would be particularly interested in developing a physical fitness program as one of its most urgent undertakings. In any event, it would require the initiative to be taken by the provincial government, since the program consists of financial grants-in-aid to any province which desires to establish a physical fitness program.

Likewise, in the case of old age pensions, provincial initiative would be required before action could be called for from the Federal authority. Newfound-

land would have to amend its old age pensions legislation, reducing the age from 75 to 70 and making certain other alterations, before it would be in a position to enter into an agreement with the Federal authority in connection with this program.

We are naturally keeping closely in touch with developments and will be in a position to discuss matters further with you at any time convenient to you, either before or after the results of the referendum are known.

Yours very truly,

GEORGE F. DAVIDSON

573.

2828-40

*Extraits d'une dépêche du haut commissaire à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 216

St. John's, May 12, 1948

Sir,

I have the honour to report that Mr. Gordon Bradley, President of the Newfoundland Confederation Association, has returned from a trip along the East Coast where he has had the honour of being made an honorary member of the Fishermen's Protective Union, once a very potent force in Newfoundland politics, and still an organization of considerable influence. Mr. Bradley tells me that the Confederation campaign is going along well, but that in many parts along the East Coast he finds that sentiment still favours the Commission of Government. However, while the Commission competes most directly with Confederation, since those who vote for the Commission would, if it had not been placed on the ballot under such favourable conditions, have voted for Confederation, he feels that even in these areas Confederation will beat Responsible Government.

2. Reports from the West Coast show growing support for Confederation and, what is more significant than general support, the Irish Catholic element in these areas also seems to be well disposed to Union. Bishop O'Reilly is certainly not opposed to it, and two of the leading Catholic lawyers on the West Coast, Mr. Kevin Barrie and Mr. Loyola Whalen, are speaking at public meetings in support of it. Moreover, Mr. Keough, the energetic member of the National Convention for St. Georges' District, has entered the campaign on the side of Confederation. He is connected with the Co-operative Movement, is well known in the area, is an excellent speaker, and should bring very considerable strength to the movement.

3. Mr. Raymond Gushue, Chairman of the Newfoundland Fisheries Board, told me confidentially a few days ago that he had been approached by representatives of the Responsible Government League with a tempting offer to join the movement and go into politics. He tells me, however, that he has decided to remain in his present post.

4. Mr. Smallwood has been campaigning in the Burin District of the South Coast, and has received enthusiastic receptions at Grand Bank and other settlements in the area. On his return, he spoke for half an hour on an Island-wide hook-up, devoting his address to spreading the information brought back by Mr. John B. McEvoy, K.C., which I forwarded under separate despatch a few days ago. He spoke very well, and was markedly superior to Mr. Crosbie who followed him.

...

6. During the week the Commission of Government announced the extension to the 1948 season of the arrangement adopted last year to convert to dollars sterling obtained by fish sales in Europe. It is emphasized that the arrangement is designed to safeguard the position of the fishermen and to avoid the need for heavy expenditure on relief. The announcement, a copy of which is attached,<sup>†</sup> emphasizes that this arrangement will apply only to the 1948 production and that it will not be possible in subsequent years. This blunt warning will go a long way to show Newfoundlanders the inability of the Commission to ensure financial stability and support and, though tardy and adventitious, is a fairly effective substitute for the statement of its inability to provide further financial assistance which I have frequently urged should be made by the British Government.

7. The outlook, in general, is good. In leaving Newfoundland to take up my new post in Brazil,<sup>30</sup> I see no reason to revise the forecast in my despatch No. 210 of May 6<sup>†</sup> that Confederation, barring some unforeseen development, will head the poll. Indeed, I think there are sufficient indications of victory to make it desirable to give some advance consideration, through competent drafting committees, to the questions that will arise in the event of a favourable vote.

8. Perhaps the most important of these is the position of the Newfoundland Fisheries Board, and the steps by which it can be integrated with the Fisheries administration of Canada. At the Conference in Ottawa last summer, there did not seem to be time for an adequate study of the difficulties, administrative and constitutional, that must be faced in this field. It is too complicated a matter to be dealt with summarily, and is too important to be left unresolved.

9. Another question is the difficulty of establishing a satisfactory Provincial Budget that will enable Newfoundland to carry on the services devolving on it as a Province. The discussions on the Proposed Arrangements for the entry of Newfoundland into Confederation, in the National Convention have, it seems to me, revealed a weakness in the terms themselves that was not generally appreciated when they were formulated. Moreover, an important factor in the financial provisions has itself been modified since the Proposed Arrangements were drawn up in that, due to exchange difficulties, the Commission of Government has had to draw on the surplus to an extent of nearly six million dollars. While this is now represented by sterling, the dollar surplus, on which the Provincial Budget was to

<sup>30</sup>J. S. Macdonald avait été nommé ambassadeur au Brésil. P. A. Bridle retourna à Terre-Neuve où il fut haut commissaire par intérim jusqu'à l'arrivée du nouveau haut commissaire, C. J. Burchell, en septembre.

<sup>30</sup>J. S. Macdonald had been appointed Ambassador in Brazil. P. A. Bridle returned to Newfoundland where he was Acting High Commissioner until the arrival of the New High Commissioner, C. J. Burchell, in September.

some extent, predicated, has been correspondingly depleted, and will be further depleted before the actual transfer of power takes place.

10. It is politically important that the transition should be made as rapidly as possible after the country has voted, for, should a long interregnum be allowed to develop, the present favourable atmosphere will have been dissipated and the adjustments which will have to be made will be more difficult. The legal steps that it will be necessary to take to implement the provisions of the Proposed Arrangements, some of which, for example Article 23, have been left in very general terms, will require a good deal of consideration. It would be most unfortunate if the constitutional experts, through having given the matter little previous consideration, required too long a period to agree on the steps that would be necessary.

11. While the Governor, Sir Gordon Macdonald, would undoubtedly have liked to have seen the Commission of Government continued for a further period, he has always held the view that Confederation is the ultimate solution of Newfoundland's problems. If the vote should go in that direction, he will, I am confident, work whole-heartedly to bring it about as smoothly as possible. It would be important, therefore, to have worked out in advance of their possible use the steps it would be best to follow in these various fields.

12. Though, on the acceptance of the Canadian terms, Newfoundland and its problems will pass out of the sphere of External Affairs and become a domestic matter in which all the other Departments of Government will have their interests and responsibilities, they will not cease to be a problem requiring tactful if not diplomatic handling. Indeed, the incorporation of Newfoundland into the Dominion, if it takes place, will be a major event of Canadian history and, even with a good majority in the Referendum, it will require statesmanship of a high order to make the transition smoothly. It would seem advisable, therefore, that the most careful thought should be given to the order and method of taking over Services that are now Provincial, and of establishing new ones, so that Newfoundland can be integrated into the Dominion with a minimum of dislocation and a maximum of goodwill.

I have etc.

J. S. MACDONALD

574.

243s

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 1086

Washington, May 14, 1948

SECRET

Sir,

I have the honour to refer to the recent series of despatches on the Party for Economic Union with the United States, which you have forwarded to me from our High Commissioner in Newfoundland. It may be of interest to you to learn how the prospect of economic union appears from Washington.



2. I think that the three arguments advanced by Mr. Bradley in his speech of the week of 22nd April (St. John's despatch No. 177)<sup>31</sup> have no small validity. The argument that the United States has no customs, tariff or economic union with any other country is, in large measure, true though it is worthwhile to remember that both Cuba and The Philippines have special arrangements with this country. There would be a great deal of difficulty in getting the United States to agree to any special arrangements with Newfoundland, because if they were more generous than those with Cuba and The Philippines, the latter countries would pursue the United States for further concessions, and, in addition to unbarring the door to Newfoundland, would open the way for pressure from other countries — not least among which might be several in Latin America.

3. Mr. Bradley's second argument, that the United States' fishing interests would object, is true beyond any shadow of a doubt. These fishing interests are not only those of New England, but also those of the West coast. While the chief damage would be in New England, nevertheless the western interests would feel compelled to come to the assistance of the eastern fishermen, in order to secure their support in any future disputes on the West coast. Already the fishing interests in the United States have complained loudly about the volume of imports from Canada under the Geneva Agreement; they could be expected to become much more vociferous in fighting free entry of Newfoundland fish with the standard of living in Newfoundland as low as it is.

4. The third argument is an imponderable one, on which I think we should not place too much reliance. There are many factors which could make the United States willing to risk offending Canadian opinion: a fresh and more violent attack of war hysteria is the principal one, for the reason that more bases or concessions in Newfoundland might be desired.

5. Economic union between Canada and the United States has a great many more advantages for the United States than has economic union with Newfoundland, in the way of natural resources and potential markets; it is, in fact, hard to see what economic advantage at all there could be in economic union with Newfoundland. It would open the United States market to Newfoundland fish, with no compensating advantage of substance. Possibly it might make easier the exploitation of the iron-ore deposits along the boundary between Labrador and Quebec, but there is already no tariff obstacle to such a development.

6. Of course, other circumstances enter into the situation besides the economic factors. In the United States there is still a remnant of the Nineteenth-Century desire to fulfil "the manifest destiny" of the United States to absorb all North America into one political unit. This is, fortunately, quiescent, except in those rabidly isolationist circles typified by Colonel McCormick and the *Chicago Tribune*. Economic union could be viewed in these and in military circles as a possible road to political union; but the spectacle of the mistreatment of Hawaiian and Alaskan ambitions for statehood and equality of treatment must be chilling indeed to any politically-minded Newfoundlander. In the long run, probably the best way for Mr. Crosbie to achieve his alleged object of increasing the United States market for Newfoundland fish would be membership in the Cana-

<sup>31</sup>Voir le document 567.

<sup>31</sup>See Document 567.

dian Confederation, especially if some new and favourable tariff agreement with the United States can be worked out. However, if Mr. Crosbie's campaign statements are merely a cloak to bring the Water Street Gang back into power, such an argument could hardly carry weight with him.

I have etc.

H. H. WRONG

575.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 70

St. John's, May 15, 1948

**IMPORTANT.** 1. Speaking on behalf of economic union with United States "party" Crosbie announced over radio tonight that *Sunday Herald* has received messages from "a large majority of the United States Senate" which indicate that they would be prepared to meet a delegation from a responsible Newfoundland Government for the purpose of discussing economic union of the United States and Newfoundland.

2. Crosbie cited message from Secretary of Senator Robert S. Wagner of New York which was said to be to the effect that the Senator feels that closer economic relations between the United States and Newfoundland would be highly beneficial to both countries and that he would be prepared to promote such a development at every possible stage.

3. Crosbie also cited message from Senator Robert A. Taft of Ohio which, he said, read "yes, I will be glad to see your delegation." Crosbie pointedly reminded his listeners that Mr. Taft might be President of the United States in six months' time.

4. Crosbie then went on to name three or four other Senators who, he said, had all indicated their willingness to discuss economic union with a delegation from an elected Newfoundland Government and some of whom, he said, had expressed their readiness to work for such a development.

5. Only specific reasons for such an attitude mentioned were desire to preserve friendliest possible relations with Newfoundland and interest in preservation of United States strategic and civil aviation position in Newfoundland.

6. Crosbie ended broadcast by claiming that this "great news" had demonstrated that his party has been right from the outset and by asserting that responsible Government is the only road to economic union with the United States. He said that time would not permit messages from more Senators to be read but that further statements made to *Sunday Herald* would be read in subsequent broadcasts. In the meantime, he said, copies of this week's *Sunday Herald* are already being delivered by air to "every nook and corner" of Newfoundland.

7. It remains to be seen what justification there is for Crosbie's claim that a majority of the United States Senate have said they would be prepared to discuss economic union with delegation from elected Newfoundland Government. Nev-

ertheless, supporters of economic union with the United States have evidently recovered lost confidence as a result of this new turn of events.

576. 2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*<sup>32</sup>

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*<sup>32</sup>

TELEGRAM 72

St. John's, May 16, 1948

My telegram No. 70 of May 15th. Developments in campaign for economic union with United States.

2. This week's *Sunday Herald* features story referred to by Crosbie in his broadcast. It names 51 United States Senators who, it says, have agreed to discuss economic union with a Newfoundland delegation if Newfoundland people elect such a delegation and send it to Washington. Senator list includes Wagner, Taft, Ball, Pepper, Tydings, Tobey, Bridges, and Hatch, as well as three or four New England Senators.

3. Statements by Senators were evidently made in reply to a question asking them if they would be willing to meet a delegation elected by the people of Newfoundland and to discuss economic union with them.

4. An editorial in the *Sunday Herald* quoted a considerable number of answers said to have been received from the Senators and a large number of answers were read over the radio last night by Don Jamieson, Campaign Manager of Economic Union "Party."

5. Jamieson also stated that hundreds of messages congratulating Crosbie on his broadcast have been received and a number of these messages were read over the air.

6. Despatch follows.†

577.

*Extrait de The Mackenzie King Record*<sup>33</sup>

*Extract from The Mackenzie King Record*<sup>33</sup>

...  
In his diary on May 17, Mackenzie King reflected with some satisfaction on the developments of the preceding weeks. [ . . . "If spared, I shall also see Newfoundland and the Confederation issue decided one way or the other. Whichever way it goes, it will be to the credit of my administration. We have done the best we possibly could. These are great matters."  
...

<sup>32</sup>Ce télégramme fut signalé au Premier ministre.

<sup>32</sup>This telegram was referred to the Prime Minister.

<sup>33</sup>Volume 4, p. 294.

578.

*Extrait de The Mackenzie King Record*<sup>34</sup>  
*Extract from The Mackenzie King Record*<sup>34</sup>

...  
 On May 19 Mackenzie King "had a talk of some length with Scott Macdonald [Canadian High Commissioner in Newfoundland] who thinks Newfoundland almost certain to come into Confederation but agrees with me it is going to be a source of trouble for some time to come. The only thing to do to save the Island from drifting into the hands of Americans. Specially important to Canada."  
 ...

579.

2828-40

*L'ambassadeur aux États-Unis au sous-secrétaire d'État  
 aux Affaires extérieures*  
*Ambassador, in United States to Under-Secretary of State  
 for External Affairs*

CONFIDENTIAL

Washington, May 19, 1948

Dear Mr. Pearson,

I asked Mr. Hickerson yesterday about the plan advocated by Mr. Crosbie in Newfoundland for economic union with the United States, referring to the visit of Mr. McEvoy to this country and the contact which he indirectly established with the Department of State through Mr. Manley Hudson. Mr. Hickerson said that Mr. Hudson had called on him, and I am inclined to think that he was the main source of the information conveyed to Mr. McEvoy in Mr. Hudson's memorandum of April 29th,<sup>†</sup> which was enclosed with despatch No. 213 of May 8th from the High Commissioner in Newfoundland.

Mr. Hickerson said that he had told Mr. Hudson that he could see very little prospect of any sort of new trade agreement with Newfoundland in the near future. The Trade Agreements Act might not be renewed, and even if it were renewed without change the political climate was wholly unfavourable to the conclusion of a new agreement under it. Furthermore, there was very little room for further concessions of interest to Newfoundland within the limitations imposed by that Act. In any case the United States Government would certainly not make tariff concessions to Newfoundland which were not simultaneously extended to Canada. There was no chance whatever of Newfoundland being singled out for special treatment.

He said that on the other hand, if a new trade agreement were to be concluded between the United States and Canada, the concessions granted to Canada would also be extended to Newfoundland even if the trade agreement was spe-

<sup>34</sup>Volume 4, p. 344. Les crochets étaient dans l'original. J. S. Macdonald a rencontré le Premier ministre avant de se rendre au Brésil.

<sup>34</sup>Volume 4, p. 344. The square brackets were in the original. J. S. Macdonald met the Prime Minister before leaving for Brazil.

cially negotiated outside the scope of the Trade Agreements Act. This would mean that, if Newfoundland reverts to responsible government or remains under commission government and if a broad-based trade arrangement is later negotiated between Canada and the United States, the United States would extend its provisions to Newfoundland.

Mr. Hickerson said that he had also told Mr. Hudson that the military needs of the United States in Newfoundland were already looked after, and that there was no desire to secure further leased bases or concessions. You will recall that one of Mr. Crosbie's arguments was that a bargain might be struck in which the abolition of U.S. tariffs on Newfoundland fish might be paid for by further military concessions to the United States.

Yours sincerely,

H. H. WRONG

580.

*Extrait des débats de la Chambre des Communes*<sup>35</sup>

*Extract from Debates of the House of Commons*<sup>35</sup>

DÉFENSE NATIONALE

CÔTE DE L'ATLANTIQUE—  
BASES AMÉRICAINES  
À TERRE-NEUVE

A l'appel de l'ordre du jour.

M. J. H. DICKEY (Halifax): Vu l'importance pour la circonscription d'Halifax du problème de la défense et d'autres problèmes connexes qui se posent sur la côte de l'Atlantique, je désire poser une question au secrétaire d'État aux Affaires extérieures (M. St. Laurent). Si les habitants de Terre-Neuve décident d'entrer dans la confédération canadienne et s'il est donné suite à leur décision, quels en seront les effets sur la possession des bases militaires qu'occupent présentement sur le territoire de Terre-Neuve des effectifs des États-Unis? Le Canada acquerra-t-il certains droits à l'égard de ces bases?

Le très hon. L. S. ST. LAURENT (secrétaire d'État aux Affaires extérieures): Sauf erreur, depuis 1941 les États-Unis détiennent des bases à Terre-Neuve sous le régime d'un bail emphytéotique en vertu de traités conclus entre les États-Unis et le Royaume-Uni. Tout changement de tenure, advenant l'union de Terre-Neuve au Canada, exigerait évidemment de nouveaux traités avec les États-Unis.

NATIONAL DEFENCE

ATLANTIC COAST—  
UNITED STATES BASES  
IN NEWFOUNDLAND

On the orders of the day:

Mr. J. H. DICKEY (Halifax): Mr. Speaker, in view of the importance to the constituency of Halifax of defence and allied matters along the Atlantic coast, I should like to ask a question of the Secretary of State for External Affairs (Mr. St. Laurent). If the decision of the people of Newfoundland is for confederation with Canada, and if that decision is carried out, will it affect in any way the ownership of defence bases in Newfoundland territory which are now occupied by United States forces, or will Canada acquire any interest in such bases?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): My information is that United States bases in Newfoundland are held under 99-year leases as from 1941 under treaties between the United States and the United Kingdom. Any change of tenure, in the event of union of Newfoundland with Canada, would of course require new treaty arrangements with the United States government.

<sup>35</sup>Canada, Chambre des Communes, *Débats*, 1948, volume 5, p. 4309. Ce débat a eu lieu le 20 mai.

<sup>35</sup>Canada, House of Commons, *Debates*, 1948, Volume 5, p. 4189. This debate took place on May 20.

581.

2828-40

*Extrait d'une dépêche du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extract from Despatch from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 232

St. John's, May 20, 1948

Sir,

With reference to my predecessor's despatch No. 138 of March 27th,<sup>†</sup> I have the honour to report that the Commission of Government has recently passed an Act providing for an advance poll within the two weeks immediately preceding the day of general polling. The Act, entitled the Referendum (Advance Poll) Act, 1948, is designed to allow qualified electors, who may be absent from Newfoundland on the day of general polling, to vote; and generally to allow qualified electors, prevented from voting on polling day, an opportunity to do so. Persons in the first category include buyers for commercial firms, persons visiting abroad, and fishermen who prosecute the fishery outside the territorial waters of Newfoundland. The second group includes such persons as those travelling by the Newfoundland Railway and fishermen or others travelling to a fishing station in Labrador. Two copies of the Act as gazetted are enclosed.<sup>†</sup>

...

I have etc.

PAUL A. BRIDLE

582.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 233

St. John's, May 20, 1948

Sir,

I have the honour to report the following political developments since my despatch No. 228 of May 17.<sup>†</sup> The party advocating economic union with the United States evidently has — or intends to acquire — more encouraging statements from Senators and other prominent men in the United States which it is their intention to publicize from time to time until the close of the present campaign. They believe that they have already cut Confederation support by about 10% and they intend to whittle away at it in this way until the vote takes place. Mr. Crosbie is now engaged in a speaking tour of the South Coast.

2. Mr. Charles E. Hunt, K.C., and Major Peter Cashin have commenced a joint speaking tour of West Coast centres in the interests of Responsible Government. It is a little surprising — indeed, even disappointing — to find Mr. Hunt's

name associated closely with Major Cashin's in this way. However, there appears to be little doubt that they have, at least temporarily, actively joined forces.

3. It is said that Mr. H. M. S. Lewin, when he releases his expert's report on the Canadian terms, will himself speak on behalf of Responsible Government. I understand that the report is to be released on May 25. One can already detect in some of the Responsible Government speeches now being given a prelude to what will probably develop into an all-out attack on the Provincial Budget on the basis of Mr. Lewin's report.

4. Today's *Evening Telegram* carries two articles, the first of which at least may be of real political importance. This is an opinion on the position of the Newfoundland Fisheries Board and particularly of Newfoundland Fish Exporters Limited under Confederation, written by Dean Vincent C. MacDonald of the Dalhousie Law School. The opinion is set forth in highly technical terms and occupies about eleven columns of the newspaper. I have had an opportunity only to glance through the opinion. It seems clear, however, that it leaves little room for doubt that the whole matter of Newfoundland's salt fish trade will come under the exclusive jurisdiction of the Parliament of Canada.<sup>36</sup>

5. The other article is a lengthy exposition by the Honourable R. B. Job, of the advantages of retaining the Commission of Government. Mr. Job sees peril for Newfoundland in any sudden change of Government and evidently envisages the gradual evolution of Commission of Government into a sort of national Responsible Government under which Newfoundland might enjoy the benefits of closer economic relations with the United States.

6. Mr. Bradley made a strong speech on Monday last in which he put the case for Confederation very well, and, incidentally, dismissed Mr. Crosbie's announcement about the attitude of certain United States Senators as a development without any real significance. He advanced some very cogent reasons for his belief that economic union with the United States is an impracticable concept for Newfoundland.

7. I understand that Mr. J. B. McEvoy, K.C., may speak tomorrow over the radio in the interests of Confederation.

I have etc.

PAUL A. BRIDLE

583.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 241

St. John's, May 22, 1948

<sup>36</sup>Pour l'étude de V. C. MacDonald, voir la boîte 438(20) de la série GN10 aux Archives provinciales de Terre-Neuve.

<sup>36</sup>For this study by V. C. MacDonald, see Box 438(20) in the GN10 series in the Provincial Archives of Newfoundland.

Sir,

With reference to paragraph four of my despatch No. 233 of May 20th, I enclose copies of clippings from the St. John's *Evening Telegram* of May 20th and 21st and the St. John's *Daily News* of May 21st and 22nd in which are set forth the opinion of Mr. Vincent C. MacDonald on the effect of Confederation upon the regulation of the marketing of Newfoundland salt fish, and comments thereon.

2. In brief, Mr. MacDonald's opinion is that under Confederation the Provincial Legislature of Newfoundland would have no power to regulate marketing of salt fish outside of Newfoundland and that the Newfoundland Associated Fish Exporters Limited will be unable to maintain its status as a Provincial Corporation. Mr. Macdonald's general conclusion is that "the whole matter of the trade in salt fish as between Newfoundland and any other Province or country will come under the exclusive jurisdiction of the Parliament of Canada."

3. The *Daily News* comments editorially that Mr. Macdonald's opinion makes it doubly clear that Confederation would destroy the organization which has been built up to market Newfoundland fish just at the stage when it is reaching its maximum efficiency. The newspaper regards the opinion as one more argument in favour of its own contention that Confederation ought not to be entered into until its probable effect upon the Newfoundland economy is fully understood.

4. The editor of the Woman's Page of the *Evening Telegram* says that since the formation of the Newfoundland Fisheries Board and the N.A.F.E.L., the fisheries of Newfoundland have made great strides in improved quality and improved marketing. At the same time, she remarks that many fishing interests in Canada are strongly opposed to Government control of the fisheries because they are said to lead to processors packing only "to the minimum of requirements, thus lowering the average overall quality." Canada's activities in the field of fishery markets are therefore confined largely to market research.

5. Rupert Jackson, who, I understand, is a correspondent for the *Halifax Herald* writes in a political column entitled "The Political Scene" in the *Evening Telegram* that both Confederates and anti-Confederates are pleased with Mr. Macdonald's expressed opinion that N.A.F.E.L. could not continue under Confederation. The anti-Confederates give N.A.F.E.L. credit for orderly marketing of Newfoundland's fish and claim that its disappearance would mean a return to the old slipshod days of cut-throat competition. Confederates, on the other hand (and even some more objective observers) say that it is quite time that the monopoly control of N.A.F.E.L. was brought to an end. It is said to operate to the disadvantage of the small exporter and, rightly or wrongly, it is blamed for the price to fishermen last year being a dollar less per quintal than it was in 1946. The Confederates go on to point out that Canada's fish market research organization and the Fisheries Prices Support Board will be of immense value to Newfoundland. They also recall that "it is stated in the 'Black Books' brought back from Ottawa that the present Newfoundland Fisheries Board would become the nor-



mal agent for the Prices Support Board and place would be made in the Board's membership for a Newfoundland representative."

I have etc.

PAUL A. BRIDLE

584. 2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 79

St. John's, May 25, 1948

Answer to questions in Commons on May 20th regarding United States bases was reported in press here on following day and since that time some use has been made of it as a convenient peg on which to hang argument that Confederation would mean the end of present United States Bases Agreement. Inference is that Confederation would jeopardize employment and other benefits afforded by the bases. Against this, it has been argued that, for military reasons the United States could not be induced to reduce strength of the bases. Controversy has by no means assumed major proportions but net effect has so far been to strengthen the hand of those endeavouring to make base employees, etc., afraid of Confederation.

I appreciate the difficulty of making a statement on this subject which would be wholly acceptable, both in Canada and in Newfoundland. I think, however, that I should let you know the sort of use to which opponents of Confederation are putting the answers given on May 20th.

585. 2828-40

*Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 244

St. John's, May 26, 1948

Sir,

I have the honour to enclose copies of the "Report on the Proposed Arrangements for the Entry of Newfoundland into Confederation" prepared by McDonald, Currie and Company of Montreal<sup>37</sup> for the *Western Star*, the weekly newspaper published at Corner Brook. The Report as enclosed is in the form in which it was published by the *Western Star* in its issue of May 21st.

<sup>37</sup>Pour le rapport de McDonald, Currie and Company, voir DEA/2828-40 ou R.A.M./Vol.

<sup>37</sup>For the report by McDonald, Currie and Company, see DEA/2828-40 or R.A.M./Vol. 4.

2. The Report states that McDonald, Currie and Company were requested to "make a study of the terms of Confederation offered to Newfoundland and to report . . . as to the probable financial effect which Confederation with Canada will have on the welfare of the people of Newfoundland."

3. The Report contains thirteen schedules setting forth "financial results of union with Canada" and dealing with the following subjects: Federal revenue and expenditure, Provincial revenue and expenditure, the public debt, personal and corporation income taxes, succession duties, customs and excise taxes, and a "comparison of revenue and expenditure of Newfoundland Government and the City of St. John's with that of the Province of Nova Scotia and the municipalities of Nova Scotia."

4. The most important of the Report's comments may be summarized as follows:

(a) At the outset estimated annual expenditure "applicable to Newfoundland" by the Federal Government would exceed revenue by \$17,288,000.

(b) If revenue and expenditure remaining with Newfoundland after Confederation were to continue at the 1946-47 level, it appears that there would be a provincial deficit of \$4,468,000 at the outset.

(c) The entry of Newfoundland into Confederation would result in the imposition of income tax on certain persons who are now exempt.

(d) The Newfoundland per capita public debt would be increased from about \$160 to about \$1,340, though it is pointed out that Canada would spend more money in Newfoundland each year than it would take out.

(e) The estimated annual saving per capita on customs, excise and similar taxes would amount to \$36.43.

(f) Comparing Nova Scotia and Newfoundland, it is noted that in the case of the former comparatively substantial contributions have been made by the municipalities toward the total revenues, while on the other hand Newfoundland has made substantial expenditures on railways, defence, re-establishment, war pensions, etc., on account of which Nova Scotia has no expenditure.

5. The Report concludes by asking a number of questions "of an intangible nature" which, it says, "require careful consideration before arriving at a definite opinion as to the most advantageous course for Newfoundland." These questions are as follows:

(a) Will Confederation provide the Newfoundland people with a more stable economy?

(b) Will it provide an increase in the national income with a corresponding rise in the standard of living?

(c) Will it provide a more consistent source of government revenue, thereby improving the credit of Newfoundland for future financial undertakings?

(d) Will adequate provincial revenue be obtainable to maintain and improve natural resources, roads, educational facilities, health and other services?

(e) To what extent, if any, will the export trade of Newfoundland be affected and to what extent will hard currency exchange problems also be affected?

(f) Are the citizens of Newfoundland prepared to become citizens of Canada?

6. The Report quotes as its main sources the following documents:

(a) "Proposed Arrangements for the Entry of Newfoundland into Confederation;

(b) Report of Meetings between Representatives of the Government of Canada and Delegates from the National Convention of Newfoundland, June 25th to September 29th, 1947;

(c) Newfoundland Government Public Accounts for the Year Ended 31st March, 1947; and

(d) Answers to Certain Questions Submitted to the Canadian Government by the Newfoundland Government on behalf of the National Convention of Newfoundland, November 29th to December 10th, 1947."

...

10. Although the Report provides information which could be used both by the advocates and by the opponents of Confederation, it is only the latter who have so far made use of it here. The St. John's *Daily News* and speakers on the radio favouring Responsible Government have played up the Report's prediction of a \$4,468,000 provincial deficit and have emphasized its statements regarding more people having to pay income taxes and the per capita debt being vastly increased.

11. Commenting on the Report in an extended editorial of May 25th, the *Daily News* refers to the Report's statement that "there are . . . very important factors of an intangible nature which require careful consideration before arriving at a definite opinion as to the most advantageous course for the people of Newfoundland to pursue," and draws the general conclusion that the Report confirms its own view that "too little is known about the impact of union to permit a valid decision of a final nature." The newspaper goes further and questions the validity of the sources used by McDonald, Currie and Company. It claims, as it has done in the past, that estimates of the costs of provincial services used in preparing the terms are far too low, and that in fact Newfoundland "would be under the necessity of finding not less than seven million dollars in new taxation to allow its social services to be maintained at their existing level."

12. The *Western Star* adopts a neutral attitude editorially toward the Report, as does the St. John's *Evening Telegram*. These newspapers disagree, however, in that the former hopes that the Report will assist the Newfoundland people to make up their minds about Confederation while the latter is of the opinion that "the Report does not do much to solve the problem with which the country is faced."

13. The Confederate Association have made no reference to the Report since its publication. Before it appeared, Mr. Smallwood referred publicly on a number of occasions to the fact that the Report was shortly to be brought out and endeavoured to raise doubts as to its probable validity. He said that he was very suspicious of the fact that it was to be brought out so late in the campaign and thought that if it was as valuable as claimed, it ought to have been published much earlier so that it could be carefully discussed and examined. He also charged that the Report has in fact been prepared at the instance of Mr. H. M. S.

Lewin, General Manager of Bowaters Newfoundland Pulp and Paper Mills, Limited, a Company which has a special arrangement with the Newfoundland Government regarding corporation income tax. He said that Mr. Lewin has been very friendly toward the leaders of the Responsible Government movement and implied that he desires to see that form of Government restored in Newfoundland.

14. It is probable that more will be heard of the Report before the campaign ends. I think it may be said, however, that it has so far had little of the sensational effect predicted by advance rumours.

I have etc.

PAUL A. BRIDLE

586.

DF/Vol. 783

*Mémorandum du directeur, la direction de la politique économique,  
le ministère des Finances*

*Memorandum by Director, Economic Policy Division,  
Department of Finance*

Ottawa, May 26, 1948

NOTES ON UNION WITH NEWFOUNDLAND

*Assumption:* That the plebiscite results in a majority sufficiently large to justify recommendation to Parliament by Canadian Government that union be consummated.

*Problem 1*

*How to bridge gap between Canadian Government decision and date of Union.*

Most critical aspect of this problem is danger that Newfoundlanders will limit imports to bare minimum pending removal of duties applying to Canadian goods, lowering of certain tariffs against third countries and possibly lowering of certain excise taxes(?).

*Proposed solution:* On strength of Canadian Government's undertaking to recommend union, Commission of Government to remove duties against Canadian goods and replace Newfoundland tariffs against goods of third countries by Canadian tariff rates.

To be fully effective Commission of Government should also enact Canadian excise taxes, but this is probably too much to expect and might, in fact, produce rather unfortunate reaction in Newfoundland, for it would be taken as confirmation of fact that Confederation means higher taxes and little else. On the other hand, it should be recognized that, during gap between decision and act of union, Newfoundlanders may stock up on taxed goods in anticipation of application of taxes at time of union. A solution worth study is to deem shipments to Newfoundland to be domestic transactions and not exports.

Similarly, there is the possibility that Newfoundlanders may attempt to import large quantities of goods banned in Canada or the import of which is limited by the Exchange Conservation Act. (Are there any restrictions on imports into Newfoundland, and, if so, what are they?)

*Problem 2*

Time will be required to organize Canadian Government services in Newfoundland and to organize the Provincial Government itself. If union is fixed for an early date (and this seems most desirable), how can the necessary time be provided with the least dislocation?

*Proposed solution:* That the balance of the fiscal year 1948-49 be looked upon as a transition period during which the Canadian Government would assume financial responsibility for the continuation of existing services and would proceed to take over such services and sources of revenue as are federal in character.

In essence, the principle is that on April 1, 1949, the Provincial Government should be in a position to take over full responsibility with a clean sheet and without liabilities incurred during the difficult and uncertain transition period.

Applying this principle, it is suggested that income and corporation taxes and succession duties remain at Newfoundland rates for the balance of the calendar year 1948, so as to avoid questions of additional taxes and refunds. Canadian customs and excise taxes would, of course, apply immediately.

Such taxes as are provincial in character would be collected by the Provincial Government, which would also administer provincial services. Any deficit up to March 31, 1948, would be met by the Canadian Government.

Under this arrangement Canada could assume the debt and the railway, either at time of union or as at April 1, 1949, whichever date seems best.

The tax rental agreement and the transitional grants would come into effect as from April 1, 1949.

Canadian Government services would be put into effect as expeditiously as possible with a deadline on April 1, 1949. (The proposed arrangement gives the Canadian Government very necessary time to make the required transfer of personnel, without involving questions as to who pays during the interval.)

Capital expenditures for provincial account could be charged against the accumulated surplus so as to deter reckless spending during the transitional period, while, on the other hand, making it possible for necessary expenditure of this character to proceed.

M. W. SHARP

587.

2828-40

*Le secrétaire d'État aux Affaires extérieures au  
haut commissaire par intérim à Terre-Neuve*

*Secretary of State for External Affairs to  
Acting High Commissioner in Newfoundland*

TELEGRAM 69

Ottawa, May 27, 1948

Following for Bridle from Pearson. Your telegram No. 79 dated May 25th.

At press conference this morning in answer to the question about the effect of Confederation on ownership of U.S. leased bases in Newfoundland I mentioned

that the anti-Confederation group in Newfoundland was drawing the inference from the Minister's statement in the House of Commons that some change would be sought automatically if Confederation were successful. I added that no such inference should be drawn; that Mr. St. Laurent meant simply that the present treaty terms would stand so far as Canada is concerned until some steps were taken to change them. Meanwhile, it was wrong to suggest that Mr. St. Laurent's reply meant that such steps would be taken if Confederation occurred.

588.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures  
Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 248

St. John's, May 27, 1948

Sir,

I have the honour to refer to my despatch No. 233 of May 20th and subsequent correspondence regarding political developments here.

2. During the past two or three days the advocates of economic union with the United States have been endeavouring in the press and over the radio to create the impression that "highest Government officials" in Washington are shocked at the statements made by Judge M. O. Hudson regarding the improbability of economic union of Newfoundland with the United States. These "officials" are said to have stated publicly that Judge Hudson's views do not represent the official policy of the United States Government.

3. The only "officials" directly quoted, however, are members of the United States Senate. A story date-lined "Washington, May 25" which appeared in the St. John's *Daily News* on May 26th, states that Senator Robert A. Taft (described as "the Republican candidate for the Presidency") said in Washington on May 25th "I believe economic union between the United States and Newfoundland is sound and I shall give it my support."

4. The story concludes with the following statement: "Other leaders of the U.S. Senate expressed their belief in the likelihood that negotiations between this country and the United States can be brought to a successful conclusion. Amongst the most prominent in a list of names which includes Senators Bridges, Malone and Smith is that of Senator Vandenberg, internationally known figure and chairman of the Foreign Relations Committee. All of these United States leaders were agreed that there was no reason why an elected Newfoundland Responsible Government could not have economic union with the U.S.A."

Copies of a clipping from the St. John's *Daily News* of May 26th containing the article in question are enclosed.<sup>†</sup>

5. An article in the same newspaper on May 25th date-lined "Washington, May 24" quotes Senator Ralph E. Flanders of Vermont (who, like Senators Bridges and Malone, was included in the original list announced by the *Sunday*

*Herald* on May 16th) as saying "I will do everything I can to bring about economic union between Newfoundland and the United States. Through such a union millions of dollars of American capital would be invested in Newfoundland." The article also quotes Senator A. Wylie, described as "a member of the powerful Foreign Relations Committee of the United States Senate" as saying "If Newfoundland gets Responsible Government there is nothing in the world to stop economic union. You can count on my all-out support."

6. The article states that Senator Flanders visited Newfoundland recently and that he "has arranged for a foreign relations committee to discuss and work out a basis for economic union which would probably form the foundation for discussion should Newfoundland return to Responsible Government and send a delegation to Washington." Copies of a clipping from the *St. John's Daily News* of May 25th containing the article in question are enclosed.†

7. Mr. Chas. E. Hunt, K.C., and Major P. J. Cashin have finished up their speaking tour of west coast centres with a meeting at Grand Falls on their way back to St. John's. I am forwarding under cover of a separate despatch† a copy of a clipping from the *Grand Falls Advertiser* of May 22nd which contains an account of the speeches given by Mr. Hunt and Major Cashin in Grand Falls on May 17th. Neither speaker broke any new ground. The only points of interest are that Mr. Hunt, like *The Independent* — the organ of the Responsible Government League, appears to have adopted the idea of "closer union" of Newfoundland with the United States, and that he is quoted by the *Grand Falls Advertiser* as saying "Should we enter the Canadian Union, terms will be negotiated by the Commissioners — men who know nothing about Newfoundland."

8. Neither Mr. H. M. S. Lewin nor Mr. J. B. McEvoy, K.C., has as yet entered the political arena.

9. *The Monitor* — the organ of the Roman Catholic Archdiocese — concludes in its May issue a series of four special issues devoted in part to a discussion of the political question. In this latest issue the *Monitor* emphasizes that it does not wish to influence voters to choose one form of Government or another and that it has not in fact campaigned in favour of any one particular form. The latter contention is a little difficult to justify in the face of two articles in the same issue which argue that the question to be decided in the Referendum ought to have been confined to a choice between the present form of Government and Responsible Government and that Confederation is something which should only be considered later and with great care. The whole tenor of the *Monitor's* thesis is an unmistakable and fervent partiality for the restoration of Responsible Government. I am forwarding under separate cover a copy of clippings containing the articles in question.†

10. About two weeks ago the campaign was beginning to show signs of developing into a bitter controversy involving personalities and class interests. While these elements are distinctly present below the surface, they have not lately loomed so large in public debate; nor have there been many stirring addresses or announcements — such as, for example, Mr. Smallwood's radio speech of May 10th or Mr. Crosbie's statement of May 14th. Propagandists speaking and writing on both sides have been turning in rather perfunctory performances.

11. The advocates of Responsible Government have been ringing the changes on a number of points which are to some extent in the public eye at the present time — such as the announcement by the Chairman of the Newfoundland Fisheries Board that an additional fifty cents per quintal would be paid to fishermen for the 1947 catch (credit for which Responsible Government spokesmen are endeavouring to claim), the Honourable R. B. Job's recent article on the political question, Dean Vincent C. MacDonald's opinion on the position of the Newfoundland Fisheries Board under Confederation, the answer given in the House of Commons on May 20th to a question regarding the United States bases, the McDonald, Currie Report on the terms, and so on. The whole effect has been rather that of a bits-and-pieces programme instead of what you might expect from the exponents of Responsible Government — that is, a whole-hearted and coherent exposition of basic principles.

12. At the same time, one must give credit to a rather remarkable speech by Don Jamieson, Campaign Manager of the Economic Union party, on May 25th on the subject of local government and municipal taxation in the event of Confederation. The speech was refreshing in that in its main outlines it stuck closely to the facts of the situation and the speaker seemed to me to have made out a rather effective case for the thesis that under Confederation Newfoundlanders would inevitably have to face the prospect of steadily increasing local taxes. Some of Mr. Jamieson's conclusions were vastly overdrawn but the whole speech had a distinctly plausible air and it has not yet been countered by the Confederate Association.

13. Speakers advocating Confederation have confined themselves largely to a factual presentation of the terms and to speeches praising Confederation for the benefits which it will bestow upon the ordinary people of Newfoundland. When speaking in the latter vein, the advocates of Confederation often achieve a sort of quiet evangelical intensity which contrasts favourably with the high-sounding but often empty eloquence affected by some Responsible Government speakers.

14. All three main political groups will finish up the campaign with speaking tours. I understand that the Confederate Association will concentrate on Corner Brook, Grand Falls and the Conception Bay area while the Economic Union group will do their main work in and around the settlements bordering on Trinity Bay. I have not yet heard where the Responsible Government League speakers intend to present themselves except that one or two are evidently planning to do some intensive campaigning in the poorer districts of St. John's, where support for Responsible Government is probably not all that they would like it to be.

I have etc.

PAUL A. BRIDLE

589.

2828-40

*Extrait d'un télégramme du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extract from Telegram from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*



## TELEGRAM 84

St. John's, June 2, 1948

**IMPORTANT.** The referendum campaign is drawing to a close with a spate of radio addresses and speaking tours. Little new material is being introduced and both Confederates and Responsible Government supporters are re-emphasizing their basic positions and predict an overwhelming victory. At this stage, very little attention is being paid by propagandists to Commission of Government.

2. It is impossible to predict the outcome of the referendum but of this much I feel sure:

(1) Confederation will not be eliminated on tomorrow's ballot.

(2) During the past six months the meaning of Confederation has sunk into the minds of a large number of Newfoundland people in a way in which it never had before. Even if referendum should result in a victory for one of the other forms of Government the cause of Confederation will die hard in this country.

...

590.

*Extrait de The Mackenzie King Record*<sup>38</sup>

*Extract from The Mackenzie King Record*<sup>38</sup>

...

The first referendum was held in Newfoundland on June 3 and "word came of Responsible Government leading . . . with Confederation second in returns from St. John's. It looks as though the two will be very close. Personally I would prefer to see responsible government carry and then an agreement made between a government that was responsible with the Canadian Government. Come what may, we have advanced in a very real way in relations between the colony of Newfoundland and the Dominion."

...

591.

*Extrait des débats de la Chambre des Communes*<sup>39</sup>

*Extract from Debates of the House of Commons*<sup>39</sup>

...

## TERRE-NEUVE

LE REFERENDUM SUR LA FORME  
FUTURE DU GOUVERNEMENT  
DU PAYS

[A l'appel de l'ordre du jour.]

## NEWFOUNDLAND

REFERENDUM ON FUTURE FORM OF  
GOVERNMENT

On the orders of the day:

<sup>38</sup>Volume 4, p. 344.

<sup>39</sup>Canada, Chambre des Communes, *Débats*, 1948, volume 5, p. 4925. Ce débat a eu lieu le 4 juin.

<sup>39</sup>Canada, House of Commons, *Debates*, 1948, Volume 5, p. 4789. This debate took place on June 4.

Le très hon. W. L. MACKENZIE KING (Premier ministre): Il intéressera peut-être la Chambre de connaître les nouvelles les plus récentes au sujet du referendum que la colonie de Terre-Neuve a tenu ces jours derniers en vue de déterminer sa future forme de gouvernement. Les données sont incomplètes, mais d'après les plus récentes (à midi et demi aujourd'hui, heure de Terre-Neuve, on ne connaissait les résultats complets que dans neufs des vingt-cinq régions), 65,991 personnes ont voté pour le gouvernement responsable, 60,147 se sont prononcées en faveur de la confédération tandis que 20,805 souhaitent l'administration par une commission. Comme il semble qu'aucune forme de gouvernement n'obtiendra l'appui de la majorité, il faudra probablement tenir un nouveau referendum dans quelques semaines afin de choisir entre le gouvernement responsable et la confédération.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The house may be interested in having the latest word in regard to the referendum taken in Newfoundland a day or two ago on the future form of government in that colony. Only nine out of twenty-five districts have complete returns. While incomplete the latest returns for the whole, up to 12.30 today's Newfoundland time, indicate the vote: for responsible government, 65,991; for confederation, 60,147; for commission government, 20,805. Apparently no form of government will have a majority, and another referendum will therefore have to be held, probably some weeks hence, to decide between the two forms, responsible government or confederation.

592.

*Extrait de The Mackenzie King Record*<sup>40</sup>  
*Extract from The Mackenzie King Record*<sup>40</sup>

In the House of Commons [ . . . ], the Prime Minister announced the vote, 14.32 per cent for Commission Government, 41.13 per cent for Confederation, and 44.55 per cent for Responsible Government. He reported that he "heard Ilesley say to Abbott that he hoped the vote for Responsible Government would carry but he was afraid it would not. That is also my feeling . . . We at least have moved the whole matter forward. When Confederation does come, it will have been our Government which will have taken the great step to bring this about."

593.

*Le haut commissaire par intérim à Terre-Neuve au  
 secrétaire d'État aux Affaires extérieures*  
*Acting High Commissioner in Newfoundland to  
 Secretary of State for External Affairs*

2828-40

TELEGRAM 87

St. John's, June 4, 1948

Standing of three forms of Government in national referendum as announced at 5.30 Newfoundland time this afternoon by the office of the Chief Electoral Officer was as follows:

Commission of Government 21,661; Confederation with Canada 61,930; Responsible Government 67,670. Final counts have now been made in sixteen of the twenty-five districts.

<sup>40</sup>Volume 4, p. 344.

594.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 279

St. John's, June 8, 1948

CONFIDENTIAL

Sir,

I have the honour to refer to my telegram No. 87 of June 4th and earlier reports on the results of the first vote in the national referendum.

2. Returns are now virtually complete, only Labrador remaining to report its final count. Minor changes in the totals of certain districts have been made in the past few days, evidently as a result of routine recounts. Subject to confirmation in writing of returns received by telegraph, the present totals may be taken as substantially representing the final standing of the three forms of government. These totals are:

|   |        |
|---|--------|
| Commission of Government for a period of five years ..... | 21,944 |
| Confederation with Canada .....                           | 63,110 |
| Responsible Government as it existed in 1933 .....        | 69,230 |

It will be seen that Commission of Government received approximately 14.2% of the votes cast, Confederation about 41.0% and Responsible Government approximately 44.8%.

3. There are 176,297 names on the voters' list, and a total of more than 154,000 votes were cast. In some districts a considerable number of voters had to be sworn in, their names not appearing on the list. It is therefore difficult to estimate accurately the proportion of eligible voters who exercised their franchise. It is clear, however, that the percentage was high and it is generally taken here to have been above 85%. This compares very favourably with normal figures in most democratic countries and is a marked improvement over the percentage estimated to have voted in the June, 1946, election of members of the National Convention.

4. The following table shows the number of votes cast for each form of government by districts, as at the time of the latest count. Figures in brackets under the names of districts indicate the numbers on the voters' lists.

|                              | Commission<br>Government | Confederation<br>with Canada | Responsible<br>Government |
|------------------------------|--------------------------|------------------------------|---------------------------|
| Labrador (Incomplete) (2886) | 138                      | 1,469                        | 189                       |
| St. Barbe (3755)             | 639                      | 1,949                        | 442                       |
| White Bay (5663)             | 861                      | 3,304                        | 1,071                     |
| Green Bay (4650)             | 682                      | 2,208                        | 758                       |
| Grand Falls (11458)          | 3,025                    | 5,078                        | 4,477                     |

|                                      |        |        |        |
|--------------------------------------|--------|--------|--------|
| Twillingate (5513)                   | 1,539  | 1,566  | 521    |
| Fogo (5652)                          | 1,084  | 1,978  | 1,164  |
| Bonavista North (6743)               | 599    | 3,249  | 1,264  |
| Bonavista South (7137)               | 1,313  | 1,944  | 2,475  |
| Trinity North (6983)                 | 1,048  | 2,544  | 1,726  |
| Trinity South (5915)                 | 471    | 2,099  | 1,851  |
| Carbonear, Bay de Verde<br>(6843)    | 337    | 2,336  | 2,715  |
| Harbour Grace (4173)                 | 181    | 1,045  | 2,195  |
| Port de Grave (4603)                 | 242    | 1,409  | 1,818  |
| Harbour Main, Bell Island<br>(9168)  | 229    | 982    | 6,690  |
| St. John's West (19586)              | 1,864  | 4,958  | 13,098 |
| St. John's East (16313)              | 1,708  | 3,757  | 10,663 |
| Ferryland (3791)                     | 134    | 206    | 3,230  |
| Placentia, St. Mary's (5699)         | 314    | 779    | 4,034  |
| Placentia West (5488)                | 469    | 1,987  | 1,617  |
| Burin (5683)                         | 372    | 3,687  | 634    |
| Fortune Bay, Hermitage<br>(6267)     | 803    | 2,925  | 944    |
| Burgeo, La Poile (4814)              | 607    | 2,780  | 435    |
| St. George's, Port au Port<br>(6769) | 1,030  | 3,052  | 2,382  |
| Humber (10745)                       | 2,255  | 5,819  | 2,837  |
| Totals (176297)                      | 21,944 | 63,110 | 69,230 |

Twenty-five electoral districts are shown on the above list. The first ten and the last six are districts outside the Avalon Peninsula; the remaining nine are districts on the Peninsula.

5. Of the total votes cast in districts outside the Avalon Peninsula Confederation received about 54%, Responsible Government approximately 26% and Commission of Government about 20%. At the same time it will be noted that Confederation headed the poll in all but one of the sixteen districts outside the Avalon Peninsula. It also led in one district on the Peninsula and polled a surprisingly substantial vote — some 24% — in St. John's. It will also be noted that Confederation obtained an overall majority in ten districts.

6. Of the total votes cast on the Avalon Peninsula Responsible Government received some 67%, Confederation approximately 25% and Commission of Government about 8%. Responsible Government headed the poll in all but one of the nine districts on the Peninsula and in one district outside of it as well. In addition

Responsible Government showed strength in one or two other outlying areas. It will be noted that Responsible Government obtained an overall majority in eight districts.

7. The main strength of the Commission of Government appears to have lain in some of the districts on the north-east coast and in the paper towns.

8. Unless there is a substantial alteration of existing views the disposition of the 22,000 Commission of Government votes will likely be the decisive factor at the second poll. The Confederate Association has already made a bid for these votes in a full-page advertisement in the *St. John's Evening Telegram* and the Responsible Government supporters will no doubt also seek to corral as many of them as possible. A number of people doubtless voted for Commission of Government because they do not wish Newfoundland to lose its national identity but at the same time are averse to placing the affairs of the country again in the hands of local politicians; a considerable number of others probably voted for it out of a "plague on both your houses" attitude; but the majority probably voted for Commission of Government because they positively wished it to continue in power for another five years. This last group was likely motivated by a desire for economic security more than by any other consideration. It would therefore appear that basically there is a very good chance that a high proportion of those who voted for the Commission of Government will vote for Confederation at the second poll.

9. It should be remarked in passing that the Commission of Government would have received a larger number of votes if its members had been in a position to campaign actively on its behalf. While I think there is a fairly widespread disposition in Newfoundland not to postpone a settlement of the political question too long, continuation of the Commission of Government for a further period of five years could certainly have been made to appeal to a very substantial number of Newfoundlanders if circumstances had allowed. At the same time it should be noted that virtually no one except the Honourable R. B. Job came out and campaigned actively on the Commission's behalf.

10. The most remarkable feature of the Referendum, particularly from the Canadian point of view, is the relatively large vote polled in favour of Responsible Government. In view of the magnificent turn-out at the polling booths it would be easy to assume that the fact that Responsible Government received the largest number of votes indicates a resurgence of a desire on the part of the Newfoundland people to direct their own affairs. Unquestionably a substantial proportion of the Responsible Government vote does represent such a feeling. Nevertheless, if it had not been for two rather special factors Responsible Government would not have polled anything like the vote it did on June 3rd.

11. The first of these factors was the influence exerted by the Roman Catholic Church. Several of the districts in which Responsible Government polled a majority are predominantly Roman Catholic. Moreover, I have it on good authority that in various ways the Church threw its weight strongly on the side of Responsible Government. Also, it actively encouraged a large turn-out of Roman Catholic voters. I know of no evidence that the Church exerted any sort of untoward moral pressure on its members with respect to the Referendum. At the same time, I am told that there has been some reaction against its attitude on the part of non-

Catholic supporters of Responsible Government. To what extent this may develop into a matter of significance, I do not know. Nor would I care to suggest at this stage that the coming campaign is likely to develop into a religious controversy. The only fact I feel sure of at the moment is that the attitude of the Roman Catholic Church was an important factor in the support afforded to Responsible Government in the recent vote.

12. The other rather special factor which contributed to the success of Responsible Government at the polls was, of course, the appeal of the proposal that a responsible government should endeavour to negotiate economic union with the United States. As you know, the advocates of this plan ran a rather theatrical campaign replete with advertising-agency techniques which certainly must have impressed a not inconsiderable number of voters. Nor should one overlook the political force of Mr. Chesley A. Crosbie, whose sincerity appears to be so taken for granted that a substantial body of people are prepared, as he puts it, "to give him a chance."

13. I think it can fairly be said, therefore, that the support which has been accorded to Responsible Government is of a rather mixed nature. It is inclined to regard Responsible Government as a means to an end rather than an end in itself. Confederation contrasts favourably with Responsible Government in this respect. I would be the last to claim that the supporters of Confederation fully understand its meaning or that the vast majority of them did not vote for it chiefly because of a rather vague aspiration toward social betterment and economic security. Nevertheless those who voted for Confederation were making a clear-cut choice in favour of a form of government which they desire in and for itself.

14. The blunt fact remains, of course, that Confederation received fewer votes than Responsible Government did; moreover, it appears unlikely on the face of it that either Confederation or Responsible Government will obtain a really large numerical majority at the second poll. At the same time, it is too early to attempt to estimate how close the vote may be. The situation is somewhat different now than it was before the first vote was taken. Apart from the 22,000 Commission of Government votes which remain to be disposed of, it should not be overlooked that the elimination of the Commission of Government has simplified the issue. With only two forms of government to choose from, the people may be able at the second poll to give a somewhat more conclusive indication of their desires than they did on June 3rd.

15. I have not as yet learned anything of the preliminary tactics which the Responsible Government League and the supporters of economic union with the United States intend to follow in the coming campaign. I have heard, however, that the Confederate Association, which so far has had to rely to a large extent upon the efforts of modest but relatively unknown people, may shortly receive the support of some more influential and prominent men. If this is true it will mark a major development in the Confederation movement. I should also add that there is genuine concern among the supporters of Responsible Government about Confederation's chances at the next poll.

16. There has as yet been no official announcement of the results of the June 3rd vote nor of the date of the second poll. It is generally expected, however, that

the latter will fall some time in July. I understand that the Government intends to do everything possible to facilitate voting by Labrador fishermen and others who may be absent from their homes on polling day.

17. At the present time we are enjoying a rather pleasant surcease from political propaganda but, once the date of the next poll has been announced, I expect that a new campaign will commence which may perhaps surpass the last in intensity. The campaign as you know, has so far been fraught with a great deal of propaganda, largely on the Responsible Government side, which has been of a highly irresponsible nature. Moreover personalities and class feeling have been injected into the fight, the Confederates having as much to account for in this respect as their opponents. Politics have entered into the very texture of society here and, while one can move about from circle to circle without directly encountering political matters, most people in the privacy of their homes and among their friends have fairly strong and definite feelings on one side or the other. None of this has as yet developed into anything that could be described as real political bitterness. Polling day in St. John's, and I believe in the rest of the Island as well, was marked by quietness and an absence of trouble of any kind whatsoever. This atmosphere of calm is a little superficial, however, and may, I think, largely be attributed to the fact that there was a subconscious feeling in most people's minds on June 3rd that the vote would probably be indecisive. When the next polling day approaches and the people are faced with a clear-cut and final choice one may expect the political temperature to rise.

I have etc.

PAUL A. BRIDLE

595.

2828-40

*Le secrétaire d'État aux Affaires extérieures au  
haut commissaire par intérim à Terre-Neuve*

*Secretary of State for External Affairs to  
Acting High Commissioner in Newfoundland*

TELEGRAM 74

Ottawa, June 8, 1948

SECRET. Following for Bridle from MacKay, Begins:

1. I have received personal letter from J. B. McEvoy saying delegation from the Confederate Party requested him on June 4th to assume leadership. He asked for a few days to consider but appears to have definitely made up his mind.
2. McEvoy also advised by telephone that two commissioners and W. B. Munro might come out publicly in support if he took the lead. Ends.

596.

R.A.M./Vol. 4

*Mémorandum du chef, la direction du Commonwealth britannique, au  
sous-secrétaire d'État par intérim aux Affaires extérieures<sup>41</sup>*

*Memorandum from Head, British Commonwealth Division, to  
Acting Under-Secretary of State for External Affairs<sup>41</sup>*

<sup>41</sup>Probablement E. Reid.

<sup>41</sup>Probably E. Reid.

Ottawa, June 9, 1948

## NEWFOUNDLAND

LETTERS FROM MR. J. B. MCEVOY, K.C., LL.B.,  
OF JUNE 5 AND JUNE 7<sup>42</sup>

Attached are copies of personal letters from Mr. J. B. McEvoy, formerly Chairman of the National Convention of Newfoundland and a prominent member of the Newfoundland Bar. As the letters indicate, Mr. McEvoy has been asked to take the leadership of the Confederate Party, I gather by Mr. Smallwood and others who have been disappointed by Mr. Bradley's lack of aggressiveness. Mr. McEvoy would certainly bring to the Confederate Party considerable prestige and would undoubtedly make a dynamic leader. He has advised me by telephone that two of the Commission of Government (presumably Mr. Walsh, Commissioner of Justice and Defence, and Mr. Quinton, Commissioner of Education and Home Affairs) and Mr. W. S. Monroe, the only surviving prime minister of Newfoundland and a prominent businessman on Water Street, will come out publicly if he (McEvoy) assumes the leadership. I think Mr. McEvoy has already decided to accept but he said he has business to clear up before any public announcement is made.

2. Mr. McEvoy thinks there is a real chance of Confederation winning out on the second ballot, especially if the proposal for economic union is adequately dealt with. He said by telephone that he did not think the Confederate Party had so far really exposed the fallacies of economic union and that he had a lot more material than had been published in the paper.

3. Mr. McEvoy asks for information or opinions on a number of points, among them the following:

(a) Whether the existing Canadian terms are final and unalterable, especially in financial matters.<sup>43</sup>

(b) Whether the Canadian Government is merely lukewarm or indifferent<sup>44</sup> to unity.<sup>45</sup>

(c) Whether the present Newfoundland system of controlling fish exports would be wrecked by Confederation.<sup>46</sup>

(d) Clarification of the statement in the Prime Minister's letter to the Governor, "Should the people of Newfoundland indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a Prov-

<sup>42</sup>Voir les documents 2 et 3, appendice E.

<sup>42</sup>See Documents 2 and 3, Appendix E.

<sup>43</sup>Note marginale:

<sup>43</sup>Marginal note:

Yes as to financial terms.

<sup>44</sup>Note marginale:

<sup>44</sup>Marginal note:

Regards it as a matter for Nfld. to decide.

<sup>45</sup>Le mot "unity" fut rayé et fut remplacé par le mot "union."

<sup>45</sup>The word "unity" was crossed out and was replaced with the word "union."

<sup>46</sup>Note marginale:

<sup>46</sup>Marginal note:

I don't think so.



ince of Canada . . .” — Mr. McEvoy asks whether a bare majority would be considered sufficient.<sup>47</sup>

These questions are largely questions of policy which, as an official, I cannot properly answer. On the other hand, it would be highly injudicious to fail to answer Mr. McEvoy's letters. Since he is an old student of mine and a personal friend of many years' standing, I feel that for personal reasons I must answer him in any case. It occurs to me that there would be two ways of dealing with the matter:

(a) I might answer Mr. McEvoy's questions giving him merely my personal opinions and stating clearly that they could not in any way be deemed to commit the Government and asking him not to quote me — obviously this method would be rather unsatisfactory to Mr. McEvoy, who will want to convince doubtful supporters, and it might be prejudicial to my position as an official of the Department.

(b) I might explain to Mr. McEvoy that, as an official, I cannot answer the questions but that he might write the Minister or the Prime Minister directly, which, as a leader of the Confederation group and a former chairman of the Convention, he would be entitled to do. In this case Mr. McEvoy might be given some advice as to the phrasing of his questions and as to omitting the more embarrassing ones.<sup>48</sup>

597.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*  
*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

<sup>47</sup>Note marginale:

I think a majority should be enough.

<sup>47</sup>Marginal note:

<sup>48</sup>En ce qui concerne les trois derniers paragraphes de ce mémorandum, on ne trouve pas dans les dossiers des directives écrites des supérieurs de R. A. MacKay pour lui indiquer comment agir. Cependant, le 9 juin, dans une lettre au haut commissaire par intérim à Terre-Neuve, R. A. MacKay lui disait qu'il avait envoyé trois mémorandums à J. B. McEvoy et il ajouta:

<sup>48</sup>Regarding the last three paragraphs of this memorandum, the files do not reveal any written guidance from R. A. MacKay's superiors indicating how he should deal with the matter. However, in a letter dated June 9 to the Acting High Commissioner in Newfoundland, R. A. MacKay told him that he had sent three memorandums to J. B. McEvoy and he added:

[ . . . ] It is appreciated that the three memoranda<sup>49</sup> were somewhat beyond the letter of our instructions to J. S. M[acdonald] about assisting the Confederate Party but this step was taken with the knowledge of certain other people hearing [*sic*] it. [ . . . ]<sup>50</sup>

<sup>49</sup>Voir les documents 4, 5 et 6, appendice E.

<sup>49</sup>See Documents 4, 5 and 6, Appendix E.

<sup>50</sup>Dans une autre lettre au haut commissaire par intérim à Terre-Neuve le 12 juin, à laquelle il avait joint une copie de sa lettre du 10 juin à J. B. McEvoy (voir le document 7, appendice E), R. A. MacKay écrivit:

<sup>50</sup>In another letter to the Acting High Commissioner in Newfoundland on June 12, which enclosed a letter of June 10 to J. B. McEvoy (see document 7, Appendix E), R. A. MacKay wrote:

[ . . . ] I may say that Mr. Reid and I discussed the letters with the Minister and the general nature of the reply which might be made to the four main questions raised by McEvoy. The Minister did not, of course, see the text of my reply. [ . . . ]

TELEGRAM 92

St. John's, June 10, 1948

SECRET. Following for MacKay from Bridle, Begins: Your telegram No. 74 of June 8th.

2. My information largely confirms your own. I understand that following have agreed to enter a sort of inner Cabinet of Confederate Association: J. B. McEvoy, Will Roberts, Lowther Monroe, Honourable W. S. Giffard, Sir Leonard Outerbridge, Honourable H. W. Quinton, Honourable H. L. Pottle, Honourable A. J. Walsh. C. C. Pratt is said to be on the outer fringes. All except Pratt are said to be prepared to support Confederation publicly.

3. I am inclined to wait for the turn of events before concluding that the above will eventuate entirely as planned.

4. My information differs from yours in one respect. I understand that present leadership of the Confederate Association is to remain intact. On the other hand, I have heard it rumoured that Bradley is going to resign as President. While it may be that McEvoy is to succeed him, the rumour regarding his resignation is entirely unconfirmed so far as I am concerned. Ends.

598.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 95

St. John's, June 14, 1948

Second poll in national referendum is to be held on Thursday, July 22nd.

599.

2828-40

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 894

London, June 17, 1948

SECRET. Following from Robertson, Begins: Sir Gordon Macdonald is coming back from Newfoundland next week to discuss with the Commonwealth Relations Office the steps which will have to be taken as soon as the run-off referendum is held. Machtig has suggested, and I have agreed, that Wershof should sit in on their parliamentary canvassing of measures to be taken in the event that the referendum shows a majority in favour of Confederation. It may be that the United Kingdom will suggest to us that our two governments should endeavour to reach agreement prior to the actual voting on a procedure and time-table which could be announced as agreed between them shortly after the result of the polls is declared. Ends.

600.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*  
*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 98

St. John's, June 17, 1948

IMPORTANT. Governor and Commissioner of Justice are to fly to London to confer with the Secretary of State for Commonwealth Relations regarding steps to be taken, subsequent to July 22nd vote, to give effect to wish expressed by people in referendum. They will be accompanied by Governor's private secretary. The party is scheduled to leave St. John's on the morning of Monday, June 21st.

601.

10300-E-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*  
*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 99

St. John's, June 18, 1948

IMMEDIATE AND SECRET. My telegram No. 98 of June 17th, Governor's visit to London.

2. During the past ten days, in the course of conversations with the Governor and subsequently with two or three members of the Commission of Government, I have encountered an interest in the way in which we view the political situation created by June 3rd vote. I have detected very little concern regarding our opinions about constitutional procedure; their interest appears to lie more in the question of our attitude in the event of Confederation winning the benefit of relatively small majority and in the question of how fast we would be prepared to implement Confederation in the event of a favourable decision.

3. On the first point, I have consistently taken the line that the existing situation is being studied in Ottawa but that I have had no advice regarding outstanding matters of policy. I have ventured to suggest that no decision in the matter is to be taken in advance of forthcoming poll.

4. On second point I have said that certain administrative plans have been tentatively worked out in limited spheres and that Newfoundland's desire to avoid contingencies which would prolong implementation of Confederation is appreciated in Ottawa. At the same time I have endeavoured to give impression, in event of Confederation winning by a relatively small majority, the Canadian Government would probably wish to give the matter very careful consideration before reaching a decision.

5. In view of Governor's forthcoming visit to London, I would like to be sure that the impression I have endeavoured to leave with him regarding Canadian attitude is agreeable to you. If there is any respect in which you feel it should be

modified you might wish me to see him before his departure. In any case, in view of interest which you expressed in matter, it might possibly be desirable for me to see him and confirm what I have already told him informally. On the other hand, you may feel that our present attitude is not sufficiently positive to warrant official mention being made of it at this juncture.

6. I have formed certain tentative views concerning attitude Governor is likely to adopt towards subject to be discussed in London. A conversation with him before he leaves might throw further light on what he hopes to accomplish by his visit.

7. I do not think I should ask to see the Governor unless I have a genuine occasion. If you wish me to see him before he leaves, would you be good enough to let me have your instructions by telegram as early as tomorrow, Saturday.

602.

2828-40

*Extrait d'un télégramme du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*<sup>51</sup>

*Extract from Telegram from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*<sup>51</sup>

TELEGRAM 100

St. John's, June 19, 1948

**IMPORTANT. SECRET AND PERSONAL.** Following for MacKay from Bridle, Begins: My telegram No. 99 of June 18th, Governor's visit to London.

2. The Governor and the other members of Commission of Government are well disposed towards Confederation and regard with alarm the prospect of Newfoundland being restored to unfettered ministrations of local politicians. The Governor in particular has expressed to me in strongest terms his belief in Confederation as the proper destiny of this country and advantageous development from Canadian point of view. At the same time, the Commission of Government seems to feel that it is under a certain obligation to Newfoundland to do what it can to ensure that, in the event of Confederation, the Province of Newfoundland gets off to an auspicious start. Moreover, the Governor and some other members of the Commission are of the opinion that the nature of the support enjoyed by Confederation is such that, given a willingness on Canada's part, it is bound to take [place] even if Responsible Government is first restored.

3. We may certainly expect the Governor to discuss in London the steps which would have to be taken to restore Responsible Government in the event of it being returned at poll. I should not think, however, that this matter would require a great deal of attention.

4. The main discussion will, I feel sure, be concerned with what should be done in the event of Confederation being returned. The real problem will be the question of what course ought to be pursued if Confederation wins by only a

<sup>51</sup>Ce télégramme fut signalé au Premier ministre.

<sup>51</sup>This telegram was referred to the Prime Minister.

relatively small majority. The first consideration would, of course, be the attitude adopted by the Canadian Government. In this connection, the Governor is, I think, wondering whether we have any strong disposition to decide the issue simply on basis of a small percentage or whether we would be disposed also to make qualitative analysis of dissentient minority. I should think myself that we ought to do the latter.

5. It seems clear that the Commissioner for Finance regards the United Kingdom Government as having a prerogative equal to that of the Canadian Government in determining what majority would be considered an adequate basis for Confederation. I do not know that the Governor necessarily shares this point of view. Certain views he has expressed to me, however, may be relevant. Unlike some other members of the Commission of Government, he is not inclined to feel that minority, even though it would probably be numerically large, would be particularly belligerent. On the other hand, both he and some other Commissioners appear to be quite impressed with the fact that Confederation's support is so distributed that there seems to be little question that a Confederation party would be able to win a post-referendum election quite decisively. I would judge that the Governor would not particularly care which way Confederation were brought about, but is confident that, under his auspices, it could be effected in either manner. The only comment I would like to make at this point is that I am inclined to think the Governor may underestimate the hazards which could beset Confederation in an election campaign, particularly since, if Canada had declined to accept Newfoundland on basis of referendum vote, there might well be a certain reaction of public feeling away from Confederation.

6. There is a technical — and perhaps physical [political?] — point arising out of possibility of Canada declining to attach Newfoundland on basis of referendum vote. This is question of how Newfoundland would be governed in this eventuality. During our recent conversation, I endeavoured tactfully to discover the Governor's views. He offered no comment on the point; it appeared to be implicit in his thinking, however, that Responsible Government would, in this case, be restored.

7. When in London the Governor will probably discuss the nature and composition of the body to be authorized to settle the full terms and arrangements with the Canadian Government. When talking to me, Governor appeared entirely confident that this whole matter could be arranged without difficulty. I think, however, that I should bring your attention to certain considerations subsequently mentioned by the Commissioner for Finance. He thinks that it will not be easy to select the right men and that, in any case, representatives of dissentient minority will have to be included.

8. The Commissioner is recommending to the Governor that representatives should be required, as soon as possible after their appointment, to submit to the Commission of Government a list of the topics which they wish to discuss with the Canadian Government; that these topics should be limited by the Commission to matters of substance, and that all other miscellaneous details should be turned over to a joint committee of officials to settle in due course.

9. The Commissioner has submitted to the Governor a memorandum on financial points which he thinks the delegation should raise with us. He discussed a number of these points with me; while by and large they fall within the terms and conditions set forth by the Canadian Government, they are all pointed in the direction of ensuring from the outset (three words corrupt)<sup>52</sup> financial basis for Provincial Government of Newfoundland. Moreover, the Commissioner is of the opinion that we might expect the delegation to wish to go further than this in order to protect their position at home.

10. I suppose that the question of constitutional procedure to be followed in the event of a favourable decision will be explored in London. The only definite impression I have of Newfoundland Government views on this subject is that, whatever detailed arrangements they may contemplate, these appear predicated on the assumption that the Commission of Government would remain in being until Confederation was accomplished.

...

603.

NPA/GN 10 438 (23)

*Extraits d'un mémorandum du commissaire aux Finances de Terre-Neuve*<sup>53</sup>  
*Extracts from Memorandum by Commissioner for Finance of Newfoundland*<sup>53</sup>

St. John's, June 19, 1948

...

I believe too that Canada would consider an increase in the Transitional Payment if it were convincingly demonstrated that the Provincial Budget could not be balanced. But they would give away nothing on the Tax Agreement, which affects other Provinces.

...

(iii) Para. 5 (8). Protection and encouragement of fisheries. Reference is made on pp. 115/6 of the Black Book<sup>54</sup> to the functions of the Fisheries Prices Support Board. The delegation should enquire whether through them or any other agency the Dominion may help to maintain Newfoundland's fish exports to traditional European markets.

...

(iv) Para. 7. Debt. Canada proposes to take over all sinking funds against the transferred debt, viz. the 3% guaranteed Sterling Loan, 1943-63. An assurance should be sought that this relates only to the sinking funds indicated in Annex II and does not include the sterling balances arising from the arrangements to

<sup>52</sup>Ceci indique que trois mots étaient indéchiffrables.

<sup>53</sup>Le sujet de ce mémorandum était les arrangements proposés. Voir l'annexe à la pièce jointe, document 442.

<sup>54</sup>Voir la pièce jointe, document 421.

<sup>52</sup>This indicates that three words could not be decyphered.

<sup>53</sup>The subject of this memorandum was the proposed arrangements. See sub-enclosure, Document 442.

<sup>54</sup>See enclosure, Document 421.

finance sales of fish to Europe which, by administrative arrangement, are held against redemption of the 3% Sterling Stock.

...

604.

*Extraits des débats de la Chambre des Communes*<sup>55</sup>

*Extracts from Debates of the House of Commons*<sup>55</sup>

...

SUBSIDES

La Chambre se forme en comité des subsides, sous la présidence de M. Golding.

...

MINISTÈRE DES AFFAIRES EXTÉRIEURES

...

Le très hon. M. ST. LAURENT:[ . . . ]

...

Il [M. Hackett] demande aussi quelles mesures on a prises à l'égard de l'entrée de Terre-Neuve dans la Confédération. Les honorables députés le savent, le premier scrutin n'a pas été décisif et le second, qui doit avoir lieu le 22 juillet, portera sur deux choix seulement: le gouvernement responsable et la Confédération. Nous avons adopté et maintenons l'attitude qu'ayant fait une offre que nous considérons équitable, il appartient exclusivement à la population de Terre-Neuve de l'accepter ou de la rejeter. Nous avons pris bien soin d'éviter toute mesure que l'une ou l'autre des parties pourrait considérer comme une tentative d'influencer le vote des habitants de Terre-Neuve.

M. DIEFENBAKER: Ces deux derniers jours, j'ai reçu de Terre-Neuve certaines communications touchant le sujet que le ministre vient de mentionner. J'aimerais traiter brièvement de ces communications, puis poser une question. La première était un télégramme, adressé à l'honorable secrétaire d'État aux relations commerciales [avec le Commonwealth], à Londres:<sup>56</sup>

...

Cette dépêche portait la signature, à ce qu'on me dit, de la plupart des membres du barreau. J'ai reçu aujourd'hui une dépêche que je tiens à signaler au ministre. Elle débute par ces mots:

...

SUPPLY

The house in committee of supply, Mr. Golding in the chair.

...

DEPARTMENT OF EXTERNAL AFFAIRS

...

Mr. ST. LAURENT:[ . . . ]

...

Then he [Mr. Hackett] asked as to what steps, if any, were being taken with regard to the entry of Newfoundland into confederation. As hon. members know, the first vote was not decisive and the second vote, which will be held on July 22, is to be on two questions only, responsible government and confederation. We have maintained and are maintaining the attitude that, after having made what we consider is a fair offer, it is exclusively the right of the people of Newfoundland to express their acceptance or rejection of that offer. We have been most careful to avoid doing anything that either party might regard as an attempt to influence the votes of the inhabitants of Newfoundland.

Mr. DIEFENBAKER: During the past couple of days I have received a number of representations from Newfoundland in regard to the question to which the minister has just referred. I should like to refer to these and then ask a question. The first representation is in the form of a telegram which was sent to the Hon. the Secretary of State for Commercial [Commonwealth] Relations in London, and reads:<sup>56</sup>

...

That was signed by what I am informed is a majority of the members of the bar there. Today I received a telegram which I should like to bring to the attention of the minister. This reads:

<sup>55</sup>Canada, Chambre des Communes, *Débats*, 1948, volume 6, pp. 5706-7 et 5713-4. Ce débat a eu lieu le 19 juin.

<sup>56</sup>Voir le document 525.

<sup>55</sup>Canada, House of Commons, *Debates*, 1948, Volume 6, pp. 5543-4 and 5550-1. This debate took place on June 19.

<sup>56</sup>See Document 525.

“Renseignements expédiés: King a déclaré que Terre-Neuve devrait ‘indiquer clairement et au delà de toute possibilité d’erreur sa volonté de devenir province’.”

L’auteur de la dépêche se demande ensuite si le Canada se contenterait d’un vote de la moitié de tous les électeurs ou d’une majorité représentant les sept dixièmes des bulletins déposés pour accepter la demande de Terre-Neuve de s’unir au Dominion du Canada. Dans un tel cas, le Gouvernement croirait-il que le gouvernement de Terre-Neuve et la population, dans son ensemble, désirent faire partie de la Confédération canadienne?

Le très hon. M. ST. LAURENT: Monsieur le président, je ne puis rien dire d’officiel à ce sujet. Je ne crois pas que le gouvernement canadien tente d’examiner les diverses représentations qu’on pourra adresser au ministère des relations du Commonwealth ou ailleurs.

Nous avons reçu du gouverneur de Terre-Neuve une communication nous demandant de rencontrer une délégation de l’Assemblée [Convention] nationale, afin de lui exposer les conditions que nous jugerions équitables pour l’annexion de Terre-Neuve au Canada. Nous avons exposé ces conditions. Si les autorités reconnues comme porte-parole de Terre-Neuve signalent que la population terre-neuvienne manifeste le désir de se joindre au Canada aux conditions renfermées dans les propositions que nous avons soumises, le Gouvernement devra alors, je crois, recommander au Parlement de consentir ces conditions à Terre-Neuve. Il appartiendra ensuite à la Commission de gouvernement, ou au Parlement du Royaume-Uni dont elle relève, de prendre les dispositions définitives. A mon avis le parlement du Royaume-Uni et peut-être celui du Canada devront sans doute ensuite adopter une mesure appropriée.

M. DIEFENBAKER: L’union ne sera un fait accompli que lorsque le parlement canadien aura adopté une mesure?

Le très hon. M. ST. LAURENT: Il faudrait que le Parlement canadien légifère là-dessus. A mon avis, ni le Gouvernement actuel ni aucun autre n’oserait trancher une question d’une telle importance sans avoir obtenu la décision du Parlement canadien. Il incombra au Gouvernement de saisir le Parlement de sa recommandation. Évidemment, en la lui présentant, il acceptera les conséquences de son approbation ou de son rejet. Toutefois, le Gouvernement ne prétendra pas qu’il peut agir par mesure législative sans l’approbation du Parlement.

“Forwarding information King stated Newfoundland should ‘indicate clearly and beyond all possibility of misunderstanding their will to become a province.’”

This telegram then asks if 50 per cent of total electorate or 70 per cent of vote cast would be considered sufficient on the part of the government of Canada to warrant their accepting Newfoundland’s application to join the Dominion of Canada. At what point will the government consider that the Newfoundland authorities and the people as a whole desire to be included within the Canadian confederation?

Mr. ST. LAURENT: Mr. Chairman, I cannot say anything that would be binding in that regard. I do not think the government of Canada will attempt to examine the various representations that may be made to the Commonwealth Relations Office or that may be made to others.

There was received from the Governor of Newfoundland a communication asking us to receive a delegation from the national convention and then submit such conditions as we would consider fair for the entry of Newfoundland into Canada. Those conditions were submitted. If the authorities recognized as speaking for Newfoundland wish to join Canada on the conditions expressed in the proposals that were submitted, it will then, I think, be the responsibility of the government to bring to parliament a recommendation that those conditions be made available to Newfoundland, and it will be for the commission of government or the parliament of the United Kingdom under which that commission of government functions to complete the arrangements, which will in my view no doubt require legislation by the parliament of the United Kingdom and possibly also by the Canadian parliament.

Mr. DIEFENBAKER: It would require legislation by the Canadian parliament to be consummated?

Mr. ST. LAURENT: It would require action by the Canadian parliament. I do not think this government or any other government would venture to consummate a thing of such magnitude without having it decided by the parliament of Canada. It will be the responsibility of the government to make a recommendation to parliament, and the government, of course, will have to accept responsibility for the acceptance or the rejection by parliament of its recommendation. But the government will not attempt to say that it could complete the union without the approbation of parliament.



**M. DIFENBAKER:** Le ministre n'est-il pas d'avis qu'il faudrait qu'une majorité presque écrasante de la population terre-neuvienne se prononce en faveur de l'union afin de motiver l'annexion de Terre-Neuve au Canada?

Le très hon. **M. ST. LAURENT:** Il appartient aux autorités actuellement chargées de l'administration des affaires en Terre-Neuve de déterminer quelle proposition de la population terre-neuvienne doit se prononcer en faveur de l'union. Si le Gouvernement de Terre-Neuve, après avoir consulté la population, nous prévient qu'elle tient à entrer dans la Confédération, je ne crois pas que nous scrutions la déclaration en vue de déterminer jusqu'à quel point elle était motivée.

...  
**M. MACDONNELL** (Muskoka-Ontario): [ . . . ] Ma question vise l'argument du ministre concernant le point de vue constitutionnel. Je comprends bien ce point, mais j'aimerais poser une question qui, à mon sens, s'y rattache.

Supposons que les exigences d'ordre constitutionnel dont a parlé le ministre soient satisfaites, mais que nous sachions qu'une forte minorité, — peut-être bien près de la moitié de la population terre-neuvienne, — s'oppose à l'union avec le Canada. Selon le ministre, devrions-nous ne tenir aucun compte de son opinion?

Le très hon. **M. ST. LAURENT:** Non, je ne crois pas qu'une telle opposition nous laissât indifférents. Toutefois, étant donné l'offre du Canada aux autorités constituées à Terre-Neuve, j'estime que nous ne pourrions la retirer si elles nous signifiaient que la majorité de la population terre-neuvienne souhaite entrer dans la Confédération. Évidemment, le Parlement pourrait juger bon de décider que, nonobstant l'affirmation des autorités constituées, la majorité n'est pas suffisamment forte pour qu'il y ait lieu de donner suite à l'offre ou pour nous y obliger.

En ce qui concerne les négociations, je suis d'avis que quiconque agirait ou se prononcerait de façon à empêcher l'entrée de Terre-Neuve dans la confédération canadienne assumerait une grave responsabilité. Je suis peut-être optimiste, mais j'estime que le Canada est destiné à occuper une place importante dans le domaine des affaires internationales. Je crois, en outre, qu'il lui sera plus facile de la protéger, si le territoire canadien s'étend jusqu'à l'océan, au lieu de ne pas y avoir accès, par l'existence d'une autre souveraineté à Terre-Neuve et au Labrador.

**Mr. DIFENBAKER:** Would the minister not say it would require an almost overwhelming vote of the people of Newfoundland in order to justify Newfoundland being joined to Canada?

**Mr. ST. LAURENT:** The degree to which the consent of the population of Newfoundland would require to be expressed would have to be appraised by those who are responsible at the present time for Newfoundland affairs. If the government of Newfoundland, having consulted the population, represented to us that the population wished confederation to be consummated I think we would not go behind that declaration to examine to what extent they were justified in making such a representation.

...  
**Mr. MACDONNELL** (Muskoka-Ontario): [ . . . ] I wish to ask this question on the point made by the minister as to the constitutional position. I understand that position clearly, and I would ask another question, which, it seems to me, is relevant.

Supposing in fact that the constitutional requirements the minister has outlined are complied with, but that nevertheless we know there is a strong minority — perhaps almost half the people in Newfoundland — who are opposed to any union with us; in the minister's opinion would that be a matter of indifference to us?

**Mr. ST. LAURENT:** No, I do not think it would be a matter of indifference to us. But we have made an offer to the constituted authorities of Newfoundland, and I do not think we could back away from that offer if the constituted authorities came to us and said, "The majority in Newfoundland want confederation." Of course this parliament might be disposed to say there is not such a decisive majority, in spite of the statement made by the constituted authorities, as would require or justify the carrying out of the offer we made.

My own personal view with respect to these negotiations has been that it would be a serious responsibility to do or say anything which would prevent the entry of Newfoundland into Canada. I may be an optimist, but I do believe that the Canadian nation is destined to occupy an important place in world affairs. I do believe, further, that that place in world affairs would be better preserved by a territory which extended right out to the broad ocean and if access thereto was not closed to Canada by another sovereignty over the territories of Newfoundland and Labrador.

Étant donné cette attitude, nous avons formulé des offres renfermant des exigences qui coûteraient passablement cher à la population canadienne de nos jours. Toutefois, en agissant autrement, nous aurions, je crois, manqué à notre devoir envers les Canadiens des générations futures. Comme nous avons formulé l'offre, le Gouvernement, à mon avis, jugera à propos de recommander au Parlement d'y donner suite si la population terre-neuvienne souhaite l'accepter.

Peut-être y aurait-il division d'opinions, à Terre-Neuve, attestant que l'heure de l'union n'a pas encore sonné et que peut-être ne serait-il pas facile de la réaliser pleinement dans la nouvelle province. C'est une situation à laquelle, je l'espère, nous n'aurons pas à faire face et au sujet de laquelle je préférerais ne pas exprimer mon avis, à moins que le problème ne se pose. J'espère qu'on se prononcera nettement à ce second scrutin. J'espère qu'il ne sera pas contesté au point de nous laisser dans la situation embarrassante d'avoir à accepter un fort groupe de récalcitrants, ou d'avoir à renoncer à l'occasion de parfaire ce que les pères de la Confédération s'étaient proposé à l'origine.

**M. MACDONNELL (Muskoka-Ontario):** Une autre question, si on me le permet. Sauf erreur, le ministre n'a pas déclaré, — du moins, je l'espère, — que par notre attitude nous nous sommes mis dans l'impossibilité de reprendre notre parole si, de fait, on donne juridiquement une autorisation à Terre-Neuve, mais qu'on constate l'existence d'une minorité dissidente puissante et considérable.

**Le très hon. M. ST. LAURENT:** Les autorités du Royaume-Uni et du Canada devront envisager cette question selon des principes éprouvés de gouvernement. Ce sont les seules qui aient compétence juridique. Ce sujet me rappelle l'opinion que j'ai exprimée au sujet de la démocratie. Dans une démocratie la volonté de la majorité doit prévaloir; mais une majorité ne doit pas imposer une décision qui n'est pas dans le véritable intérêt de la collectivité, sans tenir soigneusement compte des vues de la minorité et des motifs de ces vues. Et, lorsque le moment sera venu de décider s'il faut y donner suite ou non, je crois que le gouvernement du Canada et le gouvernement du Royaume-Uni devront tenir compte des faits, comme le révélera le vote des habitants de Terre-Neuve.

...

Because of that attitude, we made offers which would involve quite costly requirements from the Canadian people at the present time. But I think we would have been remiss in our duty to future generations of Canadians not to have done so. That offer having been made, if there is a desire on the part of the people of Newfoundland to accept it, I think the government will be disposed to recommend to parliament that it be implemented.

It might be that there would come about in Newfoundland a division of opinion that would show that the time was not ripe for union to take place, and that it would not be easy to have it work satisfactorily in what would then be a new province. That is something which I hope we shall not have to face, and about which I would prefer not to have to express any views, unless we do have to face it. I hope there will be a clear-cut decision in this second vote. I hope it will not be so close as to leave us in the embarrassing position of having to take in a large group of recalcitrants, or having to renounce the opportunity of completing what the fathers of confederation originally intended.

**Mr. MACDONNELL (Muskoka-Ontario):** One further supplementary question, if I may. I did not understand the minister to say — at least I hope I did not — that by our action we have put it beyond our power to go back if, in fact, there is now a legal acceptance, legally given to Newfoundland, but with a strong and large dissenting minority.

**Mr. ST. LAURENT:** That matter would be one which would have to be faced in a statesman-like manner by the authorities in the United Kingdom and those in Canada. They are the ones who have legal jurisdiction. I am reminded of the view I expressed about democracy. In a democracy the will of the majority must prevail; but a majority should not impose a decision that is not in the real interests of the community, or without giving careful consideration to the views of the minority and the reasons for those views. And I think that when the time comes for a decision as to whether this will be proceeded with or not, the Canadian government and the United Kingdom government will have to take into consideration the facts as they will have appeared from the vote of the people of Newfoundland.

...

605.

10300-E-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs  
to Secretary of State for External Affairs*

Ottawa, June 21, 1948

ALTERNATIVE PROGRAMMES FOR THE ADMISSION OF  
NEWFOUNDLAND IN THE EVENT OF A FAVOURABLE  
VOTE FOR CONFEDERATION

As pointed out in the previous memorandum,<sup>†</sup> in the event of a favourable vote on July 22nd, there would be a strong case for the early completion of union. Imports are already falling off, — merchants are obviously hedging against abolition of customs tariff between Newfoundland and Canada. Revenues are also dropping seriously since about 55% of the revenue comes from customs tariff. If there were still uncertainty as to date of union, winter supplies, which are largely imported and distributed in the summer and early autumn to the outports might run short. Moreover, long delay in introduction of such welfare services as Family Allowances might lead to considerable discontent among those who have been anticipating them.

2. It is apparent that action by the Canadian Parliament (and probably the United Kingdom Parliament) to make union effective will be required. Even if the procedure of union is by joint address, statutory authority will be needed, among other reasons, to extend existing federal legislation to Newfoundland, to provide for federal services, and to hold elections.

3. As pointed out in a previous memorandum, the minimum time required for completion of terms, action by Parliament, election of representatives to Parliament and to a provincial legislature, would seem to be between 3 and 4 months. The situation is complicated by the great difficulty of holding elections in the winter, especially in the northern parts of the Island after the region becomes ice-locked, which is normally early in December.

4. The Governor and Commission of Government have become concerned over the prospect of undue delays and for this reason have arranged the second plebiscite at the earliest possible date — July 22nd. The Governor has also enquired of Mr. Bridle as to the views of the Canadian Government about early completion of union in event of a favourable vote (see attached telegram No. 90).<sup>†</sup>

ALTERNATIVE PROGRAMMES

5. *An early autumn session of Parliament to take the necessary action from the Canadian standpoint.* It is appreciated that this course is unlikely. It should be emphasized, however, that this would be the most desirable course in providing an easy transition for Newfoundland. It is probable also that this course would consolidate support for confederation in Newfoundland. This course would also have an advantage in that the federal election in Newfoundland and

the election of the Newfoundland legislature could probably be completed before freeze-up.

6. *A late autumn session of Parliament, say November 15th.* This would have the advantage that the details of union could be more carefully worked out. On the other hand, it would entail a winter election at least for members of Parliament if Newfoundland was to be represented in Parliament next session, which would be highly desirable. Whether or not a provincial election would be necessary might be left to the decision of the Newfoundland Government. A target date of say, January 1st, might be taken as the date of union. It is possible that such a date might not seem to Newfoundlanders to be unduly long and might not give rise to undue discontent or uncertainty, provided of course announcement of this as a probable date of union could be made shortly after the referendum.

7. *Action by Parliament next winter, union to become effective say March 31st or July 1st, 1949.* This might seem to be the most satisfactory course from the standpoint of the convenience of the Canadian Government but it would have serious disadvantages. Prolonged delay in effecting union might very easily give rise to very serious adverse economic conditions in Newfoundland. If so, the tradition that confederation was accompanied by adverse economic conditions might very well develop in Newfoundland, as it did in Nova Scotia. Undue delay would also very probably give rise to serious discontent among the Newfoundland electorate. Adverse business conditions prior to union might seriously weaken Newfoundland's financial position and the Canadian Government might find it politically necessary to meet provincial deficits which might, at any rate, popularly, be said to have arisen because of the delay of the Canadian Government in completing the union.

#### SUGGESTIONS

8. The Governor of Newfoundland and a Commissioner are scheduled to fly to England today (June 21st) to discuss the whole situation with the United Kingdom Government and to work out alternative plans in anticipation of a referendum on July 22nd. Discussions will no doubt in part be concerned with the programme in the event of a favourable vote for responsible government, but in part they will be concerned with procedure in the event of a favourable vote for Confederation. The Governor seems determined to avoid any blame for delay in effecting union, should Confederation win. We may thus be faced with the question as to how soon we think union could be made effective, assuming a favourable vote. But whether or not we are asked this question, it would seem unwise to let the United Kingdom Government and the Commission of Government make plans which would, in fact, be prejudiced by an undisclosed timetable on our part. It is suggested, therefore that a decision should be taken as to which of the above alternatives, examined in paragraphs 5, 6 and 7, would seem to be most practicable from the Canadian standpoint and that the United Kingdom should be so informed. It is obvious that the United Kingdom and Canadian action in this matter should be synchronized in time as well as in substance, and that the closest liaison should be maintained so that a favourable vote for Confederation would not find either Government unprepared for the next steps. It may be that the necessary liaison could be maintained at Canada House or that certain Canadian officials (say Mr. MacKay and Mr. Mitchell Sharp) might

usefully proceed to London for preliminary discussions on the questions of timetable and procedure, in advance of the plebiscite.<sup>57</sup>

606. 243s

*Extraits d'une lettre du haut commissaire par intérim à Terre-Neuve  
au chef, la direction du Commonwealth britannique*

*Extracts from Letter from Acting High Commissioner in Newfoundland  
to Head, British Commonwealth Division*

SECRET AND PERSONAL

St. John's, June 21, 1948

Dear Mr. MacKay,

I wish to refer to my telegram No. 100 of June 19th regarding the Governor's visit to London.

On June 17th Mr. R. L. M. James, the Commissioner for Finance, asked me to come and see him in connection with the Governor's visit. I found that he wanted to obtain my advice as to the correctness of his reading of the terms and of the report of the Ottawa meetings with respect to a number of questions which he thinks should be discussed by Canadian and Newfoundland representatives in the event of a decision favourable to Confederation. Mr. James explained to me that he was preparing a memorandum on this matter for the information of the Governor prior to his departure for London.

Mr. James also said that his purpose in discussing these financial questions with me was to enable me to let Ottawa know informally the sort of financial points we might expect Newfoundland representatives to wish to discuss with us in the event of a favourable decision. He emphasized that the points he mentioned to me are still in the discussion stage so far as the Newfoundland authorities are concerned.

The points mentioned by Mr. James were as follows:

1. With reference to Clause 5 of the terms, it would be desirable that a more or less firm date be arranged for the turnover of such services as could not be taken over at the time of union. If any very considerable time were likely to elapse before the services could be taken over, the Province of Newfoundland might expect an appropriate financial adjustment.
2. With reference to Newfoundland's public accounts generally, what arrangements would the Canadian Government envisage with respect to outstanding liabilities?
3. Subsequent to the re-transfer of Gander to Newfoundland, the Newfoundland Government purchased certain R.A.F. buildings at the airport from the United Kingdom Government for the sum of \$200,000. Might Newfoundland expect the Canadian Government, in taking over Gander, to reimburse the Newfoundland Government for this expenditure?
4. What arrangements would the Canadian Government be prepared to make with the Newfoundland Government with respect to the Clarenville vessels which are operated by the Newfoundland Railway for the Newfoundland Government

<sup>57</sup>La note suivante était écrite sur ce mémorandum: <sup>57</sup>The following note was written on the memorandum:

on an agency fee basis but which are owned by the Newfoundland Government rather than by the Railway?

5. At the time of union there may be owing to the Newfoundland Government tax arrears of the order of about \$1,000,000. (a) Under the terms of a tax agreement, Newfoundland would presumably be entitled to these arrears. (b) Would it be necessary for the Newfoundland Government to maintain a Provincial Assessors Department to look after the collection of these arrears or could the present Assessors Department, which Mr. James anticipates would be absorbed into the Department of National Revenue, do this work? In this case, apportionment of revenue accruing to Newfoundland would perhaps be merely a matter of bookkeeping.

6. Would the terms of a tax agreement allow the Newfoundland provincial government to collect the 5% royalty on the operations of the Labrador Mining and Exploration Company which is provided for in the agreement between the Newfoundland Government and that Company? The royalty in this case is calculated as a percentage of the net profit.

7. The Newfoundland surplus remaining in dollars is now something less than \$12,000,000. This amount will probably be further reduced by several million dollars this year as a result of the financing of fish sales to Europe. In this connection, the sterling which is accumulating in London to the credit of the Newfoundland Government is being held in a blocked account, and it is tentatively understood that it will in due course be applied to the paying off of a portion of the 3% 1943-63 stock. Furthermore, a substantial portion of the Newfoundland surplus is held in London as an interest-free loan. The Newfoundland provincial government would desire to possess as much as possible of its surplus in dollars. (a) If the United Kingdom Government were to write off a portion of the 3% 1943-63 stock equivalent to the amount of blocked sterling lying to Newfoundland's credit in London, would the Canadian Government pay this portion of the debt to the Newfoundland Government in lieu of assuming it as an outstanding liability?

8. With reference to Clause 14 of the terms, is there any question that a Royal Commission would be appointed at any time within the eight-year period that circumstances would seem to warrant it?

9. Could the fishing industry expect to receive assistance from the Canadian Government in the form of loans or as might be necessary to facilitate the sale of Newfoundland fish in European markets?

10. It appears that the Newfoundland provincial government will be unable from the outset to balance its budget. The gap between revenue and expenditure is difficult to estimate but, in Mr. James' opinion, it is likely to be considerable. It would therefore be essential that the provincial government should have at its disposal from the outset effective means of raising additional revenue by taxation. Administratively the raising of new revenue by taxation in Newfoundland would appear to be extremely difficult. It would therefore be highly desirable that the Canadian Government should make available to the Newfoundland Government at the earliest practicable date the advice and assistance of taxation experts who would help the Newfoundlanders to work out methods of raising revenue.

Mr. James said that he feels that points 5 (a) and 6 are clearly provided for in

the terms of the Specimen Tax Agreement. With this I agreed. He concluded, however, that it would be advisable to put the points down for discussion because the first is a matter of considerable importance to Newfoundland and the second is potentially so. It would be as well, he thought, to have a specific understanding on these points.

Mr. James was also inclined to think that the wording of Clause 14 goes a long way toward answering the query raised in point 8. With this I also agreed. He nevertheless felt that the matter is one which ought to be discussed and clarified as fully as possible, and I did not in any way discourage him from this view.

I agreed with Mr. James that the remainder of the points are not explicitly covered by the terms and arrangements set forth by the Canadian Government and that, if clarification of them is desired, it would be advisable that they be raised in the course of any discussions with Canadian representatives. I asked for some elucidation of point 3. Mr. James said that, some time after we had sold our buildings and installations at Gander to the Newfoundland Government for the nominal sum of \$1,000,000, the United Kingdom authorities had raised with the Newfoundland Government the question of certain R.A.F. buildings at the airport which were also being taken over by the Newfoundland Government. It was eventually agreed that they should be purchased for the sum of \$200,000. Mr. James added that he realized that the Canadian authorities are probably unaware of this transaction and that he was mentioning it at this time for our information.

With respect to point 9, Mr. James asked for my views. I said that the Federal Government does spend money to assist the fisheries in various ways but that I thought the type of assistance he had mentioned is not now provided and it would therefore seem rather unlikely that it could be provided especially for Newfoundland in the event of union.

With reference to point 10, I told Mr. James that I was rather surprised to find that he anticipates a substantial provincial deficit at the outset. I told him that, on the basis of the figures for expenditure submitted by the Newfoundland delegation and of the estimate of revenue made by Canadian officials, we had ourselves anticipated that the provincial budget would come very close to balancing in the first three years of union. If there were to be any deficit it would probably be a small one which could easily be met out of the portion of the surplus earmarked for that purpose. It was envisaged by us that the Newfoundland provincial government should raise additional money by taxation but it was appreciated that this development would have to take place rather gradually and in the face of a number of rather special difficulties. It is for this reason that the transitional grant is to be paid in full during the first three years of union, gradually reducing thereafter as new sources of revenue are found in Newfoundland to replace it.

The problem of the provincial budget, I added, was probably the thorniest question which the Canadian and Newfoundland representatives had to tackle last summer, and the Canadian representatives on their part devoted more time and thought in an effort to solve it than to any other single question. It was felt that, if an offer was to be made to Newfoundland, the arrangements proposed must give reasonable assurance that the union would be workable.

Mr. James said that he is not suggesting that better financial arrangements should be forthcoming, but rather he is asking for technical assistance in the business of raising, by means of taxation, the rather substantial new amounts which he believes would be required by the provincial government. He agreed that, on the face of the figures used in Ottawa, the provincial budget would be balanced for all practical purposes. On the other hand, he is inclined to think that our estimate of revenue remaining to Newfoundland may be a bit inflated and that the delegation's estimate of expenditure is distinctly on the low side. The latter condition, Mr. James says, arises out of the fact that no account has been taken of the items listed under the heading Reconstruction Expenditure. These items, he pointed out, are paid out of current revenues in Newfoundland, and many of them would inevitably be continued into the post-union period. He mentioned, by way of example, the construction of school buildings, loans to the fishing industry, expenditure on the development of the fisheries and of rural areas, construction of roads and public buildings (particularly hospitals, some of which are still under construction) and further loans to the St. John's Housing Corporation to complete work already under construction. He also made the point that the Newfoundland provincial government, unlike the existing provincial governments, would have to meet the cost of such essential and expensive services as education, public health and road construction almost entirely unaided by local government.

In connection with the Housing Corporation, Mr. James remarked that, since the Newfoundland Government had found it necessary to curtail its outlay for housing, the Corporation has frequently been on the point of resigning. He is inclined to think that they are keeping themselves in being largely in the hope that the Canadian Government will find a way to afford them financial assistance.[ . . . ]

...  
Mr. James' main point is that, no matter how much one may reduce expenditures, a certain number such as those he mentioned would inevitably have to be carried on by any Newfoundland Government, be it an independent government or a provincial government. He did not suggest how long such expenditures might be expected to continue but he felt that the sum total involved would likely be such that the provincial authorities should have adequate taxing machinery at their disposal from the start for the purpose of raising new revenue.

I told Mr. James that I felt sure that the Canadian Government would be prepared to provide technical assistance of this kind. At the same time, however, I endeavoured to emphasize that the responsibility for any measures adopted would rest entirely with the provincial government.

With respect to Mr. James' main point regarding the inadequacy of the revenue in view for the provincial government, I did not feel disposed to question the position he had described. I did think, however, that I should go so far as to hint that, when considering the question of a provincial budget in Newfoundland, we on the Canadian side had not simply accepted the delegation's estimate of expenditure on faith but had done some figuring of our own as a means of checking their appraisal of the situation.[ . . . ]



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.

...

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.

I recall that when I talked to him almost two years ago on leaving Newfoundland, he remarked to me that he felt hamstrung by the Treasury Office attitude toward public finance which he continually encountered in the administration of Newfoundland affairs. While Mr. Wild's return to the United Kingdom had been pending for some time before he actually left, I think it was hardly accidental that this "watchdog of the Treasury" was replaced by a Treasury official whose temperament and experience leads him to be a great deal more amenable to the Governor's wishes than was his predecessor. Furthermore, the amounts spent by the Newfoundland Government have mounted steadily and markedly since the Governor took office. While some of this increased expenditure can be attributed to such special items as veterans' re-establishment and to rising prices, there has unquestionably been a substantially greater outlay on public services.

...

Yours sincerely,

PAUL A. BRIDLE

607.

C.D.H./Vol. 58

*Le président et le directeur de la campagne, l'Association pour la  
Confédération de Terre-Neuve, au ministre de la Reconstruction  
et des Approvisionnements*

*President and Campaign Manager, Newfoundland Confederate Association,  
to Minister of Reconstruction and Supply*

St. John's, June 21, 1948

Dear Mr. Howe,

1. A new group of reinforcements for Confederation has been formed, consisting of:

J. B. McEvoy, K.C., former Chairman of the National Convention;

Arthur H. Monroe, the biggest fresh-frozen fish producer;

Hon. Walter S. Monroe, his father, former Prime Minister;

Hon. H. W. Quinton, present Commissioner for Health and Welfare;

Hon. Dr. H. Pottle, present Commissioner for Home Affairs and Education;

Leslie R. Curtis, K.C., prominent lawyer;

Eric A. Bowring, managing director of Bowring Bros., Ltd., the country's largest mercantile firm;

Sir Leonard Outerbridge, managing director of Harvey & Co., the country's second-largest mercantile firm; and several other prominent men.

All of these, except Hon. W. S. Monroe, will broadcast for Confederation, and will contribute something to our campaign fund.

2. This will bring to the cause what it hitherto lacked — namely, the respectable element of the country.

3. The prospects now look excellent. What happened last time was that the entire Roman Catholic Church (except on the West Coast) went solidly Responsible. This has provoked an underground reaction. The population is two-thirds Protestant. The consequence may be that the Catholic Church will throw its influence our way, or at least drop its pressure the other way. In any case, even without Catholic support, it looks like a comfortable majority for Confederation.

4. We need money desperately. Taking into account what we will raise locally, we must have at least another \$20,000.<sup>58</sup>

5. We need it *quickly*.<sup>59</sup>

GORDON BRADLEY  
J. R. SMALLWOOD

608.

10300-E-40

*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, June 22, 1948

NEWFOUNDLAND REFERENDUM; CANADIAN PROCEDURE

At its meeting on June 22nd, the Cabinet noted with approval a report submitted on various questions concerning the possible confederation of Newfoundland with Canada. It was agreed that the Canadian High Commissioner in the United Kingdom be directed to inform the U.K. government that any plans for making confederation effective should take into consideration the fact that the Canadian government could not set an effective date for union earlier than March 31st 1949; that should any question arise as to the size of the majority for union which would be required by the Canadian government, the U.K. government should be informed that this was primarily a matter for decision by the U.K. government.

<sup>58</sup>Néanmoins, vers la fin de la campagne, l'Association pour la confédération était dans une meilleure position financière que la Ligue pour le gouvernement autonome à cause des contributions de gens au Canada. C. D. Howe avait suggéré des personnes auxquelles l'association pouvait s'adresser. Voir Harold Horwood dans Mason Wade, ed., *Regionalism in the Canadian Community, 1867-1967*. Toronto: University of Toronto Press, 1969, pp. 244-55.

<sup>59</sup>La note suivante était écrite sur cette lettre:

A great many people were surprised by the big showing Confed[eration] made. They had not been taking it seriously. J. R. S[SMALLWOOD]

<sup>58</sup>Nevertheless, near the end of the campaign, the Confederate Association was in a better financial position than the Responsible Government League because of contributions from individuals in Canada. C. D. Howe had suggested persons who could be approached for contributions. See Harold Horwood in Mason Wade, ed., *Regionalism in the Canadian Community, 1867-1967*. Toronto: University of Toronto Press, 1969, pp. 244-55.

<sup>59</sup>The following note was written on this letter:

609.

243s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner  
in Great Britain*

TELEGRAM 959

Ottawa, June 23, 1948

SECRET. Your telegram No. 894 of June 17 visit Governor of Newfoundland.

2. I agree that it would be desirable to have Wershof sit in on discussions with C.R.O. and Governor, if they so desire, to discuss in a general way the appropriate procedure for the admission of Newfoundland in the event of a favourable vote for Confederation on July 22. It is appreciated that it would be desirable to set at rest public uncertainty as soon as possible after the plebiscite but it is felt that no firm arrangements should be entered into until the results of the plebiscite are known.

3. With respect to timetable there are certain serious obstacles to early completion of union. It is understood that a delegation would be sent up from Newfoundland to complete negotiations. If it were contemplated that an instrument of union would be drafted in these discussions, this would clearly involve an extended period of negotiation. In any case careful drafting of instrument of union, even if left to legal experts, will require time. It is felt that action would probably be required by both the parliament of Canada and the parliament of the United Kingdom. As you know, it is expected that parliament will rise here about the end of the month and an early fall session should not be anticipated. The administrative problem of establishing new federal services in Newfoundland and of taking over, in whole or in part, certain services now provided by the Newfoundland government would also require considerable time. It would thus seem impracticable to contemplate completing union before winter sets in. It is understood that winter elections whether for members of parliament or for a provincial legislature would be practically out of the question in Newfoundland.

4. Under these circumstances the Canadian government think that the earliest practicable date for making union effective would be March 31 and the United Kingdom authorities should be advised in confidence accordingly. This date would have this advantage that it would be the end of the fiscal year for both Canada and Newfoundland. If the date were announced shortly after the referendum, it should give reasonable certainty to business concerns to enable them to make plans for the intervening period.

5. It may be that the United Kingdom authorities will raise the question as to the majority required to consider the vote in the referendum decisive. It is felt that a decision on this matter is primarily the responsibility of the United Kingdom and Newfoundland authorities. In this connection please see my remarks in parliament on June 19, Hansard pages 5544-45 and 5550-51.<sup>60</sup>

<sup>60</sup>Voir le document 604.

<sup>60</sup>See Document 604.

610.

PCO-CRF

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 105

St. John's, June 23, 1948

Doctor L. J. Jackman of Montreal encloses with a letter<sup>1</sup> published in the *Evening Telegram* copies of replies<sup>1</sup> received to enquiries regarding Newfoundland from the Prime Minister's Private Secretary and from Allan O'Brien, M. J. Coldwell's Parliamentary Secretary.<sup>61</sup>

2. O'Brien states that, in Coldwell's absence, he has discussed the question of the C.C.F. statements regarding the terms of Confederation with Davis Lewis, C.C.F. National Secretary, and that the latter has suggested that Jackman's letter be referred to the meeting of the C.C.F. National Executive in Ottawa, June 26th and June 27th. O'Brien assumes it is probable a statement would be issued following this meeting.

3. Jackman implies in his covering letter that he has also written to John Bracken<sup>62</sup> but says so far no statement has been received from him. As you may have already deduced, Jackman's purpose is evidently to obtain evidence to support the contention that the terms are only a Liberal Party offer and in no way binding upon the Canadian people. He argues this in his covering letter and says he will send the editor of the *Telegram* copies of further correspondence "of value" received by him from political parties. Cashin is beginning to pursue a similar line here.<sup>63</sup>

<sup>61</sup>M. O'Brien était le secrétaire privé de M. Coldwell et non un secrétaire parlementaire. Il n'y a pas de renseignements dans les dossiers sur l'attitude de l'exécutif national du CCF sur cette question mais la bienveillance de M. Coldwell envers l'union est évidente dans les extraits des débats de la Chambre des Communes dans la section b de la partie I du chapitre V.

<sup>62</sup>Chef du parti Progressiste Conservateur et chef de l'Opposition à la Chambre des Communes.

<sup>63</sup>Plus tard, après que George Drew était devenu le chef du parti en octobre 1948, le parti Progressiste Conservateur s'est montré en faveur de ceux qui prétendaient qu'on aurait dû rétablir un gouvernement autonome à Terre-Neuve avant d'entamer les négociations sur la confédération. Néanmoins, après le deuxième scrutin du référendum, le parti Progressiste Conservateur et le parti Libéral commencèrent à étudier leurs chances électorales à Terre-Neuve et à contacter des adhérents possibles. Le CCF a fait de même un peu plus tard.

<sup>61</sup>Mr. O'Brien was M. J. Coldwell's private secretary, not a parliamentary secretary. There is no information in the files concerning the attitude of the CCF's National Executive on this question but Mr. Coldwell's friendly attitude toward union is evident in the extracts from the debates in the House of Commons in section b of Part I of Chapter V.

<sup>62</sup>Leader of the Progressive Conservative Party and Leader of the Opposition in the House of Commons.

<sup>63</sup>Later, after George Drew had become leader of the party in October 1948, the Progressive Conservative Party favoured the position of those who contended that responsible government should have been restored in Newfoundland before negotiations on confederation were undertaken. Nevertheless, after the second poll of the referendum, both the Progressive Conservative Party and the Liberal Party began to assess their electoral chances in Newfoundland and to contact potential adherents. The CCF began the same process later on.

611.

2828-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*  
*Secretary of State for External Affairs to Ambassador in United States*

TELEGRAM 1632

Ottawa, June 26, 1948

Parties in Newfoundland have reopened campaign for second referendum. While little new material has so far been introduced, the weekly newspaper *Confederate* of June 16th in a front-page column headlined quote Hands Off Americans unquote charged that some American personnel on the bases intervened unwarrantably and inexcusably in the recent national referendum. I quote for your information: quote We direct the attention of the Newfoundland and United States authorities to the fact that some American personnel on the Bases intervened unwarrantably and inexcusably in the recent National Referendum. They intervened by throwing their weight on the side of one of the forms of government on the ballot-paper — namely, Responsible Government. They intervened by speaking against Confederation. They intervened by suggesting openly, or hinting covertly, that under Confederation the U.S. Bases in Newfoundland would close down, with consequent loss of their jobs by Newfoundland civilians. Was this impertinent intervention into the domestic political affairs of the Newfoundland people by United States personnel made with knowledge and consent of the United States Government, the United States Consul General, the Commanding General, or the Commanding Officers of the Bases? Are we to expect a repetition of this grave breach in the forthcoming campaign? unquote.

612.

2828-40

*Le haut commissaire en Grande-Bretagne au secrétaire d'État*  
*aux Affaires extérieures<sup>64</sup>*  
*High Commissioner in Great Britain to Secretary of State*  
*for External Affairs<sup>64</sup>*

DESPATCH 1265

London, July 1, 1948

SECRET

Sir,

With reference to my telegram No. 1006 of July 1st regarding union with Newfoundland, I enclose four copies of a draft of a statement which the Governor of Newfoundland will make public in the event of there being a majority vote for

<sup>64</sup>Cette dépêche et le projet de déclaration, qui n'est pas reproduit, furent signalés au Premier ministre.

<sup>64</sup>This despatch and the draft statement, which is not printed, were referred to the Prime Minister.

return to responsible government. This draft has been prepared by the Governor in consultation with the Commonwealth Relations Office.

I have etc.

M. H. WERSHOF  
for the High Commissioner

613.

10300-E-40

*Extraits d'un télégramme du haut commissaire en Grande-Bretagne  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Telegram from High Commissioner in Great Britain  
to Secretary of State for External Affairs*

TELEGRAM 1006

London, July 2, 1948

SECRET. Your telegram No. 959 of June 23rd, Newfoundland.

Accompanied by Wershof, I have attended three meetings at the Commonwealth Relations Office. Gordon-Walker (Parliamentary Under-Secretary) presided and the Governor of Newfoundland was present, also Machtig and Walsh (Commissioner of Justice of Newfoundland). I gave the first meeting the contents of your telegram No. 959 in order that the present views of the Canadian Government should be known. The agenda divided naturally into two parts:

- (a) What procedure should follow a satisfactory vote for confederation, and
- (b) What happens if there is a very slight majority for confederation.

In this telegram I shall deal with hypothesis (a) and in a separate telegram with hypothesis (b). Everything in this telegram is premised on there being a satisfactory vote for confederation. These meetings were of an exploratory character, designed to elucidate the position with a view to submission on the United Kingdom side to Ministers for a final decision.

2. The first point which the Commonwealth Relations Office and the Governor ask you to consider is the desirability of the three Governments agreeing, prior to the referendum, on a tentative legal program to be followed in the event of there being a satisfactory majority vote for confederation, in order that this program may be announced promptly after the vote. It would, they urge, be unfortunate if there were, subsequent to the vote, a long period of public uncertainty as to what is to happen and when. They hope therefore that the Canadian Government will consent to join with them in trying to reach agreement now on a tentative timetable and procedure. Such an agreement would not in any way bind the heads of the Canadian Government if the vote were unsatisfactory, nor would it limit the powers of the Canadian Parliament in respect of the substantive terms of union.

3. The Governor has already decided whom he would ask to be on the Newfoundland delegation which would go to Ottawa to discuss and settle with the Canadian Government the full terms and arrangements. The anti-confederation people would be represented on it but most of its members (5 out of 7) would be pro-confederation. The Commonwealth Relations Office and the Governor hope

that this déléation could be received in Ottawa soon after the vote. I mentioned that, in August, it might not be possible for the interested Canadian Ministers to be available in Ottawa for discussions with this déléation. However, as much of the discussion will presumably be with senior officials and not Ministers, perhaps the Canadian Government would consider it feasible for the déléation to arrive in August.

4. The Commonwealth Relations Office and the Governor are greatly disturbed by your suggestion that April 1st, 1949, is the earliest suitable date for union. They feel that the longer the delay between the referendum and the date of union the more chance there is of serious political unrest in Newfoundland. As Commission Government has been rejected by the voters, the sooner it is ended the better. (If the forthcoming referendum should give a majority for responsible Government, the plan is to have an election for the House of Assembly in December and to inaugurate responsible Government on January 1st, 1949). The Commonwealth Relations Office hope the Canadian Government might consider the possibility of having a special session of Parliament in Ottawa in the autumn with a view to making January 1st the date of union. If that is impossible, it is urged that the date of union should at least be advanced to March 1st because the April 1st date presents two practical difficulties:

(a) The new Provincial Government would be starting the financial year without a budget; if the Government started to function on March 1st it would have a month in which to prepare for the beginning of the financial year;

(b) The financing arrangements for the 1949 fish catch must be made known to the fishermen before the end of March; if there is no provincial Government till April 1st there may be chaos in the fishing industry.

5. The next question is, by what legal process is union to be accomplished. The Commonwealth Relations Office said that they thought the United Kingdom Government would be most anxious to avoid putting the terms of union through the Parliament of the United Kingdom once there has been a satisfactory vote for confederation, the terms of union are (except for a few financial clauses)<sup>65</sup> of no concern to the United Kingdom, and the Commonwealth Relations Office thinks it would be unsatisfactory to all concerned if a bill covering necessary detailed terms of union had to be submitted to Parliament here.

6. The solution, the Commonwealth Relations Office and the Governor think, lies in an interesting plan which, so far as I know, has not previously been considered in Ottawa. It is to amend S. 146 of the B.N.A. Act to provide that the Commission of Government of Newfoundland, fortified by the result of a referendum, should be competent to make the address to His Majesty which, as S. 146 now reads, must be made by the non-existent "Legislature" of Newfoundland.

<sup>65</sup>Dans le Newfoundland Act de 1933, la Grande-Bretagne avait accepté certaines obligations par rapport à la dette de Terre-Neuve.

<sup>65</sup>Under the Newfoundland Act of 1933, Great Britain had accepted obligations with respect to certain aspects of the Newfoundland debt.



Once S. 146 has been amended in this way, the procedure becomes simple — the terms of union would be annexed to addresses from the Parliament of Canada and the Commission of Government of Newfoundland and then these addresses and terms could be approved by Order-in-Council in London, thereby acquiring the force of law.

7. The Act to amend S. 146 would, according to constitutional custom, have to be requested by Canada. The preamble to the Act would recite the referendum vote, the need to adapt S. 146 to the unprecedented constitutional position of Newfoundland, and Canada's request.

8. If the Canadian Government will agree to this scheme, the next suggestion of the Commonwealth Relations Office (although it is not essential to the operation of the scheme) is that Canada should enable the United Kingdom Government to obtain the enactment of this amendment in the autumn of 1948, thereby leaving only the substantive matters (the terms of union) to be disposed of in the spring of 1949. As the Parliament of Canada is not expected to be in session again until 1949, the only way S. 146 can be amended in 1948 is for the request by Canada to be expressed by the Canadian Government instead of by the Canadian Parliament. This method is legally available although it has not been used for an amendment to the B.N.A. Act since 1875. The Commonwealth Relations Office points out that the proposed amendment to S. 146 would be purely of an enabling nature and would not prejudice in the slightest the power of the Parliament of Canada later to approve or disapprove the terms of union.

9. If the Canadian Government likes the plan to amend and use S. 146, but declines to ask for the amendment without the approval of the Canadian Parliament, the Commonwealth Relations Office would still strongly prefer the S. 146 procedure to any procedure requiring the Parliament of the United Kingdom to legislate the union into existence.

10. Reverting now to the discussions between Newfoundland and Canada dealt with in paragraph 3 of this telegram, the Commonwealth Relations Office thinks that they should be bilateral and not tripartite. In the opinion of the Commonwealth Relations Office the United Kingdom Government is not concerned with the detailed terms of what may be called for convenience the "Instrument of Union" — whether that Instrument is to be annexed to an Order-in-Council under S. 146 or to a United Kingdom Statute. The United Kingdom Government would however, need to take the following very limited part in the discussions:

(a) The United Kingdom would necessarily be concerned with some of the financial clauses, e.g., those relating to the public debt;

(b) If it should be decided to have a United Kingdom Statute to approve the Instrument of Union, it would be desirable that United Kingdom Parliamentary counsel should co-operate in the drafting in order to ensure that the draft document complies with United Kingdom Parliamentary practice. Parliamentary counsel would have no interest in the substance of the proposed legislation.

11. Whether the Instrument of Union is to be annexed to a United Kingdom Statute or to an Order-in-Council under S. 146, the Commonwealth Relations Office hopes that it will not be any more detailed and elaborate than is absolutely

essential. For example, rather than have the first Provincial Constitution of Newfoundland and the first constituency boundaries put in the Instrument of Union, the Commonwealth Relations Office suggests that consideration be given to the idea that the Instrument should be confined to authorizing the Canadian Parliament to enact the first Provincial Constitution, etc.

...

15. In order that there may be a full opportunity for discussion between the two Governments, the United Kingdom Government are sending instructions to their High Commissioner in Ottawa to approach you on the above matters, and are arranging for Tait (who is head of the Department concerned in the Commonwealth Relations Office and has attended the discussions here) to fly to Ottawa early next week in order to assist Clutterbuck.

16. I am giving the Commonwealth Relations Office a copy of this telegram and you may therefore wish to give a copy to Clutterbuck.

614.

10300-E-40

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 1008

London, July 2, 1948

SECRET. My telegram no. 1006, July 2nd, Newfoundland.

1. In this telegram I shall discuss hypothesis (b) — What happens if there is a very slight majority for confederation.

2. The Governor of Newfoundland and Commissioner of Justice said that in their view there is no chance of a big majority for confederation, certainly not more than three thousand (3,000) and very probably much less. The complete result of the voting will not be known for about one week after the voting, but the result of most of the votes will be known within 24 hours.

3. On the United Kingdom side, it has been made clear in the published despatch from the Secretary of State to the Governor of March 2nd<sup>66</sup> that "in the event of the vote being in favour of the confederation, means would be provided to enable the full terms and arrangements for the Constitution of Newfoundland as a Province of Canada to be discussed and settled between authorized representatives of Newfoundland and Canada." On the Canadian side the Prime Minister stated in his letter to the Governor of 29th October, 1947, that "should the people of Newfoundland indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a Province of Canada on the basis of the proposed arrangements, the Canadian Government, subject to the approval of Parliament, would for its part be prepared to take the necessary constitutional steps to make the union effective at the earliest practicable date."

4. In our discussions over the past few days we have considered in a provisional way the implications of these two statements. On the United Kingdom

<sup>66</sup>Voir la pièce jointe, document 550.

<sup>66</sup>See enclosure, Document 550.

side it has been made clear that they would regard any majority for confederation, however small, as binding and that, if the decision were solely for them, they would arrange for confederation, even though the majority were as small as one. But they recognize that, confederation being two-sided, the ultimate word must be with Canada and if Canada decides that a majority is too small to justify acceptance of Newfoundland into confederation, they could not but acquiesce in that decision.

5. Other important points which have come out in the discussions are these:

(a) The Commissioner of Justice of Newfoundland has expressed the personal opinion that if the majority is very small and there is thus a sharp but evenly balanced division of opinion, it would not be wise to base upon it an irrevocable constitutional change.

(b) In view of the strength of feeling on this question in the island and of the concentration in the Avalon Peninsula of the supporters of responsible Government there is in the view of the Governor and the Commissioner for Justice, real danger of civil disorders if it were announced that, notwithstanding the smallness of the majority, confederation would at once be proceeded with.

(c) The Commonwealth Relations Office will ask the Governor and Commission to send immediately after the poll a reasoned appreciation of the position which would be communicated also to the Canadian Government for their information.

(d) If there is a very small majority for confederation and if confederation does not take place, the United Kingdom Government will restore responsible Government. There will, in the United Kingdom view, be no other course open to them.

6. The United Kingdom representatives think it most important that there should, if possible, be a measure of understanding on this question between the Canadian and United Kingdom Governments before the poll takes place, since if matters were allowed to slide and there were long delays between the poll and a final decision due to the necessity for exchange of views then, there would be danger of a very unsettled situation in the island. It is for this reason that they are instructing their High Commissioner in Ottawa to discuss the matter with you shortly.

7. I am giving the Commonwealth Relations Office a copy of this telegram and you may wish to give a copy to Clutterbuck. Ends.

615.

2828-40

*Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

Sir,

I have the honour to refer to my despatch No. 232 of May 20th regarding the Referendum (Advance Poll) Act and the more general arrangements for the holding of the first poll in the national referendum.

2. There has now been passed an Act entitled "An Act to Amend the Referendum (Advance Poll) Act, 1948." Copies of this Act as gazetted are enclosed.<sup>1</sup> Its effect is to increase the number of districts in which an advance poll may be held from nine to seventeen, to expand the period during which an advance poll may be held, and to provide for more flexible voting hours. In six of the seventeen districts the advance poll commenced on June 25th and will continue until July 21st. These six districts are all located on the south and south-east coasts of Newfoundland. I understand that the advance poll is to be of a longer duration in these areas because most of the banking schooners sail from southern harbours, returning at long and irregular intervals for bait or to discharge their catch.

3. In the remaining eleven districts the advance poll is to commence on July 2nd and is to continue until July 21st. These districts include Labrador, two districts on the west coast of Newfoundland, two on the north coast, three on the north-east coast, one in the interior and two on the eastern part of the Avalon Peninsula — St. John's East, and Harbour Grace on Conception Bay. The object of the advance poll in these areas is mainly to give fishermen going to the Labrador, lumbermen, and persons travelling on pleasure and business an opportunity to vote.

4. About seventy-five polling stations were set up in Labrador when the first vote was taken and the same number will be used at the coming poll. A motor vessel is at present travelling up the Labrador coast, distributing ballot boxes, etc., to these polling stations and collecting the final returns of the June 3rd vote. There will be no advance poll at these stations, shore fishermen who have come up from Newfoundland and who have not voted in their home districts being expected to vote on polling day along with the residents of Labrador.

5. There will, however, be an advance poll of the fishermen who are fishing from schooners off Labrador. A motor vessel will shortly start down the coast with the object of coming alongside all the fishing boats between July 2nd and 22nd. The motor vessel will call in at places where schooners may be expected to anchor or where news of their whereabouts will likely be available. The poll which takes place on board this motor vessel may be held at any hour of the day or night.

6. A special polling station is to be set up on Belle Isle in a harbour where between twenty and thirty fishing schooners regularly anchor every day. This polling station will be open on July 22nd only, as it is thought all the schooners will be in the harbour at some time that day.

...

9. The same persons who officiated at the June 3rd vote are being invited to take charge in the second poll. So far as the advance poll is concerned, the services of returning officers only are required, members of the Newfoundland Constabulary or of the Newfoundland Ranger Force assisting where necessary. For the main vote, however, the services of deputy returning officers, poll clerks,

etc., are required and the authorities are now engaged in ascertaining which of the persons who served in these capacities on the former occasion will be prepared to do so again. In this connection it will be recalled that the Referendum Act provides for the presence of representatives of the contending forms of government in polling stations. [ . . . ]

...

15. It is at any rate arguable that, even if summer voting does place certain special difficulties in the way of a heavy poll, it is on balance to the advantage of the Confederate side that the second poll should follow as closely as possible upon the first. I do not in any way suggest that such a consideration motivated the Newfoundland Government in this matter; they evidently have good and sufficient reasons of their own for desiring to complete the referendum as quickly as possible. Taking all things into consideration, we may, I think, give them credit for tackling the problems created by a summer vote with boldness and imagination.

I have etc.

PAUL A. BRIDLE

616.

2828-40

*Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 344

St. John's, July 12, 1948

Sir,

I have the honour to refer to my despatch No. 329 of July 5th<sup>t</sup> regarding political developments since the first vote in the national referendum.

2. The first week of the new campaign launched a rather remarkable series of radio addresses in the interests of Confederation. The initial speaker, Mr. Bradley, who opened the campaign with a radio talk on July 5th, was followed by Mr. Leslie R. Curtis, K.C., on July 7th, Mr. Smallwood on July 8th, and on July 10th by the Honourable H. W. Quinton who was introduced by Sir Leonard Outerbridge.

3. Mr. Bradley delivered a fluent and forceful address in which he set the case for Confederation in proper perspective. Very clearly and without offence, he described the cold comfort which Newfoundlanders would get from a Responsible Government endeavouring to carry Newfoundland along on its own, and, by contrast, clearly and without exaggeration demonstrated the concrete benefits which Confederation would offer to this country. He said that Newfoundland must associate itself with some larger entity — Britain, the United States, or Canada — and that only Canada can offer Newfoundland what she really needs. Canada, moreover, is a British country, and the fact of the matter is that the Canadian provinces have gone ahead during the past eighty years while Newfoundland, staying out, has lagged behind. Referring to one of the points on

which Confederation is in a sense vulnerable, Mr. Bradley said that the Newfoundland fishing industry needs Confederation because in a year or so Newfoundland will no longer be able to find the dollars to finance sales of salt cod in Europe. He concluded by contrasting the definite and generous terms offered by the Canadian Government with the eighty-year record of misfortune upon which Newfoundlanders, in determining their future course, must look back. In making these remarks he blamed the country's system of Government rather than the politicians who had administered it and, while he attacked his present opponents in a very forthright manner, his whole presentation of the case for Confederation was on a highly acceptable plane.

4. Mr. Curtis, evidently a recent convert to Confederation, made a few very cogent points. He said that Newfoundland should grasp the present opportunity of entering Confederation as a solvent entity. Deficits are already in view, he said, and it will not be very long before the country's finances will be such that no Government would be strong enough to negotiate and carry through Confederation. He reminded Newfoundlanders that Canada is willing to expend \$15,000,000 or so a year in Newfoundland and that this additional money would inevitably benefit the people of this country. He also advanced a rather new argument for Confederation, saying that Canada taxes the profits of Canadian banks, insurance companies, etc., in Newfoundland and that Newfoundland should join Canada in order to share in the benefits of these invisible returns.

5. Mr. Curtis reminded listeners that he was one of the lawyers who signed the telegram to the Commonwealth Relations Office about the constitutional position.<sup>67</sup> He said that he now feels that the demand made in it has been met. Evidently he regards the telegram as a demand that Confederation should not be brought about unless and until the terms have been negotiated. He now argues that the British Government has promised Newfoundland that if its people vote in favour of Confederation, the full terms of the union will be negotiated between authorized representatives of Canada and Newfoundland. If those conducting the negotiations on both sides are men of integrity, Mr. Curtis says there should be no qualms about the negotiations not being between sovereign governments. He believes, he said, that the present terms are not Canada's final offer and that any sincere suggestions will be sincerely considered and duly incorporated.

6. Mr. Smallwood devoted his radio time to a quite devastating attack on Economic Union on budgetary grounds and at the same time made a clear and effective exposition of the services which the Canadian Government would take over in the event of Federation.

7. In introducing Mr. Quinton, Sir Leonard Outerbridge spoke at some length. He said that he was happy to introduce Mr. Quinton, who he felt sure would introduce a welcome note of objectivity into the campaign. He reminded his listeners of Mr. Quinton's quite remarkable record of public service in this country and then went on to say why he himself believes in Confederation. He said that like a great many Newfoundlanders, he would like to see his country remain an independent entity, but that he is entirely convinced that this just

<sup>67</sup>Voir le document 525.

<sup>67</sup>See Document 525.

won't work. He stressed the fine social services afforded by Canada, which, he said, are the best in this hemisphere, and the Christian and British traditions which are kept alive in Canada and which make union with that country a highly acceptable idea to him.

8. Mr. Quinton began by making it clear that he was speaking as a private citizen and then went on to give a quite moving address in which he called upon his experience in public life, both as a civil servant and as an elected representative of the people, to show why, in spite of his instinctive desire to preserve Newfoundland as Newfoundland, he fervently believes that Confederation is the only proper future for this country. His exposition of this matter was simple in the extreme. Without going into any details of public finance, he argued that Confederation would mean a decent standard of public services for the people of this country, whereas Responsible Government would cause them to deteriorate, perhaps beyond repair.

9. Sir Leonard Outerbridge was advertised and introduced by the Confederate Association as Colonel Sir Leonard Outerbridge, D.S.O., LL.B., and when he introduced Mr. Quinton he referred in very cordial terms to the latter's service with the Newfoundland Regiment in the First World War. This is undoubtedly of benefit to the Confederate movement which is endeavouring, in the face of a certain amount of quiet defamation, to establish itself in the minds of the people as a thoroughly British cause.

10. The *Evening Telegram*, which has lately been assuming a rather painfully neutral attitude, came out with an editorial not long ago, in which it took the line that the people have already been subjected to quite enough propaganda, and can be trusted to decide the issue on July 22nd without further argument from either side. In the *Daily News*, the Wayfarer roundly disagreed with this thesis, asserting that there are a great many matters — all of them facets of the bitter truth about Confederation — of which the people must be made aware before they vote. A few days later, however, he reversed himself and began to develop the theme that it is a great pity that people should have to listen to political speeches on their radios in the summer-time when they would much rather be doing something else. The Corner Brook *Western Star* has recently been taking the same line editorially. It would appear that neither of the latter newspapers is happy about the calibre of some of the speakers who are now coming out for Confederation.

11. On July 9th the *Daily News* demanded editorially that Mr. Quinton should resign his position as Commissioner for Public Health and Welfare, on the grounds that, if he remains in office, he cannot avoid prejudicing the position of the Commission of Government as an impartial trustee. The *Evening Telegram* contented itself with pointing out that it would appear to rest with the Government to decide whether Mr. Quinton's participation in the campaign makes him, in the words of the Letters Patent, no longer "capable of exercising his functions as a Member of the said Commission." It may be noted that at the outset of his speech, Mr. Quinton himself said that, since the Commission of Government was no longer a possible future form of Government for Newfoundland, he is under no obligation to remain silent on political matters.

12. The Confederates have also been busy on other fronts. Their July 5th political rally in the C.L.B. Armouries was evidently a great success. Sixteen hundred people filled the auditorium to overflowing and hundreds more stood outside and heard the meeting through loud-speakers. The chief speakers at the rally were Mr. Bradley, Mr. Smallwood, Mr. Curtis and Dr. Will Roberts, who, in the words of *The Confederate*, "nailed his colours to the mast as a Confederate." Dr. Roberts, as you know, is one of the oldest and most respected members of the medical profession in this country. A more detailed account of this meeting, and its aftermath (with which I will deal below), is contained on page one of the July 7th issue of *The Confederate*, copies of which I am forwarding under separate cover.<sup>†</sup>

13. During the remainder of the week the Confederate Association held a number of organizational meetings in the C.L.B. Armouries and I understand that a considerable number of men's and women's committees have now been formed. It would appear that Mr. Smallwood will devote more time to St. John's than he did during the previous campaign and that the Confederates will have a much improved organization in this area.

14. The main Confédération burden in the outports is, as I have already reported, being carried this time by canvassers. I have recently learned, however, that the boats carrying public address systems, to which I referred in my previous despatch<sup>†</sup> on this subject, have been operated by the Confederates for some time, one on the north coast and one on the south. Like the Responsible Government people, they too are hoping to charter an aeroplane for the same purpose.

15. The Responsible Government and Economic Union groups have brought forward an even larger number of radio speakers during the past week than the Confederates, but none of them have been persons of the calibre of the main Confederate speakers. The only people who are at all well known who have spoken on their behalf are Mr. Chesley A. Crosbie, Mr. Don Jamieson, Mr. F. M. O'Leary, O.B.E., (President of the Responsible Government League), Mr. Albert Perlin (Associate Editor of the St. John's *Daily News*) and Mr. W. M. Marshall, M.B.E., (President of the Great War Veterans' Association). The majority of the Responsible Government and Economic Union speakers have pursued the negative destructive line to which I referred in my previous despatch. The only points they made which seemed at all convincing were that under Confederation Newfoundland would no longer be able to sell salt fish in Europe and that the terms, not being negotiated, may be upset or altered by the Canadian Parliament after Newfoundland is committed to them. There was the usual talk about the golden opportunities to be afforded by Economic Union with the United States, but nothing new in the way of support from that country was brought forward. It would appear that, if Mr. Crosbie secured any further encouragement during his recent extended stay in Washington and other large American cities, he is holding it in reserve.

16. Both the Responsible Government and Economic Union groups held a number of organizational meetings in St. John's and vicinity during the past week. Their canvassers too are busy in the outport Districts and I understand that some of their speakers will shortly go on tour.



17. There was an unpleasant incident at the close of the Confederate rally on July 5th. As Mr. Smallwood was leaving the auditorium, he was attacked from behind by a number of as yet unidentified assailants. According to *The Confederate*, Mr. Smallwood was struck on the head. His supporters, however, succeeded in warding his assailants off and whisked him away in a motor car, although not before his attackers had attempted to overturn it. I enclose copies of a clipping<sup>67</sup> from the St. John's *Evening Telegram* of July 6th reporting this incident. A somewhat more graphic version appears in the July 7th issue of *The Confederate*, to which I have referred above. The *Daily News* did not report the incident at all.

18. The police dispersed the gang which attacked Mr. Smallwood but they did not make any arrests. On July 8th the *Evening Telegram* demanded that the affair should be investigated and that those responsible should be prosecuted. The Commissioner for Justice, who is determined to stamp out rowdyism of this kind, is now conducting an investigation and plans to make arrests if the facts elicited warrant such a step.<sup>68</sup>

...  
I have etc.

[P. A. BRIDLE]

617. 2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures  
Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 117 St. John's, July 13, 1948

IMPORTANT. Following for MacKay from Bridle, Begins: Understand McEvoy plans to speak for Confederation over radio next Thursday and then make west coast tour.

2. Quinton, Outerbridge, Arthur Monroe, Will Roberts and Leslie Curtis have all spoken for Confederation over radio during past week. Pottle and Ashbourne are expected to follow suit. Gushue has made speech to Medical Association dinner which is susceptible of anti-Confederation interpretation. Ends.

618. 2828-40

*Extrait d'une dépêche du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures  
Extract from Despatch from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

<sup>67</sup>La copie de cette dépêche dans les dossiers est incomplète. Dans les derniers paragraphes, l'auteur exprima l'opinion qu'à l'exception des campagnes de médisances des deux côtés, la controverse soulevée par la question religieuse s'était modérée quelque peu.

<sup>68</sup>The copy of this despatch in the files is incomplete. In the last paragraphs, the author expressed the opinion that, except for whispering campaigns on both sides, the religious issue had somewhat abated.

DESPATCH 343

St. John's, July 13, 1948

Sir,

I have the honour to refer to my despatch No. 279 of June 8th regarding the results of the first vote in the national referendum.

2. I enclose copies of a clipping<sup>†</sup> from the St. John's *Daily News* of July 9th which contains a table compiled by the Chief Electoral Officer and entitled "Final Release Relating to the First Poll of the National Referendum Held on June 3rd, 1948."<sup>69</sup> This table gives final figures for the first vote in the national referendum, the only qualification being that in the case of White Bay and Labrador no sworn statement has yet been received at the Electoral Office.

3. The total number of votes cast for each form of government was as follows:

|   |        |
|---|--------|
| Commission of Government for a period of five years ..... | 22,311 |
| Confederation with Canada .....                           | 64,066 |
| Responsible Government as it existed in 1933 .....        | 69,400 |

It will be seen that the relative standing of Confederation has been slightly improved by the compilation of the final figures, Commission of Government having received approximately 14.32 per cent of the votes cast, Confederation about 41.13 per cent, and Responsible Government approximately 44.55 per cent.

4. This improvement is chiefly attributable to the fact that the Labrador vote, which was incomplete when the previous totals were compiled, gave Confederation a very substantial majority. It may be noted, however, that Confederation's standing was improved to an almost equal extent by what was evidently a recount in the District of Humber. The figures for eleven other Districts also show differences from the figures originally submitted. The majority of the variations are relatively minor, the only one which seems at all remarkable being the case of Harbour Main-Bell Island, where the votes are exactly the same as those shown in the earlier release, while the votes shown for Commission of Government have increased from 229 to 431.

...

I have etc.

PAUL A. BRIDLE

619.

10300-E-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner  
in Great Britain*

TELEGRAM 1128

Ottawa, July 16, 1948

IMPORTANT. SECRET. Your telegram 1006 July 2, Newfoundland. Following from Pearson for Robertson, Begins:

<sup>69</sup>Voir l'appendice F.

<sup>69</sup>See Appendix F.

2. During past week we have had three discussions with Clutterbuck, Tait and Shannon on the question of procedure for admission of Newfoundland. From a juridical standpoint there would appear to be two quite satisfactory methods: a statute of the United Kingdom parliament giving effect to the terms and covering the provincial constitution, either in detail or in general terms; or amendment to Section 146 of the B.N.A. Act. But there appear to be political difficulties to both methods. United Kingdom wishes to avoid a debate on the terms in Parliament and any responsibility for the terms and the United Kingdom officials appear to feel that procedure by statute of the United Kingdom Parliament would be objectionable on both grounds. On the other hand procedure by amendment of the B.N.A. Act would be objectionable here since it might well give rise to a debate on the general question about participation by the provinces in procedure of amendment and since it would contradict views already expressed here that no amendment of the B.N.A. Act would be necessary to bring Newfoundland in, the situation having already been provided for under the Act.

3. The following three alternatives have been discussed:

(a) Procedure under the B.N.A. Act, 1871. A statute of the Canadian Parliament covering the terms of the provisional constitution of the province would be passed in anticipation of action by the United Kingdom Parliament to effect union between Newfoundland and Canada. An address would then be passed by the Canadian Parliament requesting an act of union to which would be annexed the Canadian statute. Presumably similar procedure would be followed by the Newfoundland Commission of Government. We suggested that this would avoid debate on the terms in the United Kingdom Parliament since the terms would already be crystallized and would be merely annexed to the United Kingdom statute, but the United Kingdom officials, after referring the proposal to London, replied that this procedure might not be satisfactory to United Kingdom parliament since it might be thought to be an indirect means of avoiding debate in Parliament. It was also thought it might not be very acceptable to Newfoundlanders since it might savour of annexation.

(b) Procedure by Order in Council as provided under Section 146 plus a statute of the United Kingdom Parliament passed at the request of the Canadian Parliament and presumably of the Commission of Government to remove any doubts as to the validity of the Order in Council. United Kingdom officials are not very hopeful that this will be satisfactory, although there has not yet been time for reply from London.

(c) A suggestion arose at yesterday's meeting that the Canadian Government might request United Kingdom authorities in advance to have the powers of the Commission of Government clarified by statute so as to remove any doubts as to its powers to proceed to effect union insofar as procedure by Newfoundland is required under Section 146. Terms would then be completed between Newfoundland and Canada and addresses passed by the Canadian Parliament and the Commission of Government requesting the passage of an Order in Council by the United Kingdom to effect union. In effect this would be similar to the procedure suggested by United Kingdom officials in the meetings in London, but it might be argued that it was merely a clarification of the powers of the Commission of Government, and not formally an amendment of the B.N.A. Act. This procedure

has not been cleared with the Minister who will be out of the city until Monday, and it may be that the Minister would feel that this procedure would require approval in advance by the Canadian Parliament.

4. See my immediately following telegram referring to your 1008.

620.

10300-E-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner  
in Great Britain*

TELEGRAM 1129

Ottawa, July 16, 1948

**IMPORTANT. SECRET.** Your telegram 1008 of July 2, Newfoundland. Following for Robertson from Pearson, Begins:

2. It is appreciated here that although a majority for Confederation is possible it may be very small. On the other hand the fact that during the last few days a number of prominent professional and business men in St. John's have come out for Confederation may have a substantial influence on the result. At the same time a large majority for Confederation is certainly not repeat not anticipated.

3. It is unlikely that the Government will come to any decision before the referendum as to the size of the majority which would be acceptable from our standpoint. Decision after the referendum might well depend not only on the actual size of the majority but on the attitude taken by the opponents in Newfoundland. If, for example, some of the leaders of the Responsible Government group were to indicate that, the people having spoken, they were prepared to accept the decision, this might well be an important factor in the decision of the Canadian Government. If, on the other hand, there were any indications of possible disorder if Confederation were carried through, the Government might well decide not to proceed. We have endeavoured to make the situation as clear as possible to the United Kingdom officials but have been quite unable to give any commitments one way or the other.

4. It would appear that in the event of the majority being too small to justify proceeding with Confederation, the United Kingdom would like to place full responsibility for the decision on the Canadian Government. We should like if possible to avoid this since it might well prejudice any later chances of Confederation. If you have an opportunity, would you please stress with the C.R.O. that, while we appreciate their view that Canada should have the deciding voice as to whether Newfoundland should be accepted in the event of a very small majority, we hope that if circumstances require that this course be taken, the United Kingdom will appreciate the desirability of at least endorsing Canada's position in the matter.

5. Tentative draft statements for publication are being prepared to meet various alternative developments but it is unlikely that the Canadian Government will wish to make any statement indicating its position before the Quebec elections which are scheduled for July 28 unless the vote shows a majority for Responsible Government.

621.

2828-40

*Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 348

St. John's, July 17, 1948

Sir,

I have the honour to refer to my despatch No. 325 of July 5th<sup>70</sup> with which was enclosed a letter written to the St. John's *Evening Telegram* by Dr. L. J. Jackman of Montreal referring to the attitude toward Confederation of political parties in Canada.

2. I enclose a copy of a clipping from the St. John's *Evening Telegram* of June 28th, which contains a further letter from Dr. Jackman on this subject enclosing copies of letters which he has received from Mr. David Lewis, National Secretary of the C.C.F., and Mr. John Bracken, leader of the Progressive Conservative party.

...

4. Mr. Bracken's letter has not attracted much attention in the course of the present political campaign. The St. John's *Daily News*, however, has remarked on it editorially, arbitrarily selecting one part of it and saying that Mr. Bracken has said that other terms could be considered if those offered were not found satisfactory.

I have etc.

PAUL A. BRIDLE

[PIÈCE JOINTE/ENCLOSURE]

*Extrait du Evening Telegram de St. John's du 28 juin 1948*

*Extract from St. John's Evening Telegram of June 28, 1948*

...

Editor Evening Telegram.

Dear Sir,

On June 18th, 1948, I mailed you letters sent me from the Secretary of the Prime Minister of Canada, and one from Mr. Allan O'Brien, Secretary to Mr. M. J. Coldwell, Leader of C.C.F. Party in Canada. The letters were expressions of their opinions on the Terms of Confederation and the probable course of events in Newfoundland.

Enclosed is a statement of the Hon. John Bracken, leader of the Opposition at Ottawa. Also is a letter from Mr. David Lewis, National Secretary of the C.C.F. Party — more or less confirming the letter sent me by Mr. Allan O'Brien on June 18th, 1948.

The important statement made by Mr. Bracken is that his party was not consulted in respect to the Terms of Confederation.

<sup>70</sup>Non reproduit. Voir le document 610.

<sup>70</sup>Not printed. See Document 610.

For the future it is of interest to record that he would be co-operative if new terms or different terms would have to be drawn up for the future.

In all fairness to serious Newfoundlanders who are studying the question of Confederation, these show that there is goodwill towards Newfoundland expressed by both parties at Ottawa.

It seems as if speed is not needed at present in a hurried attempt at Confederation. If Newfoundlanders will first appoint their legal representatives, the present terms or even new ones will be considered in the future after a period of cooling off and serious meditation on where Newfoundland's best interests will be. There is no incompatibility in adjusting her best interests with those of Canada and the United States with a government of her own people, first. Kindly return these letters when finished with them. You may publish them if you want to as of an official character. I remain,

Yours sincerely,

DR. L. J. JACKMAN

...

June 21, 1948

...

Dear Dr. Jackman,

Mr. Allan O'Brien has sent me your letter to Mr. Coldwell dated June 10, together with a copy of his reply.

This is to confirm that your letter and the subject it deals with, will be brought before a meeting of the CCF National Executive, on the week-end of June 26th and 27th.

Should any public statement be made on the subject as a result of the Executive's discussion, I shall send you a copy of it.

Yours sincerely,

DAVID LEWIS  
National Secretary

June 21, 1948

...

Dear Dr. Jackman,

On my arrival from the West a few days ago your communication of the 10th instant was brought to my attention.

I appreciate very much your interest in matters in relation to Newfoundland and I agree that the attitude of the Canadian people, and particularly our party, is important in this respect.

To answer your question, I may say that our party was not consulted with respect to the terms offered Newfoundland.

While there has been no formal decision with respect to them, I am of the view that the present terms would be respected if we were in power and Newfoundland

desired to enter Confederation. In the event that they do not accept the present proposals, we certainly would not be averse to discussing others, although no detail of any alternative plans has been decided upon or even considered.

Thanking you for your interest in this matter and assuring you of our hope that the people of Newfoundland might find it in their interest to become associated with the Dominion, I am,

Yours very truly,

JOHN BRACKEN

...

622. 2828-40

*Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 349

St. John's, July 17, 1948

Sir,

I wish to refer to my despatch No. 347 of July 16th<sup>†</sup> regarding the present political campaign.

2. The series of radio addresses being given on behalf of Confederation continued last night with a speech by Mr. J. B. McEvoy, K.C. Mr. McEvoy occupies a unique position in the legal profession of this country, and was Chairman of the National Convention from January 1948 until its sessions were ended. He was introduced by Mr. Don Clouston, a St. John's businessman.

3. Mr. McEvoy said that in voting in the coming referendum the Newfoundland people are faced with a clear-cut choice between returning to Responsible Government as it existed in 1933, or deciding to join the Dominion of Canada on the terms offered by the Canadian Prime Minister through the Governor of Newfoundland. Newfoundlanders must make up their minds whether they wish to remain a separate political entity or whether they wish to join with Canada in establishing a great British nation in North America.

4. Mr. McEvoy hurled a number of telling arguments at the idea that economic union with the United States is a feasible proposition for Newfoundland, and then went on to make his case for Confederation. He said that in February of this year he had stated in an interview with a newspaper reporter that he felt that Newfoundlanders should vote in the referendum on Confederation in principle only, a final decision being postponed until a later date. When, however, the British Government decided otherwise, he applied himself to a study of Confederation and of the terms offered in the same way that he had investigated the proposal for economic union with the United States. He arrived at the conclusion that Confederation is the best course for Newfoundland and that, even though the terms have not been negotiated, it would be impossible to effect any material change in them — at least so far as the financial provisions are concerned. He

repeatedly pointed out in the course of his address that the terms had been submitted by the Canadian Prime Minister through the Governor of Newfoundland, and, at this particular point, he emphasized that the Canadian Government said that it would be prepared to stand or fall on the terms submitted.

5. After clearly demonstrating Newfoundland's inability indefinitely to carry on as an individual country, Mr. McEvoy discussed a number of the aspects of Confederation. He spoke on the subjects of taxation, family allowances, the United States' bases, and the Newfoundland Fisheries Board. On the latter point he said that those who say that the Board and its activities would be abandoned under Confederation do not understand the fundamental position which the Newfoundland fisheries would occupy. The Canadian and Newfoundland fishing industries would be one and the federal government would be as anxious for the prosperity of the Newfoundland fisheries as for any other part of the Canadian industry. It is true that the federal government would have legal jurisdiction over the fisheries of Newfoundland, but there is nothing to prevent the federal parliament and the legislature of the province from providing by conjoint legislation for control of the fisheries along the same lines as that presently exercised by the Newfoundland Fisheries Board. This is one of the matters which could be taken up and settled by any delegation which might go to Ottawa as a result of the referendum vote.

6. Mr. McEvoy concluded his address with an effective summing up of his position in which he contrasted the uncertainties of Newfoundland's prospects if she elects to remain on her own with the stability, strength, and prosperity in which she may share if a province of Canada.

I have etc.

PAUL A. BRIDLE

623.

DF/Vol. 782

*Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 350

St. John's, July 19, 1948

SECRET

Sir,

I have the honour to refer to my despatch No. 349 of July 17th regarding the present political campaign.

2. It was revealed in a newspaper advertisement on Saturday afternoon that the "special speaker" for Confederation over the radio that night was to be Mr. H. B. Clyde Lake. He is a well-known exporter of salt codfish and a former Minister of Marine and Fisheries.



3. When Mr. Lake spoke he was introduced by Dr. Will Roberts, who declared with feeling that he cannot be other than a Confederate because he is convinced that it offers Newfoundlanders their only hope for a decent way of life free of the fear of depression, want, and disease. He urged Newfoundlanders not to be fools and take another chance on Responsible Government, but rather to choose the certain prospects of a better future offered by Confederation.

4. Mr. Lake announced that he was going to give his views on the effect Confederation would have on the Newfoundland fisheries. He said that he had been engaged in the fishing industry all his life, as his father had before him, and that his own future and that of his firm is completely tied up in the future of the salt fish industry. He is not only a producer of fish, but a broker on behalf of smaller firms as well. In 1946 he marketed more than 100,000 quintals for twenty separate firms.

5. Mr. Lake went on to say that he also understands the salt cod industry in its wider aspects. He has been a member of exporters' associations for many years, being at present a member of the Salt Codfish Exporters Association and of N.A.F.E.L.

6. Clearly, he said, he could not believe in Confederation as he does if he thought that it would damage the salt cod industry or that it would mean the end of the Fisheries Board and of N.A.F.E.L. He declared that he does not believe the exaggerated assertions of Responsible Government propagandists that Confederation would ruin the fisheries and spell the end of the Fisheries Board. On the other hand he is afraid that a return to Responsible Government, placing the fisheries at the mercy of a local Minister of Marine and Fisheries, would mean the end of the Fisheries Board as presently constituted. Furthermore, Responsible Government would, in itself, gravely jeopardize Newfoundland's fisheries because this is a shaky world and Newfoundland exporters would be running terrible risks in embarking on it once again by themselves. He ventured to suggest that all the talk about Confederation spelling ruin for the fisheries is merely a red herring served up by the advocates of Responsible Government to turn fishermen's minds away from the very real danger which would confront the fisheries if Responsible Government were restored.

7. Mr. Lake listed a number of prominent fish exporters who believe in Confederation and are convinced that it will help the fisheries and fishermen. He cited Mr. A. H. Monroe, Mr. Cy Moores, Mr. George Penney, Sir Leonard Outerbridge, Mr. Thomas Ashbourne, and Mr. Eric Bowring. The last two are important exporters of salt fish and the first four, although chiefly in the fresh fish business, also export considerable quantities of salt cod.

8. Mr. Lake said that the southwest coast of Newfoundland is the most strongly Confederate part of the Island and that virtually everyone depends for his livelihood on fishing. On the southwest coast the fresh fish industry and the salt fish industry are, from the point of view of the producer, virtually one. The people of the southwest coast understand Canada better than do people from any other part of Newfoundland. They know Canadian fishermen and the Canadian fishing industry, and nothing would please them better than that their own industry should become part of the larger Canadian enterprise.

9. Confederation, Mr. Lake said, would help the Newfoundland fisheries by bringing down the cost of living and the cost of production and hence making competition easier. Moreover, he said, the Canadian Government takes its responsibilities for protecting and encouraging the fishing industry seriously. Newfoundland would enjoy the services of Canada's famous Department of Trade and Commerce, which has played its part in making Canada the third biggest trading nation in the world and the richest country per capita in the world. Moreover, Canada has a Fisheries Prices Support Board which is Government operated and which steps in and buys fish if it is hard to sell or if the price falls to an unduly low level. He said that \$25,000,000 have already been put at the disposal of the Board and that it can get another \$25,000,000 any time it wants it.

...

12. On Saturday night the radio also carried two broadcasts in the interests of Responsible Government — one, like Mr. Lake's, over the country-wide hookup and the other over station VPCM only. The former presented Mr. C. C. Pratt, prominent Newfoundland businessman and brother of Professor E. J. Pratt, the Canadian poet. [ . . . ]

13. Mr. Pratt's speech contained rather more straight Responsible Government propaganda and somewhat less objectively reasoned words of caution than his previous addresses on the political question. He still says that in voting for Confederation Newfoundlanders are "taking a leap in the dark" but in supporting this contention he sounds more like Mr. Albert Perlin than he used to. It is difficult to determine whether this means that Mr. Pratt is really fundamentally opposed to Confederation or whether it simply indicates an urgent desire on his part at the present time to forestall Confederation being brought about on the present terms.

14. He himself declares that if Confederation "is properly studied, energetically negotiated and found applicable to the needs of our people," Newfoundlanders would be protecting their country, not selling it, by entering into political association with Canada. However, at the present time Confederation "as it stands, reveals none of these essentials . . . All the delegation did or could do was to find how Confederation works in Canada. What we want to know is how it will work in this country. Of that we still have no knowledge. I am unalterably opposed to voting in favour of Confederation under those conditions."

15. Mr. Pratt added that he is sure that "with the expression of sentiment given at the recent referendum, it is evident that under Responsible Government Confederation will be an issue in the future. The people of Newfoundland can then have a say as to how it will be handled."

16. Mr. Pratt argued that the Canadian Government has underestimated the revenue it would derive from Newfoundland. Instead of \$900,000 from tobacco and liquor taxes, he declares that, "based on our present consumption of these two commodities and on present rates of taxation in Canada," Newfoundland would pay to the Canadian exchequer more than \$6,000,000. He says that he has had his figures carefully checked "by competent sources" and that they cannot be contradicted. He goes on to assert that he feels very sure that the Federal Government would collect at least two or three times the amount of \$2,000,000 which we

have estimated we would receive in customs duties. Referring to our estimate of miscellaneous excise tax and other sources of federal revenue which was placed at \$1,500,000, he says that "on the Canadian per capita basis, Newfoundland would contribute in excise around \$3,900,000."

17. Mr. Pratt explains the above discrepancies by declaring that "Canadian Civil Servants" have given Newfoundland credit "only for the amount which they anticipate collecting within the geographical boundaries of Newfoundland." They have, he says, given Newfoundland no credit for the taxes which, under Confederation, would be paid in other parts of Canada on goods that would be shipped into Newfoundland. It must be remembered, he declares, that at the present time "sales taxes, excise taxes and customs duties . . . are now deductible from exports to this country."

18. Mr. Pratt goes on to say that "there are millions of dollars of other discrepancies, both in their estimate of the Federal revenue and Federal expenditure, which have never been challenged by Newfoundland" and also affirms that a bargaining point which Newfoundland should use with Canada is the extent to which it would in effect be subsidizing Canadian manufacturing industries "by enforced buying from Canada under their tariff." Then he says that "Newfoundland is in the unique position of being able to contribute American dollars to the Dominion of Canada," and suggests that this too should be offset against the estimated cost to Canada of Confederation.

19. Mr. Pratt made two points with respect to the fisheries. He said that it must be admitted that "a dark cloud hanging over our country is how are we to get Canadian money for the sterling which we must take if we are to retain our European markets for codfish." He said that, once Newfoundland had voted to enter Confederation, Canada would not agree to accept this sterling because this would oblige her to do the same for the other Provinces. On the other hand, a Responsible Government could use the need for such an arrangement as a bargaining point in negotiations, the *quid pro quo* being the American dollars which Newfoundland would bring to Canada.

20. His second point referred to the Fisheries Board and the controls exercised under its powers. He argued that the continuation of Newfoundland's present system of controlling the fishing industry is essential to successful marketing of codfish in countries where Government agencies or combinations of buyers control the purchases, as well as to continued assurance of a fair price to fishermen. The Newfoundland system of controls would, he said, come into conflict with the foreign trade policy of the Federal Government of Canada, but "if Newfoundland's present system of controls are to remain in force, it should be made a condition of union by negotiation."

21. Mr. Pratt said that he has studied the relevant figures and that he confirms the McDonald, Currie estimate of a Newfoundland provincial deficit of \$4,600,000 after allowing for the temporary transitional grant of \$3,500,000. He then declared that "there is not the shadow of a doubt that we shall have to impose widespread property taxes in Newfoundland, as in every Province of Canada." He said that the towns and villages of Newfoundland would have to impose their own taxes or do without education and other public services and that "we shall have to raise \$4,600,000, mostly by property taxes." He estimated that this

would mean the raising of some \$3,800,000 outside of St. John's. For purposes of comparison, Mr. Pratt then cited a number of Nova Scotia towns and villages which pay property taxes. For example, he said that Berwick, with a population of 962 pays \$19,000 — virtually all taxes on property. He asked "Is it fair and right to vote ourselves into Confederation without the whole program of taxation being thoroughly analyzed and made known to our people?"

22. Mr. Pratt said that he considers it "an amazing thing" that the Canadian authorities do not appear to place any value on the Federal revenue to be derived from the development of Labrador. Furthermore, while the bulk of the population of Labrador will be largely drawn from the mainland, the expenses of administering the territory will mainly be borne by residents of the Island of Newfoundland.

23. Mr. Pratt's plan is that a responsible Newfoundland Government should enter into negotiations with the Canadian Government after it has set up a Commission of Investigation composed of outstanding men in the fields of finance, commerce, public administration, and social services, to prepare the Newfoundland case and assist it in the negotiations. Concluding, he paid passing and somewhat grudging tribute to the benefits of Family Allowances and then stated his main position in these words: "If we vote ourselves into Confederation at this stage we have not got one vestige of bargaining power left. We shall be placed in the humiliating position of first having made a deal and then with our hands out ask Canada to adjust our difficulties as a favour and not as a right. As I see it, that is a position which a self-respecting people should avoid at all costs."

...

28. The Confederate Association have a period on the country-wide radio hookup tonight and another on Wednesday night. It has been announced in the press today that Mr. Smallwood will speak tonight and Mr. Bradley on Wednesday night. The same night, immediately following Mr. Bradley, Mr. Charles E. Hunt, K.C., will speak for Responsible Government.

...

I have etc.

PAUL A. BRIDLE

624.

2828-40

*Extraits d'une dépêche du haut commissaire par intérim à Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Extracts from Despatch from Acting High Commissioner in Newfoundland  
to Secretary of State for External Affairs*

DESPATCH 352

St. John's, July 20, 1948

Sir,

I have the honour to refer to my despatch No. 350 of July 19th, regarding the present political campaign.

2. Last night Mr. Smallwood spoke over the country-wide radio network and

devoted the major part of his time to a straightforward and reasoned effort to allay fears about heavy local taxation which the opponents of Confederation have recently been promoting with increasing insistence. He argued very convincingly that no Newfoundlander need worry about property taxes and other taxes of this kind unless there should be a town Council in his particular area which decides that such taxes are needed to provide local services. Mr. Smallwood also briefly renewed his attack on the economic union scheme by again demonstrating that it would be impossible to finance the Newfoundland Government unless property taxes out of all proportion to the real situation were resorted to. He said that about twenty million dollars would have to be raised in this way. He declared that the opponents of Confederation, in raising the bogey of taxation, are deliberately trying to draw the voters' attention away from the perils of a return to Responsible Government. In this, the main part of his speech, Mr. Smallwood once again showed his extraordinary capacity to appeal in a direct and simple manner to the common sense of the average person. In the latter part of his address, he demonstrated his equal skill as an uninhibited propagandist. He heaped scorn upon the advocates of Responsible Government for a number of obvious lies and fantastic claims in which they had indulged in the course of the campaign, quietly slipping in, along with the others, the Responsible Government claims about the effect which Confederation would have on the Fisheries Board and on the market for salt cod. The Responsible Government assertions in this connection have certainly been exaggerated, but Mr. Smallwood was drawing a bit of a long bow when he dismissed them so summarily in this speech.

3. Mr. Smallwood then went on to ridicule the current efforts of Responsible Government spokesmen to besmirch the character and motives of those prominent citizens who have recently come forward and supported Confederation. He said that if it were not for these mendacious tactics many more highly respected members of the community would by now have made their views known publicly.

4. Turning his own part in the Confederation movement to good account, Mr. Smallwood declared that he had been threatened with hanging, knifing, and shooting; that he had been twice attacked bodily — once by Major Cashin at the meeting of the Steering Committee of the National Convention, and once after a Confederate rally at the C.L.B. Armouries — and that his supporters have forced him to have a bodyguard with him whenever he appears in public. He added that the police have had to place a guard outside his house at night. He declared that he is the object of bitter hatred on the part of certain people because he stands in the way of their getting the government into their hands again.

5. Mr. Smallwood concluded with a highly optimistic forecast of the vote. He said that he knows full well that the forecast he made before June 3rd was proved wrong, but that the reason for his error was that he did not then realize what Confederation was up against. With full knowledge of the situation, he now predicts that Confederation will get thirty thousand more votes this time than last time, and that Responsible Government will get about five thousand less. He supported this statement by declaring with conviction that ninety-nine out of one hundred of the Commission supporters will vote for Confederation; that thousands of Responsible Government supporters have switched to this form of government; and that five thousand people who did not vote last time in what he

called Confederate districts are going to vote this time for Confederation. He even went so far as to say that Confederation will win the one district outside the Avalon Peninsula which it lost last time and several districts on the Peninsula as well.

6. I am convinced that Mr. Smallwood's forecast of the June 3rd vote was entirely sincere. I find it a little difficult, however, to believe that he can really mean this present appraisal. One must remember that in this country it is evidently even truer than elsewhere that the voter, as it is put here, likes to "win with the winner." Mr. Smallwood would, I think, feel obliged to make a highly optimistic forecast even if he did not really believe it.

7. As if in answer to Mr. Smallwood, the mounting flood of taxation propaganda reached a new high in the *Daily News* this morning. This indefatigably partisan newspaper published a long editorial on the subject along with a full-page advertisement based on the McDonald-Currie report and a smaller advertisement based on some information about property taxes in Saint John, New Brunswick. Copies of the relevant clippings are enclosed.<sup>†</sup>

8. Most of the assertions contained in these pieces on the subject of property taxes and other kinds of local taxes can be met by the sort of line taken by Mr. Smallwood in last night's broadcast. At the same time, I am a little chagrined to find the entirely misleading assertion about Confederation inevitably increasing the Newfoundland tax burden by about five million dollars repeated in a more objectionable form than ever. Even the McDonald-Currie report, which is so dear to the hearts of the Responsible Government propagandists, pointed out that Canada would spend seventeen million dollars net in Newfoundland every year, and it can be very easily demonstrated that, even if one admits the McDonald-Currie estimate of five million dollars or so deficit annually, the Newfoundland tax burden would be no greater than at present and the services provided in return would be worth twelve to thirteen million dollars more.

9. This aspect of the taxation question has never been very clearly demonstrated by the advocates of Confederation. They have preferred to attack the taxation question on the more concrete and humble level of its effect on the average voter. It may be that they have been right in this approach because the budgetary problem probably does not loom very large in the average person's thinking. It now seems, however, that the Responsible Government propagandists are using the McDonald-Currie estimated deficit as a yardstick to measure and demonstrate to the average Newfoundlander the magnitude of the additional so-called taxation which he would have to pay to locally constituted governments. Perhaps this technique is being used too late in the day to have much effect; perhaps, on the other hand, the Confederates will think it worthwhile to say something in rebuttal before the campaign ends.

12. Another Responsible Government speaker whom the opponents of Confederation are placing before the public at increasingly regular intervals is that same Mrs. Fanny Ryan Fiander who addressed the Responsible Government rally last Friday night. She has now been heard over VOXM in the morning on several

occasions. Presumably her appeal at this time is to housewives. I enclose a clipping from the St. John's *Daily News* of today's date<sup>1</sup> which contains the text of a remarkable valedictory letter, entitled "Over the Top with Fanny," which she addressed to her public yesterday. It is, I assure you, well worth reading. Mrs. Fiander was heard over VOXM again this morning but it was, of course only a recording. The writer herself, as she makes clear in the enclosed letter, returned to the quiet precincts of Harbour Grace last Sunday afternoon, her strange pilgrimage from obscurity to political fame accomplished. As she herself put it, "My work here is finished. I will be leaving for Harbour Grace 3 p.m. Mr. Ches Crosbie has placed a car at my disposal."

...

14. There are signs that the Economic Union and Responsible Government groups may be drawing even closer together than heretofore. I have heard that some time ago they pooled their facilities for publishing handbills and that sort of thing. There has recently been an increasing tendency on the part of both groups to regard the speakers sponsored by one group or the other as, for all practical purposes, speaking for both. Also, as I have already reported, the Economic Union people seem to be falling deliberately into the habit of talking more about trade treaties with the United States and less about actual economic union. Whether or not this sort of thing actually indicates a growing *rapprochement*, I do not at present know.

...

I have etc.

PAUL A. BRIDLE

625.

10300-E-40

*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

Ottawa, July 20, 1948

NEWFOUNDLAND REFERENDUM; PROCEDURE

At the meeting of the Cabinet on July 20th, consideration was given to a report submitted on recent developments concerning Newfoundland and particularly to the question of whether a small favourable majority in the forthcoming referendum would constitute a "clear manifestation" of desire on the part of the inhabitants for union with Canada.

The report submitted was noted and it was agreed that the matter be considered at the next meeting in the light of the results of the referendum.

626.

*Extrait de The Mackenzie King Record*<sup>71</sup>  
*Extract from The Mackenzie King Record*<sup>71</sup>

...

A second referendum was scheduled for July 22. Two days earlier Mackenzie King had discussed the situation with St. Laurent. "He personally feels, and I agree, that unless there is something more than a poor majority, we should not take the Province into Confederation. I said it was necessary to look ahead and see what would come if we had a poor majority. The estimate the Department [of External Affairs] have is that Confederation will carry, but with a very small majority."

...

627.

C.D.H./Vol. 58

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
 au secrétaire d'État aux Affaires extérieures*  
*Memorandum from Under-Secretary of State for External Affairs  
 to Secretary of State for External Affairs*

Ottawa, July 21, 1948

SECOND REFERENDUM IN NEWFOUNDLAND

Several despatches covering the present political campaign in Newfoundland have been received during the last two days from our Acting High Commissioner in St. John's. Since these communications are rather lengthy, it was thought that it would be an unnecessary burden on you to have to read them.

2. These despatches are mainly concerned with the support which has of late been given to the cause of Confederation by certain leading business and professional men in Newfoundland.

3. All the heads of the leading fresh fish exporters, for instance, (except one who was born in Canada and does not wish to be quoted) are now asserted to be heartily in favour of Confederation. This would tend to demonstrate that a definite split has now taken place among at least some members of the so-called "Water St. Group."

4. The only person of any importance who has only recently decided to side with the Responsible Government Group is Mr. Raymond Gushue, C.B.E., LL.B., Chairman of the Newfoundland Fisheries Board, "who has expressed profound disquietude over the effect Confederation would have on Newfoundland's fisheries."<sup>72</sup>

<sup>71</sup>Volume 4, p. 344. Les crochets étaient dans l'original.

<sup>71</sup>Volume 4, p. 344. The square brackets were in the original.



5. The following have declared themselves publicly as official supporters of the union of Newfoundland with Canada, and have taken an active part in the campaign:

The Honourable H. L. Pottle, Commissioner for Public Affairs and Education

The Honourable H. W. Quinton, Commissioner for Public Health and Welfare

Mr. J. B. McEvoy, K.C., former chairman of the National Convention and a leading member of the Bar

Mr. L. R. Curtis, K.C.

Dr. Will Roberts, one of the oldest and most respected members of the medical profession in Newfoundland

Mr. Arthur Monroe, head of the Monroe Export Co.

Mr. Eric Bowring, of Bowring Brothers, Ltd., one of the leading merchandising firms in Newfoundland

Mr. F. Brinton, head of the Burin Fishermen's Workers Protective Union

Mr. H. B. Clyde Lake, well-known salt cod exporter and former Minister of Resources and Fisheries

Sir Leonard Outerbridge, head of Harvey's Limited, one of the largest merchandising and export firms.

L. B. PEARSON

628.

10300-E-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 1160

Ottawa, July 21, 1948

SECRET. Your telegram 1006 July 2. Procedure for admission of Newfoundland. Following for Robertson from Pearson, Begins:

<sup>72</sup>Ces dépêches signalaient aussi les discours en faveur du gouvernement autonome prononcés par des adhérents de longue date comme Andrew Carnell, maire de St. John's, le major Peter Cashin, Ray Cheeseman, Chesley Crosbie, J. S. Currie, éditeur du *Daily News*, Allan Fraser, P. F. Halley, J. G. Higgins, C. E. Hunt, Don Jamieson, R. B. Job, P. E. Outerbridge, le frère de Sir Leonard Outerbridge, et C. C. Pratt. On faisait remarquer que les discours de Cheeseman, Halley et Jamieson étaient des critiques acerbes.

<sup>72</sup>The despatches also referred to speeches in favour of Responsible Government given by long-standing adherents such as Andrew Carnell, mayor of St. John's, Major Peter Cashin, Roy Cheeseman, Chesley Crosbie, J. S. Currie, editor of the *Daily News*, Allan Fraser, P. F. Halley, J. G. Higgins, C. E. Hunt, Don Jamieson, R. B. Job, P. E. Outerbridge, brother of Sir Leonard Outerbridge, and C. C. Pratt. The speeches by Cheeseman, Halley and Jamieson were described as "low-level" attacks.

2. We had further discussion yesterday with United Kingdom officials here about matter of procedure and timing. In the meantime we had been able to discuss these questions to some extent with the Minister but they have not as yet been cleared by Cabinet, and will not be until at least after the referendum.

3. After a personal examination of the Newfoundland statute and Letters Patent, and reconsideration of the political situation, the Minister now appears to have reached the conclusion that the only really satisfactory procedure would be a United Kingdom statute passed pursuant to a joint address by the Canadian Parliament and probably an address from Newfoundland Commission of Government although this latter step would not be legally required. The statute would include as annexes terms of union and possibly a general statement about the provincial constitution. The Minister feels strongly that amendment of Section 146 of the B.N.A. Act on request of the Canadian Government would be politically objectionable whether or not legally sound. He feels there would be similar objections to a statute clarifying the powers of the Commission of Government to act under Section 146 of the B.N.A. Act passed at the request of the Canadian Government: He dislikes in general the method of amendment or a clarifying statute passed at the request of the Canadian Parliament since this might raise the whole question of procedure of amendment of the Act. Moreover, since an address embodying the terms would also be required, the procedure of amendment would involve bringing the whole matter before Parliament twice. We have advised the United Kingdom officials accordingly.

4. With regard to timing, we have again told the United Kingdom authorities that an effective date of union before March 31 would not be practicable from our standpoint.

5. See my immediately following telegram.† Ends.

629.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

DESPATCH 354

St. John's, July 21, 1948

Sir,

I have the honour to enclose copy of a clipping<sup>†</sup> from the Corner Brook *Western Star* of July 16th which contains a report of a speech made by Mr. J. B. McEvoy, K.C., in Corner Brook on July 13th, in the interests of Confederation. This speech was one of a series which Mr. McEvoy delivered on the West Coast. His other speeches were given at Stephenville and St. George's.

2. Mr. McEvoy argued that Economic Union with the United States is impracticable for Newfoundland and asserted that "there is only one way to secure Economic Union with the United States, and that is by joining with the great Dominion of Canada." He said that Confederation could have no adverse effect

economically on the pulp and paper industries of Newfoundland and that in times of stress and strain it would put the Newfoundland industries in a better bargaining position. He elucidated the legal status of the ninety-nine-year leases which the United States holds here and asserted that "there is no foundation for the statement that Confederation means that the bases will close down and that Newfoundlanders employed here will lose their jobs." He declared that Family Allowances mean a redistribution of wealth, the richer Provinces paying out money which is made available to the poorer Provinces. Social services such as Family Allowances, he said, "are not the brain-child of any one political party in Canada but shared by all, and the tendency is to increase rather than decrease them."

3. Speaking on the subject of the Newfoundland Fisheries Board, Mr. McEvoy said: "It is quite true that under the British North America Act, jurisdiction over the fisheries board and the fisheries would pass to the federal government, but it is equally clear that the federal government and the provincial legislature would pass legislation re-establishing the control and export of fish in Newfoundland. No government would want to see the Fisheries Board close down, and in my opinion, if and when we have Confederation and a delegation were sent to Ottawa, they would find the Canadian Government very sympathetic towards establishing conjoint legislation as now exists for the marketing of our fish."

4. Mr. McEvoy concluded his address by declaring, "Because I believe Confederation with Canada will lead to a very much brighter future than we can expect under Responsible Government, and for other reasons I have given, I shall vote for Confederation with Canada on Thursday next."

I have etc.

PAUL A. BRIDLE

630.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 136

St. John's, July 22, 1948

My telegram No. 130 of July 20th,<sup>†</sup> political campaign.

2. As last time, campaign has closed with a spate of radio addresses, some of them re-broadcasts. During the past two days the leading speakers for Responsible Government have been Cashin, Crosbie, Gushue and Hunt. Job was also heard in re-broadcast. Bradley wound up campaign for the Confederates and Pottle, Monroe, Outerbridge and Quinton were heard in re-broadcasts.

3. The important speeches were Gushue's Tuesday and Bradley's Wednesday. Gushue advised against voting for Confederation on grounds that terms afford no guarantee of continuation of fisheries set-up, which he said should be a condition

of any terms which might be negotiated. He also expressed doubt that such continuation is legally possible. Bradley devoted major part of his speech to fisheries question and contended that Canadian Government has no intention of disturbing Fisheries Board or any similar agency which is of benefit to Newfoundland economy. He said the delegation had been assured of this in Ottawa last summer. He declared that Board's power could be continued by what Mr. McEvoy has called conjoint legislation.

He also spoke of advantage of Confederation to Newfoundland and declared resumption of control by Newfoundland politicians would endanger fisheries.

4. When unveiling the Bowring Memorial Tuesday, the Governor merely eulogized Sir [Edgar] Bowring and praised public-spirited men.

631.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*<sup>73</sup>

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*<sup>73</sup>

TELEGRAM 137

St. John's, July 23, 1948

IMMEDIATE. Standing in national referendum as announced by Chief Electoral [Officer] at 1:10 a.m. this morning was as follows:

Confederation with Canada, 64,160; Responsible Government 64,890. It appears on basis of returns announced so far and in the light of distribution of votes at first polls, that Confederation will secure a slim majority.

2. Complete returns have been received from 7 of 25 districts and it appears most votes have now been counted in 11 other districts. No returns have as yet been received from Labrador.

3. It looks as though Confederation will have a majority in 16 districts, Responsible Government in 7, with 2 uncertain.

4. It is probable that outcome will be known later today. It will not be possible, however, accurately to determine size of majority until returns from Labrador are reasonably complete. This may take a few days.

5. It will be appreciated that most returns now being received are transmitted by telegraph and are subject to written confirmation by returning officers.

6. I will send a fuller report and a more complete analysis of voting later today.

632.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

<sup>73</sup>Ce télégramme fut signalé au Premier ministre.

<sup>73</sup>This telegram was referred to the Prime Minister.

TELEGRAM 138

St. John's, July 23, 1948

IMPORTANT. 1. This morning's *Daily News* carries a Canadian Press news story datelined Ottawa, July 22nd, which reads as follows:

"Capital observers studying the results of the Newfoundland referendum said tonight that Canada may not welcome the Island Colony into Confederation because of the closeness of the vote. Latest reports received here show the vote for Responsible Government to be slightly ahead of the ballot for Confederation. Observers recalled Prime Minister King's statement of some months ago that Canada would welcome Newfoundland as the tenth Province only if Newfoundlanders indicated clearly beyond all possibility of misunderstanding that Confederation was their choice. The Prime Minister's Office said tonight that Mr. King is unlikely to make a statement of any kind until the referendum vote is complete. That probably will be next week-end."

The same newspaper also carries a Reuters story datelined Ottawa, July 22nd, which reads:

"Canada is ready to accept Newfoundland into the Dominion only if a large majority of the islanders vote for federation in today's final referendum a Canadian Government spokesman said tonight. If the referendum produced only a small majority for federation the Canadian Government might decide union should not be consummated the spokesman added. In the event of a large vote for federation negotiations would begin immediately and last some months. If Canada decided the majority was insufficient she would inform the British Government and Newfoundland would automatically return to Responsible Government he added."

Both the above news stories were read over news broadcasts at noon today and one broadcast also reported that "another message from Ottawa" asks what Canada will do and goes on to say that two authoritative statements regarding the Canadian attitude toward Confederation have been made the first being the Prime Minister's statement referred to in paragraph one above and the second being your statement in Parliament on June 19th when you said "if the Government of Newfoundland having consulted the population wishes Confederation to be consummated I think we would not go behind that declaration to examine to what extent they were justified in making such a representation." This was the only part of your statement quoted by the broadcast.

633.

2828-40

*Mé morandum du sous-secré taire d'État aux Affaires exté rieures  
au secrétaire d'État aux Affaires exté rieures*

*Memorandum from Under-Secretary of State for External Affairs  
to Secretary of State for External Affairs*

Ottawa, July 23, 1948

In telephone conversation, Mr. Bridle intimated to Mr. MacKay at 4:00 o'clock this afternoon that the returns to that time were:

|                             |        |
|-----------------------------|--------|
| For Confederation .....     | 75,138 |
| For Responsible Gov't ..... | 70,473 |
| Majority .....              | 4,665  |

This represented 14 of the 25 districts complete. For example, only about 1,000 votes were in from Labrador where it is anticipated that about 5,000 would be cast, most of them for Confederation.

3. Mr. Smallwood and other members of the Confederate Party had expressed their concern to Mr. Bridle over press reports which have appeared today in St. John's papers, expressing some doubt about the Canadian attitude. Mr. Bridle was advised to say that the Canadian Government could make no decision in advance of the plebiscite and that it was unlikely that it could make any decision until it received an official return which was not anticipated before some time next week.

4. Mr. McEvoy telephoned Mr. MacKay late this morning also expressing great concern and saying that he and the group who had turned out to support Confederation would be "very badly out on a limb" should the Canadian Government turn Newfoundland down after a majority such as appeared to be in prospect.

5. I enclose a copy of telegram No. 138 from Mr. Bridle summarizing the press statement referred to.

L. B. P[EARSON]

634.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures<sup>74</sup>*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs<sup>74</sup>*

TELEGRAM 139

St. John's, July 23, 1948

My telegram No. 137 of July 23rd, referendum returns.

1. Standing at six p.m. today when last release for the day was issued was Confederation 75,718, Responsible Government 70,733.

2. Complete returns have been received from fourteen districts. Only preliminary returns have been received from Labrador where the vote is expected to be considerably larger than last time because of the presence of fishermen on the coast. I will send a more complete analysis of the vote when the returns are more nearly final.

<sup>74</sup>Ce télégramme fut signalé au Premier ministre.

<sup>74</sup>This telegram was referred to the Prime Minister.

635.

2828-40

*Le secrétaire d'État aux Affaires extérieures au  
haut commissaire par intérim à Terre-Neuve*

*Secretary of State for External Affairs to  
Acting High Commissioner in Newfoundland*

TELEGRAM 107

Ottawa, July 23, 1948

IMMEDIATE. Following for Bridle from MacKay:

1. Expect arrive on midnight plane tonight. Please notify McEvoy. Keeping visit as quiet as possible.

636.

PCO-CRF

*Déclaration à la presse du Premier ministre  
Statement to the Press by Prime Minister*

Ottawa, July 23, 1948

The Prime Minister, Mr. Mackenzie King, issued the following statement to the press:

"The Canadian Government and, I am sure, the people of Canada generally are watching with deep interest the press reports of the results of the referendum held yesterday in Newfoundland. The reports indicate that a substantial vote has been cast in favour of Confederation; there has also been a substantial vote in favour of Responsible Government. Apparently, a number of outlying communities are still to be heard from before a complete picture can be had of the situation. The Canadian Government is being kept informed of the results as they become available and will in due course be notified officially of the final result. Until this result is authoritatively known and has been considered by the Cabinet, I prefer to refrain from further comment."

637.

*Extrait de The Mackenzie King Record<sup>75</sup>  
Extract from The Mackenzie King Record<sup>75</sup>*

...  
In his diary for July 23, the Prime Minister noted that "in Council on Tuesday (July 20) St. Laurent mentioned that our advice was that Confederation would carry by a narrow majority. He thought, and Council agreed, that if it was very close we should not consider Confederation. It was agreed we would decide the matter finally on Tuesday night. Thursday was the day of polling. The first returns, which would be St. John's, were against Confederation, as one would expect. Then, as rural districts came in the balance turned, but all too indeci-

<sup>75</sup>Volume 4, pp. 344-5.

sively to say what would be done. I issued a small statement of a character to hold off any final word until the next meeting of Council. Today's results indicate Confederation having carried by a small majority, but all returns not yet in. It looks now with a majority of 5,000 or thereabouts. If the referendum had carried with a sufficiently large majority to admit Newfoundland, my own feeling is that this step will add very much to our problems for some little time, that the Maritimes will become more difficult to handle. At the same time, I believe that the bringing in of Newfoundland is the logical end to it, and probably in the course of time it will be among the accomplishments of the administration of which I am the head. It will be that of the rounding out of Confederation by the addition of a tenth province. This will be completing the nation in its physical boundaries as it has already been completed in its complete autonomy and its position as a nation within the British Commonwealth of Nations."<sup>76</sup>

...

638.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 140

St. John's, July 24, 1948

Your telegram No. 106 of July 23rd<sup>†</sup> Prime Minister's press statement.

1. I have complied with your paragraph two.
2. The substance of the Prime Minister's statement was carried in a Canadian Press story from Ottawa by the St. John's *Daily News* this morning.
3. I released the text of the statement to the press here this morning and it was carried in full on the front page of the St. John's *Evening Telegram* this afternoon.

<sup>76</sup>Dans son livre *My Years with Louis St. Laurent: A Political Memoir*. Toronto: University of Toronto Press, 1975, pp. 79-80, J. W. Pickersgill écrit:

<sup>76</sup>In his book *My Years with Louis St. Laurent: A Political Memoir*. Toronto: University of Toronto Press, 1975, pp. 79-80, J. W. Pickersgill wrote:

The morning after the second referendum I was worried when I heard on the news broadcast that the vote for Confederation was just over 52 per cent and the vote for responsible government over 46 per cent. As soon as I reached the office I asked Gordon Robertson to calculate the percentage of the vote the Liberal Party had received in every general election from 1921. Only in 1940 had the Liberal vote exceeded 50 per cent and in no case was it equal to the percentage of the vote in Newfoundland for Confederation. When Mackenzie King called me on the telephone that morning and asked my opinion of the vote, I was able to tell him how favourably the vote for Confederation compared with the support he had received in successive elections which he had regarded as clear expressions of the will of the Canadian people. Whether my opinion had any influence on the Prime Minister I had no means of knowing, but the Cabinet did decide, on 27 July, that the majority was substantial enough to justify proceeding with negotiations for union.



4. Today's *Evening Telegram* also published the following official statement by the Commission of Government:

"(1) At the invitation of the Right Honourable the Secretary of State for Commonwealth Relations His Excellency the Governor and the Commissioner for Justice visited London a few weeks ago to discuss the steps to be taken for speedy establishment of the form of Government decided upon as a result of the poll in the national referendum held on July 22nd.

(2) No action could, of course, be taken until the wishes of the people had been ascertained and, to avoid influencing in any way the result of the poll, the issue of a public statement respecting the conclusions reached at the discussions was deferred until the poll had been taken.

(3) As the result of the voting in a number of the districts is still awaited, it is not possible to make a full statement at this time. The United Kingdom Government and the Canadian Government are being kept fully informed of the results of the poll and a further statement will be made as soon as practicable."

639.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*<sup>77</sup>

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*<sup>77</sup>

DESPATCH 361

St. John's, July 24, 1948

Sir,

I have the honour to refer to my telegram No. 139 of July 23rd and earlier reports on the outcome of the National Referendum.

2. Of the twenty-five electoral districts nineteen have now declared their returns. Reports from the remainder will likely be complete in a day or two, with the exception of Labrador which may not complete its returns for some little time. Altogether there are probably between 2,000 and 3,000 votes outstanding at the moment.

3. The votes so far reported are as follows:

|  |        |
|--|--------|
| For Confederation with Canada .....                    | 76,013 |
| For Responsible Government as it existed in 1933 ..... | 70,849 |

At the present time Confederation has a lead of more than 5,000 votes. It is almost certain to secure some two-thirds of the votes outstanding, and it may be expected that the final count will show a majority for Confederation of between 6,000 and 7,000 votes. Confederation has received 51.7% of the votes so far reported and will probably obtain something over 52% in the final result.

4. It looks as though almost 150,000 people voted as compared with 155,000 last time. The total number of eligible voters is probably slightly higher than it

<sup>77</sup>Cette dépêche fut signalée au Premier ministre.

<sup>77</sup>This despatch was referred to the Prime Minister.

was when the first vote was taken but, even so, it appears that approximately 85% of the electorate exercised their franchise. In view of the rather special difficulties which had to be overcome in holding a midsummer referendum, this is a highly satisfactory vote — particularly since rain swept over the Island on polling day.

5. It appears that Confederation has secured some 13,000 more votes than it did on June 3rd whereas Responsible Government has increased its total vote by only approximately 2,000. In other words, the lead of about 5,000 votes which Responsible Government had over Confederation when Commission of Government was in the running has been wiped out and Confederation now has a somewhat larger plurality than the rival form of Government had on the earlier occasion.

6. The following table<sup>78</sup> shows the number of votes cast for each form of government by districts, as at the time of the latest count. Figures in brackets under the names of the districts indicate the numbers on the voters' lists. It will be noted that these figures are the same as those used at the time of the first vote. They are therefore subject to revision.

|                                     | Confederation with<br>Canada | Responsible<br>Government |
|-------------------------------------|------------------------------|---------------------------|
| Labrador (Incomplete) (2,886)       | 1,041                        | 464                       |
| St. Barbe (3,755)                   | 2,353                        | 633                       |
| White Bay (Incomplete) (5,663)      | 3,712                        | 1,139                     |
| Green Bay (4,650)                   | 2,342                        | 960                       |
| Grand Falls (11,458)                | 6,226                        | 4,802                     |
| Twillingate (5,513)                 | 2,419                        | 827                       |
| Fogo (Incomplete) (5,652)           | 2,315                        | 1,430                     |
| Bonavista North (6,743)             | 3,465                        | 1,187                     |
| Bonavista South (7,137)             | 2,729                        | 2,529                     |
| Trinity North (6,983)               | 3,153                        | 1,691                     |
| Trinity South <sup>79</sup> (5,915) | 2,590                        | 1,708                     |
| Carbonear, Bay de Verde (6,843)     | 2,705                        | 2,427                     |
| Harbour Grace (4,173)               | 1,206                        | 1,995                     |
| Port de Grave (4,603)               | 1,562                        | 1,624                     |
| Harbour Main, Bell Island (9,168)   | 1,429                        | 6,781                     |
| St. John's West (19,586)            | 6,260                        | 12,927                    |
| St. John's East (16,313)            | 4,895                        | 10,784                    |

<sup>78</sup>Pour les résultats officiels, voir l'appendice G.

<sup>79</sup>Une note dans l'original indiquait que Trinity South et les huit districts qui suivent étaient des districts électoraux dans la péninsule d'Avalon.

<sup>78</sup>For the official results, see Appendix G.

<sup>79</sup>A note in the original indicated that Trinity South and the next eight districts were electoral districts in the Avalon Peninsula.

|   |        |        |
|---|--------|--------|
| Ferryland (3,791)                             | 613    | 3,357  |
| Placentia, St. Mary's (Incomplete)<br>(5,699) | 868    | 3,861  |
| Placentia West (Incomplete) (5,488)           | 2,046  | 1,685  |
| Burin (5,683)                                 | 4,079  | 722    |
| Fortune Bay, Hermitage (6,267)                | 3,747  | 842    |
| Burgeo, La Poile (Incomplete) (4,814)         | 3,251  | 378    |
| St. George's, Port au Port (6,769)            | 3,824  | 2,851  |
| Humber (10,745)                               | 7,133  | 3,245  |
| Totals (176,297)                              | 76,013 | 70,849 |

7. It will be noted that, whereas on June 3rd Confederation led the poll in sixteen districts, on July 22nd it received a majority of the votes in eighteen. On this occasion it carried all the districts outside the Avalon Peninsula and two districts on the Peninsula as well. Responsible Government, on the other hand, carried only seven districts on the Peninsula, as compared with eight last time, and lost to Confederation the districts it had previously won outside.

8. A comparison of the votes cast district by district on June 3rd and July 22nd indicates that in almost every district where Confederation led Responsible Government on the first occasion it increased its lead on the second, and that in every district but one where it trailed Responsible Government it closed the gap. The most noteworthy example of this trend was the St. John's area, one of the strongholds of Responsible Government, where Confederation increased its vote from 8,700 to 11,100 — i.e. from 24% to 31.07% of the votes cast. On the other hand, Confederation's plurality in Labrador (81% of the votes) may be a little less pronounced this time because of the presence of fishermen from other districts where sentiment in favour of Confederation may be somewhat less marked than it is in Labrador.

9. An interesting fact revealed by the table contained in paragraph 6 is that about 100,000 voters — or approximately two-thirds of the electorate — live in districts outside the Avalon Peninsula. Of the total votes cast in these districts Confederation received about 70% and Responsible Government approximately 30%. Of the total votes cast on the Avalon Peninsula Responsible Government received some 66% and Confederation about 34%.

10. An analysis of the votes cast in relation to the number of eligible voters further reveals that in districts on the Avalon Peninsula some 89% of the voters went to the polls, whereas in the rest of the Island, where a larger proportion of the electorate live in isolated areas, the percentage was somewhat lower — approximately 81%.

11. The main factors influencing the electorate were probably little different from those which operated at the first poll. At the same time, certain modification may be noted. As you know, the group advocating economic union with the United States were unable to produce further evidence to support their claims,

and their campaign was rather drab this time in comparison with the highly theatrical performance which they put on last May. Their emphasis toward the end tended to shift away from actual economic union toward advocacy of trade treaties with the United States and their main effort tended to merge with endeavours on the part of the Responsible Government group to detract from Confederation as "closing the door" on the hope of a "deal" with Washington. The actual appeal of the "economic union" idea was nevertheless unquestionably present on July 22nd as it was on June 3rd.

12. There was, as on June 3rd, a very strong Responsible Government vote in three districts where the Roman Catholic faith is the predominant religion. Nevertheless, the vote for Confederation was slightly larger even in these districts, and a fourth Roman Catholic district on the West coast was, as on June 3rd, won by Confederation but by a larger majority. I believe that this is one indication of a definite movement away from a division of political opinion along strictly religious lines. The influence was certainly present on this occasion but it was clearly somewhat less pronounced. In this connection, I would like to make one point clear. The well-spring of Roman Catholic advocacy of Responsible Government is the Archdiocese of St. John's. There are two other dioceses in Newfoundland and the Bishop of at least one of these dioceses leans toward Confederation. It therefore appears that whatever the basis of the Archbishop's stand may be, it is not shared by all the clergy in the country. Nor, indeed, can it be said to be shared by all Roman Catholics. While it is true that only one prominent Roman Catholic has come out in favour of Confederation — that is, Mr. J. B. McEvoy — at least two fairly well-known members of that religious faith have spoken out on the West Coast. I would not suggest that there has been any alteration in the fundamental attitude of the Archbishop and his followers on the political question, but they have certainly not exerted the effort that they put forth before June 3rd. This may mean either that they were reluctant to press further along the road of sectarianism or that they began to feel that Confederation has sufficiently strong support among Roman Catholics to make it undesirable to force the issue beyond a certain point.

13. Toward the end of the campaign there was an increasing tendency on the part of Responsible Government spokesmen to emphasize that the terms proposed by Canada are unnegotiated and that to consummate union without prior restoration of Responsible Government would be to flout both the Newfoundland Act and the B.N.A. Act. It is perhaps of some importance to understand the significance of claims of this kind being made in Newfoundland. There are a few individuals here who sincerely believe that it is wrong in principle, or at least constitutionally incorrect, for Newfoundland to become a Province of Canada merely on the basis of a plebiscite. The vast majority of the supporters of Responsible Government, however — and this includes most of the leaders who argued vociferously on the constitutional point — are preoccupied not about any principle which may be involved, but rather about the substance of the matter. Some of them genuinely believe that it is naive to consider either that the Canadian Government would unilaterally offer Newfoundland the best possible terms or that, as a result of negotiations subsequent to a commitment by the Newfoundland people, the best possible terms could be secured. The majority of their

leaders, however, are, in my opinion, fundamentally opposed to Confederation taking place at all. In short, I do not think that the question *per se* of proceeding through an elected Government or otherwise is a matter of concern to the vast majority of Newfoundlanders — even to those who voted for Responsible Government on July 22nd. At the same time I would not be surprised to see some of the die-hard advocates of Responsible Government continuing to agitate for its return on constitutional grounds.

14. This leads me to mention a factor which unquestionably influenced large numbers of people to vote for Confederation — fear of the consequences of a return to Responsible Government as it existed in 1933 and in the years prior thereto. This fear was evidently a good deal stronger than any opposite fear of the alleged burdens of Confederation. A great many people who remember or know the depth to which the life of the average person sank here during the worst years of Responsible Government are filled with alarm, on their children's account as much as on their own, at the thought of Newfoundland returning once again to that form of government. This fear is also shared by many thoughtful Newfoundlanders in positions of prominence.

15. As in the first campaign, there was a good deal of misrepresentation and deliberate confusing of the issue by the opponents of Confederation. The result was that, as on June 3rd, fear of various allegedly dire consequences operated to prevent many people from voting for Confederation. The chief of these, of course, was the fear of increased taxation — particularly property taxes. Another cause for apprehension was the question of the effect which Confederation would have on the fisheries. It does not appear, however, that even these fears assumed much larger proportions than they did in the first campaign. So far as the fisheries question is concerned, there is little evidence that the stand taken by Mr. Ray Gushue, the Chairman of the Fisheries Board, had as serious an effect as I feared it might. He was oddly late in issuing his warning and the counter-attack launched by the Confederates must have been effective in combating its influence. Also, it would appear that Confederation had long since established itself in the minds of the great mass of the fishing people as the real solution of Newfoundland's problem, and that even the Chairman of the Fisheries Board, in attacking it where — on the basis of the present terms — it is relatively vulnerable, was taking on something a little too big for him.

16. On the positive side, as I have said before, the advantages which Confederation clearly offers in the way of economic security and social betterment was perhaps the largest single factor in making up the minds of a majority of Newfoundlanders that they want their country to become a province of Canada. Most of the people here are too simple to comprehend the complexities of the Canadian federal system and too insular to feel the appeal of Canada as a nation. At the same time, I am convinced that something of the meaning of Confederation has entered the minds of the mass of the people of Newfoundland. How firmly it is there, I do not know, but there can be no question that what has been planted as a germ has now risen as a hope. If one were to single out one Newfoundlander more responsible than others for this development, one would name Mr. J. R. Smallwood. He is known in this country as the "Apostle of Confederation" and unquestionably deserves the major share of the credit for the success which it has

achieved at the polls. At the same time, Confederation, as a number of its most distinguished advocates have often said to me, is now bigger than any one man. I think it can be taken as a remarkable, even a rather wonderful thing that at this time and under present conditions a clear majority of the people of Newfoundland have solemnly indicated their desire that their country should unite itself with Canada. There is, of course, still substantial opposition to Confederation, but, when one looks back on what has transpired in the past, the phenomenon which has just occurred seems rather like a revolution of opinion.

17. I would like to remark in passing that one should not overlook the fact that Confederation has, during the present campaign, been described by its advocates as "British Union with Canada." There is still a strong undercurrent of British loyalty in the mental make-up of the Newfoundland people. The fact that Confederation offers economic security without loss of their British connection, has, I think, been a factor of real significance in its success. Some of the new spokesmen for Confederation notably Mr. J. B. McEvoy and Sir Leonard Outerbridge, have stressed the opportunity Newfoundland now has to join with Canada in making a great British nation in North America. This appeal no doubt to a considerable extent offset the cry of "Don't sell your country!" which was raised to an increasing extent during the latter days of the campaign.

18. In assessing the recent campaign one must, of course, give a very great deal of credit for Confederation's majority to the forthright stand in its favour taken by a number of outstanding citizens — members of the Government, merchants, and lawyers. It has been said that "the cream of this country" is behind Confederation. I think that by and large this is true. For example, all three Judges of the Supreme Court are privately but unequivocally in favour of Confederation, and I have no doubt there are others in positions of importance of one kind or another who are also in sympathy with the movement even though they have not publicly taken a stand in its favour. When one considers the fact that the great majority of the Newfoundland electorate are poorly educated, and some of them even illiterate, it is difficult to over-estimate the importance to the success of Confederation of the support which such men as Dr. H. L. Pottle, Mr. Arthur Monroe, and Mr. Herman Quinton afforded it in the latter days of the recent campaign.

19. I would like to add a word on the question of the division of feeling in the country. That people here have differed with real conviction and sometimes with considerable fervour on the political question is undeniable. At the same time, the political temperature did not rise nearly as noticeably toward the end of the campaign as I had thought it would. Furthermore, polling day was quiet throughout the Island.

20. In the course of the campaign, personal animosities and class prejudices developed; and each side endeavoured, once the religious factor was introduced, to capitalize in a quiet way on the alleged religious bigotry of the other. It does not now appear that personal or class feeling has caused any really unwholesome division in the community. As a matter of fact, Mr. Cashin did the Responsible Government cause more harm than good in the last days of the campaign by making a speech in which he indulged in some very unpleasant personal allegations about certain supporters of Confederation. The fact that prominent merchants and successful lawyers now support Confederation is a clear indication

that there is no danger of a serious divergence of outlook along class lines. The religious factor is a little more difficult to assess but, as I have already reported, I can as yet see no evidence that anything like a religious cleavage has [occurred] or is likely to occur. The one obvious division in the country is, of course, the division between the Avalon Peninsula and the rest of the Island, the former being to a large extent in favour of Responsible Government, the latter being predominantly Confederate.

21. In this despatch I have not attempted to appraise the issue which is at present before you. I hope, however, that it may help to throw some light on the circumstances out of which that issue has arisen.

I have etc.

PAUL A. BRIDLE

640.

PCO-CRF

*Le secrétaire, la Ligue pour le gouvernement responsable  
de Terre-Neuve, au Premier ministre*

*Secretary, Responsible Government League  
of Newfoundland, to Prime Minister*

TELEGRAM

St. John's, July 25, 1948

PERSONAL. Responsible Government League speaking with force and backing of more than seventy thousand voters representing 48 per cent of those voting in July 22nd referendum vigorously protest any procedure other than negotiation conducted through properly elected government for inclusion Newfoundland in Canadian Federation. This protest justified on following grounds. One, voters for confederation represent only fifty-two per cent of votes cast and number only seventy-seven thousand out of total electorate of approximately one hundred eighty thousand. Two, confederation would mean irrevocable alteration national status and citizenship of Newfoundlanders and league will protest this drastic change on a bare majority of votes actually cast. Three, we dispute constitutional right commission government to determine what is satisfactory majority because commission was totally repudiated in first referendum and has subsequently prejudiced its position as impartial arbiter this vital matter through intervention by two of its members as spokesmen for confederate cause. Four, consummation of confederation before negotiation of terms or understanding of financial and economic impact on Newfoundland people and industry is neither sound nor just and creates source of bitter controversy in future. This position certain be gravely aggravated if expectations of present supporters of Confederation unfulfilled and Confederation in fact proves seriously detrimental to Newfoundland's vital interest. Five, confederate majority was unquestionably obtained through use by confederate association of tactics deliberately designed to divide people on class regional and sectarian grounds with result that divisions and conflicts created that would gravely prejudice success of confederation from very beginning.

Six, because of these and other factors to be detailed with adequate documentation in subsequent submission now under preparation Responsible Government League will oppose with all the force at its command any decision to consummate confederation on any basis other than negotiations conducted between properly elected governments.

Seven, under the circumstances it is our considered contention that only proper and legal procedure by which future trouble harmful to Canadian as well as Newfoundland interests may be forestalled is by election of Parliamentary majority with popular mandate to negotiate with Canadian Government.

RESPONSIBLE GOVERNMENT LEAGUE  
WICKFORD L. COLLINS, SECRETARY

641.

PCO-CRF

*Le Premier ministre au secrétaire, la Ligue pour  
le gouvernement responsable de Terre-Neuve*  
*Prime Minister to Secretary, Responsible  
Government League of Newfoundland*

TELEGRAM

Ottawa, July 26, 1948

I desire to acknowledge your telegram of 25 July regarding the recent plebiscite in Newfoundland and to assure you that the points which you mention will be given consideration by this government.

W. L. MACKENZIE KING

642.

2828-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*  
*Memorandum from Under-Secretary of State for External Affairs  
to Secretary of State for External Affairs*

Ottawa, July 26, 1948

I am attaching herewith a summary of editorial opinion on confederation with Newfoundland as we have been able to ascertain it on the basis of the limited number of newspapers already examined. These newspapers express views from every province except Saskatchewan, New Brunswick, and Prince Edward Island. There is, however, only one item from a Quebec [Ottawa-Hull] newspaper *Le Droit* which states that the results of the plebiscite do not necessarily indicate automatic annexation of Newfoundland.

We hope to have further editorial comment from Quebec and other newspapers tomorrow.



The conclusion to be drawn from the editorial comment attached is that 11 newspapers would welcome Newfoundland into confederation; five are against it for various reasons; and two are non-committal.

It should be remembered that this editorial comment was on the basis of the first return from Newfoundland when the majority for confederation was not as great as it is now.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du ministère des Affaires extérieures*

*Memorandum by Department of External Affairs*

Ottawa, July 26, 1948

SUMMARY OF THE OPINIONS OF CANADIAN DAILY  
NEWSPAPERS ON CONFEDERATION WITH NEWFOUNDLAND

Canadian daily newspapers have given wide news coverage to Thursday's (July 22, 1948) referendum vote in Newfoundland, and the result of that vote caused considerable editorial comment in newspapers across the nation. Progress of the vote was given front-page top "play" by most newspapers. The stories obviously resulted from widespread public interest in the possibility of Newfoundland joining Canada as a tenth province.

This summary of Canadian editorial opinion is based on the following 18 newspapers, the editorials appearing on Friday, Saturday and Monday (July 23, 24 and 26):

Toronto Globe and Mail  
Ottawa Journal  
Winnipeg Tribune  
Edmonton Journal  
Victoria Daily Times  
Vancouver Sun  
Halifax Herald  
Toronto Star  
Toronto Evening  
Telegram  
Hamilton Spectator  
Windsor Daily Star  
London Free Press  
Montreal Gazette  
Sydney Post-Record  
Ottawa Citizen  
Vancouver News-Herald  
Brantford Expositor  
Montreal Star

The opinions expressed may be divided into three classifications: (1) The Result; (2) Is it a Large Enough Majority? and (3) What Should the Canadian Government Do?

### *The Result*

In commenting on the results of the vote, most newspapers used round figures, 5,000 being given as the number voting for Confederation over Responsible Government. Practically every newspaper considered the result very close. Among the expressions used were the following: "a narrow majority" (*Toronto Globe and Mail*, *Toronto Evening Telegram*); "so small" (*Ottawa Journal*, *Winnipeg Tribune*); "a slim one" (*Edmonton Journal*, *Brantford Expositor*); "close" (*Victoria Daily Times*); "small but decisive" (*Vancouver Sun*); "slim," "skinny" (*Halifax Herald*); "a bare majority" (*Hamilton Spectator*); "a small majority" (*Windsor Daily Star*); "photo finish" (*London Free Press*); "a modest majority" (*Montreal Gazette*); "all but inconclusive" (*Sydney Post-Record*); "size of the majority is immaterial" (*Ottawa Citizen*); "not strong enough" (*Vancouver News-Herald*).

### *Is it a Large Enough Majority?*

The closeness of the vote caused many newspapers to recall the statement of Prime Minister King that Newfoundlanders would have to indicate their will "clearly and beyond all possibility of misunderstanding."

The *Toronto Globe and Mail*, drawing attention to Mr. King's views as having been made when the island's people were voting for three choices, says it is possible that the Prime Minister meant that a vote giving first choice, but not a clear majority, to Confederation would be regarded as inadequate. Canada's case for a clear majority was described as not a reluctance on Canada's part to receive Newfoundland into Confederation, but because the "seeds of future discontent might be sown if a large minority of Newfoundlanders could claim with any justice that they were hurried or railroaded into union."

The *Ottawa Journal* declared that if Canada holds "the majority for union is too small to justify our accepting," Newfoundlanders might "throw in their lot" with the United States.

The *Winnipeg Tribune* says it is felt in some quarters "that the commission which now governs Newfoundland has the responsibility of deciding whether to proceed immediately with the process of Confederation or whether to delay the process in the hope of securing a greater degree of unanimity."

Referring to the remarks of the Secretary of State for External Affairs that if Newfoundland reports a majority in favour of Confederation that will be accepted as final, the *Edmonton Journal* regards this as a "sound position." But making conditions now as to the number of people who must vote for Confederation "would be bitterly — and justly — resented by the island's supporters." The *Edmonton Journal* sees no reason why Newfoundland should not be absorbed as an "integral part of Canada."

The *Victoria Daily Times*, also referring to Mr. St. Laurent's remarks, said it was likely Canada would accept Newfoundland as a tenth province if Newfoundland sees fit to apply for inclusion with the Dominion.

The *Vancouver Sun* and the *Ottawa Citizen* ran editorials under similar titles, "Welcome, Newfoundland!" and both took the view that Confederation is just a matter of time. The *Citizen* regarded the size of the vote as immaterial and said

the inclusion of Newfoundland into Canada "will be welcomed by all Canadians."

The *Montreal Gazette* declared the results as being "unhappy" and said that St. John's has no alternative but to request Ottawa to accept Newfoundland as a tenth province. The *Sydney Post-Record* regarded the result as being so close as to be almost inconclusive. "The majority was far from decisive."

The *Vancouver News-Herald* felt the vote was not clear enough to justify immediate Confederation and said it believed, because "one of every two Newfoundlanders is opposed to such a union, — the strain of union would be intensified."

The *Brantford Expositor* says it is doubtful if the vote will be regarded as substantial. Also referring to Mr. St. Laurent's views, *The Expositor* says these views do not dispose of some serious difficulties. The paper says if supporters of Responsible Government were to object vigorously to Confederation, "an impasse could easily arise."

The *Montreal Star* declares it cannot believe that the large minority opposing Confederation will continue indefinitely "to regard as intolerable closer association with the country in which so many of their brothers and sisters, sons and daughters, have gone in search of the wider horizons and remain well content."

The *Halifax Herald* points to the statements of Mr. King and Mr. St. Laurent and said that "a slim (or skinny) majority cannot be regarded as a decisive majority in any plebiscite or referendum."

The *Toronto Telegram* regards the vote as being "so small that it is questionable whether Prime Minister King's condition when stating the basis on which Canada would accept the island as a province has been met."

The *Hamilton Spectator* would like to make a "reasonable bet" that Mr. King "will not fail to take advantage of this golden opportunity to round off his political career by making Canada's nine provinces ten."

The referendum results, in the opinion of the *Windsor Daily Star*, "are distinctly unsatisfactory" — and it would be risky to accept Newfoundland into Canada when the majority is so small as to be almost equally divided on the issue.

The *London Free Press* regarded the outcome of the vote as "not particularly flattering to Canada," and leaves union with Canada "as a sort of last resort," but added that it is at least less unpopular than any suggested alternative.

#### *What Should the Canadian Government Do?*

To this question, the *Toronto Globe and Mail* replied that many who voted for Responsible Government regarded it as a first step toward union, and added the vote points to union within a reasonably short time; and "that will be a consummation very welcome to all Canadians."

The *Ottawa Journal* replied that "judging by the cautious statements coming from Parliament Hill here, the Government of Canada is not sure at the moment about what it will, or should, do." Whatever the decision, the *Ottawa Journal* sees trouble lurking ahead. "We doubt greatly whether there exists in this country much of eagerness to take on Newfoundland; we have too many problems

already." But the *Journal* dislikes the prospect, or possibility, of the Ancient Colony passing out of the Commonwealth.

The *Winnipeg Tribune* sees obvious benefits from union with Newfoundland, but believes there "is some embarrassment" in Ottawa, which might be mitigated if the anti-Confederation leaders show a disposition to accept the people's verdict with good grace.

The *Edmonton Journal* regards the result as "a puzzling problem." *The Journal* feels that because a majority favour Confederation, the will of the majority should prevail, and declared Newfoundland should be absorbed into Canada.

Indicating that union with Canada is a foregone conclusion now that the majority has voted in favour of it, the *Victoria Daily Times* says that Newfoundlanders may be assured that "they will receive the warmest welcome from a nation that has lived with them in friendship and amity throughout the years."

The *Vancouver Sun* believes the Canadian Government should lose no time in welcoming the Old Colony as the 10th province.

The *Halifax Herald* finds the majority is so small that it cannot be regarded as a decisive majority in any plebiscite or referendum. The paper says the Canadian Government, as well as the Government of Newfoundland is duty-bound to take cognizance of the size and character of the vote and apply to the situation the Prime Minister's formula.

The *Toronto Star* believes that Canadians would welcome Newfoundlanders into the inner circle "because of their respect for the rugged character of their new associates and because the union should round out Confederation, in time strengthen it economically, and make it then readily defensible."

The *Toronto Evening Telegram* says the "Canadian Government is confronted by a dilemma," but advises the Canadian Government to weigh the difficulties which may arise in union with an island where 48.3% of the voters viewed it unfavourably. Referring to Mr. Smallwood's assertion that Canada must accept Newfoundland, the *Evening Telegram* says that if the attitude of the Newfoundlanders is going to be that "Ottawa must do this and Ottawa must do that" it may be a tip to call off the ceremony.

The *Hamilton Spectator* says that "Canadians can well afford the money it will take to make the Newfoundlanders feel that provincial status within the Dominion is well worth having."

"Whatever the course it follows, that course contains a risk," says the *Windsor Daily Star* of the Canadian Government's decision. The *Daily Star* warns that if Newfoundland is rebuked the island might be thrown into the arms of the United States, but says that this does not hold any particular danger to Canada. The paper, however, asserts that Newfoundland should be an economic asset to Canada "although probably not in the near future." The *Star* says "Canada should admit Newfoundland . . . Canada should take Newfoundland into Confederation and then strive to make of Newfoundlanders happy, contented, and prosperous Canadians."

"The referendum results place the Canadian Government in an embarrassing position" says the *London Free Press*, pointing to the views of Mr. King for a

decisive margin. The *Free Press* admits that something should be done but warns that few Canadians are so enamoured of the possibility of Newfoundland "as a tenth province, that they have any wish to cram Confederation down the throats of those who don't want it."

The *Montreal Gazette* says that "the modest majority for Confederation scarcely meets Mr. King's prerequisite of a clear decision. It says that "Canada cannot now refuse to recognize the validity of the vote for Confederation; or should conceive that the minority will not loyally accept that decision." The *Sydney Post-Record* says that "if Ottawa stands by its commitment to a clear and conclusive decision it cannot very well invite the Newfoundlanders into Confederation — yet."

The *Ottawa Citizen* says that Canada welcomes Newfoundland as a 10th province.

The *Vancouver News Herald* points to the result as being "not strong enough for immediate Confederation."

The *Brantford Expositor* is doubtful that the majority vote will be regarded by the Canadian Government as substantial.

The inclusion of Newfoundland into Confederation, says the *Montreal Standard*, is desirable "in view of physical position, so imperative in view of strategic considerations." The paper regards union with Canada as accomplished.

#### Conclusion

Of the 18 newspapers examined, 11 would welcome Newfoundland as a 10th province; five are against union of Newfoundland with Canada, and two are non-committal.

643.

FCO

*Le secrétaire d'État aux Relations avec le Commonwealth  
de Grande-Bretagne au haut commissaire de Grande-Bretagne  
Secretary of State for Commonwealth Relations of Great Britain  
to High Commissioner of Great Britain*

TELEGRAM 699

London, July 26, 1948

IMMEDIATE. SECRET AND PERSONAL. Newfoundland. Following from Machtig, Begins: I have today received private letter from Gordon Macdonald dated July 23rd. He asks that this should be treated as very private mainly, of course, because he does not wish anyone in Newfoundland to know that he has written in this way. I think, however, that you should have for your own background what he says and I am repeating main portions accordingly. Begins:

The result of the referendum would give Confederation at least five thousand majority. Having in mind the campaign that preceded the second referendum, I consider it a fine achievement. Possibly the most encouraging feature is the countrywide distribution of the Confederate vote. They have a majority in eighteen districts out of the twenty-five.

The vote for confederation in St. John's has surprised everybody; an increase of over 2400 votes on the vote in the first referendum. But in addition to the territorial distribution of the confederate vote, it is also well distributed in the different sections of the people. Even many leading Water Street merchants give it public support.

My purpose in writing you in this way is to let you know that in my personal opinion there is only one course for the Canadian authorities, namely, to accept the decision and to ask for a delegation of authorised representatives [to] be appointed, and to state that such a delegation would be received at an early date. So far as you can influence the decision I trust you will do so. Quick decision along with quick action is by far the wisest course.

The objective appreciation we discussed before I left London will be forthcoming, I hope, on Monday the 26th. But I know you appreciate my writing you unofficially. There must be no hesitation on the part of the Canadian authorities. Any sign whatever of hesitation will be fatal. Ends.

644.

10300-E-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures  
Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 142

St. John's, July 26, 1948

**MOST IMMEDIATE. SECRET.** Following for Pearson from MacKay, Begins: Arrived only this morning and feel that it is essential to remain at least until Tuesday night.

2. My first impression is that the public generally accept vote on July 22nd as final verdict as far as Newfoundland is concerned. The public were urged to do this by an editorial in the *Sunday Herald*, which was a bitter opponent. See immediately following telegram.

3. Met Gordon Higgins at Gander. As you know, he was a bitter opponent but was in thoroughly good temper and seemed disposed to accept the verdict. He said he hoped there were no hard feelings on our part as there were none on his. To my query as to what we should do now, his immediate reaction was that we should go ahead. To a further query as to whether he thought his people would accept this, he replied, perhaps not all immediately, but they would get over it.

4. Regarding telegram of Responsible Government League in this afternoon's press, I doubt if it indicates complete unity among all who voted for Responsible Government. League is only one wing of group supporting Responsible Government. Bridle received tip from one of the confederates that Crosbie was disposed to accept verdict and might come out publicly and would like to be on delegation to Ottawa.

5. Responsible Government League have requested interview with me. I have said that I am here to consult Bridle and quite without authority to say anything

on behalf of the Canadian Government, or to receive representations to the Government but would be glad to hear their views.

6. Have been invited out for the evening to meet some of the confederates.
7. Had discussions this morning with the Governor and Commissioners Walsh and Pottle and have arranged to see them again tomorrow.
8. This telegram should be understood in the main as preliminary impression. I shall send you further appreciation tomorrow. Ends.

645.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*  
*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 143

St. John's, July 26, 1948

**IMPORTANT.** Following for Pearson from MacKay, Begins: Following is text of editorial which appeared in St. John's *Sunday Herald* yesterday under the caption "The Decision Is Made, Now What?" "The people have made their decision for their form of Government and whilst decision is far from unanimous, and consequently many thousands will be deeply disappointed, perhaps some bitterly so, and although we do not subscribe to the belief that 'the voice of the people is the will of God,' the fact remains the voice of the majority is generally accepted by the minority, and both majority and minority groups co-operate and work together for the common good. Let us hope, that for some little time at least, we will have a surcease from political confusion and turmoil, and concentrate on matters that are now of equal import to the welfare of our people generally and we hope the betterment of Newfoundland. Let us appreciate anew the fact that we are still Newfoundlanders, that this is our homeland, come what may, nothing can change that fact, we will succeed only insofar as we ourselves are determined in thought and action, prepared to shoulder our responsibilities, and unite our efforts to assert our rights and improve the lot of ourselves and fellow citizens, this is our task, our common task which behoves us to acquit ourselves as a strong and proud people, with pride in ourselves and abiding faith in this Newfoundland of ours. If we think that now by joining Canada we need only sit back and let the money roll in then we are indeed going to be a sorry lot of disappointed people. The old saying that 'God helps those who help themselves' is still true even under Confederation." Ends

646.

10300-E-40

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 1201

London, July 26, 1948

**IMMEDIATE. SECRET.** Following for Pearson from Robertson, Begins: Your telegrams No. 1158<sup>†</sup> and No. 1160 of July 22nd<sup>80</sup> re Newfoundland crossed my telegram No. 1179 of July 22nd.<sup>†</sup>

On the question of legal procedure I have had a further talk with Machtig. The objections of the United Kingdom authorities to the plan desired by Canada (i.e. a United Kingdom Bill with terms of union annexed) are growing stronger. Machtig assumes that the Canadian Government fully appreciates the fact that there will have to be agreement between the Canadian Government and the United Kingdom as to the kind of Bill to be introduced in the United Kingdom Parliament. This is not a question on which the United Kingdom Government would necessarily feel bound to acquiesce in a Canadian Government preference. (Equally, of course, Canadian consent is necessary to any United Kingdom Bill involving Canada).

2. At the risk of seeming to labour the obvious, I wish to point out the danger of serious embarrassment if the Canadian Government were to make any public statement on its legal plan before full agreement has been reached with the United Kingdom Government. Ends.

647.

10300-E-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner  
in Great Britain*

TELEGRAM 1179

Ottawa, July 26, 1948

**IMMEDIATE. SECRET.** Following for Robertson from Pearson, Begins: Your telegram No. 1201 regarding Newfoundland just received.

It is understood of course here that agreement with the United Kingdom on procedure is required and no statement on this aspect of the question will be made without consultation with the United Kingdom. It should of course also be understood in London that the difficulties in reaching agreement on legal procedure may have an important bearing on decision here whether to proceed with Confederation or not on the basis of the majority secured in the plebiscite.

648.

10300-E-40

*Mémoire du ministère des Affaires extérieures  
Memorandum by Department of External Affairs*

SECRET

Ottawa, July 27, 1948

<sup>80</sup>Voir le document 628.

<sup>80</sup>See Document 628.



## NEWFOUNDLAND; REFERENDUM RESULT; PROCEDURE

At the meeting of the Cabinet on July 27th, it was agreed that, in view of the reported voting on the referendum, appropriate action be taken (upon receipt of official word of the final result) to have Newfoundland become a Province of Canada.

Approval was given to the draft announcement<sup>1</sup> submitted, for release upon the final results being approved, subject to certain revisions.

The Cabinet also noted a report<sup>1</sup> submitted with respect to the procedure to give effect to having Newfoundland become a Province of Canada.

649.

*Extrait de The Mackenzie King Record*<sup>81</sup>

*Extract from The Mackenzie King Record*<sup>81</sup>

...

Again the vote in the referendum was close; some 84 per cent of the eligible population voted, 52.34 per cent for Confederation and 47.66 per cent for Responsible Government. The Cabinet discussed the results on July 27. "Decision reached definitely to regard the majority secured as substantial enough to justify the decision to proceed now with the next stages required before getting consent of Parliament and the Government's intention to recommend Confederation to Parliament. I had never dreamt that my name would probably be linked through years to come with the bringing into Confederation of what will be the 10th province and quite clearly the last. Having relation to my grandfather's part in laying the foundations of responsible government, it is interesting that it should be left to me as practically the last of the completed tasks before giving up the Leadership of the Party. To have been the one, as Prime Minister, to announce the entry, within a few months' time, of Newfoundland into Confederation. It is wholly probable that, if spared, I shall have something of significance to do with the event itself when it comes to pass. Might even be listed as one of the Fathers of the larger Confederation."

...

650.

10300-E-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs  
to Prime Minister*

Ottawa, July 27, 1948

I am enclosing two interesting telegrams received last night from MacKay in Newfoundland.<sup>82</sup> His preliminary impression is that the majority of the opponents of confederation are willing to accept the verdict of the plebiscite, and that

<sup>81</sup>Volume 4, p. 345.

<sup>82</sup>Voir les documents 644 et 645.

<sup>82</sup>See Documents 644 and 645.

the telegram from the Responsible Government League does not represent the views of all those who voted for Responsible Government.

I am also enclosing a telegram from the Acting High Commissioner in Newfoundland,<sup>83</sup> which indicates that the majority who voted for confederation may reach 7,000 in a total vote representing 85% of the electorate. This proportion is particularly high because of the inclement weather on the day of the plebiscite, and because of the special conditions created by the prosecution of the fishery at this time.

Mr. Bridle confirms that confederation received the majority of the votes in 18 of the 25 electoral districts, including two districts in the Avalon Peninsula where Responsible Government was strongest. It is interesting to note that in the St. John's area where the anti-confederation feeling was strongest, confederation received nearly 40% of the votes cast, an increase of more than 28% over the figure on the June 3rd plebiscite.

651.

10300-E-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures  
Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 144

Ottawa, July 27, 1948

**IMPORTANT. SECRET.** Following for Pearson from MacKay, Begins: My telegram No. 142 of the July 26th, paragraph four regarding Responsible Government League telegram.

1. In my opinion the views set forth in the telegram cannot be said to represent the present attitude of most of the 70,000 people who voted for Responsible Government. Not many of these are disposed to dispute the July 22nd verdict and the telegram is as much an effort to arouse a disposition on their part to protest as it is to enlist the sympathy of public men abroad. I have talked today with several well informed people who are all agreed that the only real significance of the telegram is that it would seem to indicate that there is an element in the Responsible Government movement which is determined to use every means at its disposal to oppose Confederation in spite of the verdict of the people. They are also agreed that at the present time these people have no popular following that is of significance. It may be that there are Water Street businessmen for example who privately wish them well but it is also true that some of these same businessmen who supported Responsible Government have decided to accept the decision of the people.

2. So far as the substance of the telegram is concerned I need not remark on paragraphs one, two and three. The assertion in paragraph four about the terms being unnegotiable ignores the fact that the proposed terms have been public

<sup>83</sup>Non reproduit. Ce télégramme résumait les renseignements donnés dans le document 639.

<sup>83</sup>Not printed. This telegram summarized the information given in Document 639.

knowledge for almost nine months and that the National Convention had ample time to assess their probable impact on Newfoundland. It also ignores the fact that a majority of the people have voted in favour of Confederation on the basis of the proposed terms and that there will be opportunity for discussion and settlement of full terms and arrangements before Union is consummated.

3. Paragraph five which charges the Confederates with promoting sectarian and other divisions among the people not only ignores the fact that it was the Responsible Government side which were chiefly responsible for this sort of thing but also inexcusably exaggerates the seriousness of such divisions as exist at present. The only division that is of significance is that between the Avalon Peninsula and the rest of the country.

4. Very few of the Newfoundland people are concerned about the legal and constitutional issue as such. Ends.

652.

L.S.St.L./Vol. 19

*Peter J. Cashin au Premier ministre**Peter J. Cashin to Prime Minister*

St. John's, July 27, 1948

Dear Mr. Prime Minister,

The attached is a sample of the propaganda, used by the advocates of Confederation, in the recent National Referendum. It speaks for itself.

Yours sincerely,

PETER J. CASHIN

[PIÈCE JOINTE/ENCLOSURE]

*Le Grand maître, la Loge provinciale des Orangistes de Terre-Neuve  
aux Orangistes de Terre-Neuve**Grand Master, Provincial Orange Lodge of Newfoundland,  
to Orangemen of Newfoundland*

Clarke's Beach, July 16, 1948

Dear Sir and Brother,

As your Grand Master I direct your earnest and loyal attention to the following important resolution at the recent Session of our Provincial Grand Lodge at Grand Falls. **IT REQUIRES YOUR IMMEDIATE CONSIDERATION:**

"WHEREAS a referendum, on forms of Government for Newfoundland was held on the 3rd June, 1948;

AND WHEREAS the nature of the campaign waged by *THE MONITOR*, the official organ of the Roman Catholic Church, the attitude of its clergymen, the nature of the arguments used by its adherents, and above all, the record of the polls in the various settlements and districts, indicate clearly an attempt to influence the result of the said Referendum upon grounds having no relation to the merits of the various forms of government submitted to the people;

AND WHEREAS this, in the opinion of this Grand Lodge, constitutes an unwarranted invasion of and an effort to dominate the right of free choice of the individual elector;

THEREFORE BE IT RESOLVED:

That this Grand Lodge in regular session assembled condemns such efforts at sectional domination, and warns the ORANGEMEN OF NEWFOUNDLAND OF THE DANGER INHERENT UPON THEM TO USE EVERY EFFORT TO BRING SUCH ATTEMPTS TO NAUGHT."

I CANNOT TOO STRONGLY IMPRESS UPON EACH MEMBER OF OUR ORDER THE IMPORTANCE OF THIS DECISION OF YOUR GRAND LODGE AND THE NECESSITY FOR HIS LOYAL CO-OPERATION.

Yours fraternally,

CHESLEY FILLIER

653.

2828-40

*Mémorandum de la direction de l'information au sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum from Information Division to Under-Secretary of State  
for External Affairs*

Ottawa, July 27, 1948

We have had a look through the following French-language newspapers — *Le Droit, L'Action Catholique, Le Devoir, Le Canada, Le Soleil, La Patrie* and *Montréal Matin* — during the period from July 24 to July 26. It seems clear that the electoral campaign appears to have taken all the play away from the Newfoundland referendum and we have only been able to discover four editorials, a summary of which is attached.

We are planning to continue this survey and to prepare a more complete compilation which might be sent to offices abroad.

S. F. RAE

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de la direction de l'information  
Memorandum by Information Division*

Ottawa, July 27, 1948

FRENCH-LANGUAGE NEWSPAPERS

The electoral campaign which is nearing its climax in the Province of Quebec seems to have pushed the Newfoundland Referendum into the background and only three editorial articles appeared in the French-language press on the outcome of the vote, although all the dailies gave prominence to the news stories of the Plebiscite.

A report in *L'Action Catholique* (July 26th) quotes Mayor Camillien Houde of Montreal as warning French-Canadians against the annexation of Newfoundland which is designed to reduce their numerical strength in the country and eventually submerge them.

*Le Soleil* states that in spite of the rather weak majority in favour of Confederation, Newfoundland is bound to become part of Canada. Had it not been for air and sea assistance from Canada and the United States, this Gibraltar of the new world would have fallen into enemy hands during the last war.

These considerations might not affect the islanders, but they carry weight in British and International Councils. The annexation of Newfoundland might induce France to cede to Canada the islands of St. Pierre and Miquelon. Eventually other colonial problems of a similar nature concerning British possessions in American waters will be solved in the same way.

*La Patrie* commends the Canadian Government for its impartial attitude on the Referendum. We should not interfere in this matter because the problems involved cannot be settled by a simple majority vote. The whole future of the island colony is at stake. If it becomes Canada's tenth province it will not be able to secede. We are not offering union to Newfoundland as an experiment, but as a permanent solution. Let the people decide for themselves. The only clear indication to come out of the Plebiscite is that they are still undecided.

*Le Droit* claims that it is up to the Canadian Government to take a final decision on the future of Newfoundland. Although the balance of the vote is leaning on the side of Confederation, Canada is bound as a democracy to abide by the decision of the majority. Furthermore it will probably be subjected to British pressure which it so seldom resists. The members which Newfoundland as a tenth province will send to Ottawa will offset the increase in Parliamentary representation allotted to Quebec by the recent redistribution.

654.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 147

St. John's, July 28, 1948

IMMEDIATE. SECRET. Following for MacKay from Bridle, Begins: I have talked to Crosbie. He is obviously bitterly disappointed by failure of an effort into which he has put so much. I am still of opinion, however, that information about his intentions in your telegram No. 142 of July 26th to Pearson is well founded. The main point which Crosbie emphasized was that further postponement of an announcement by the Canadian Government of its intention to proceed with Con-

federation is fraught with danger.<sup>84</sup> See my immediately following telegram. Ends.

655.

10300-E-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures  
Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 148

St. John's, July 28, 1948

IMMEDIATE. SECRET. Following for Pearson from Bridle, Begins: Your telegram No. 110 of July 28th,<sup>1</sup> Newfoundland Statement.

Prior to receipt of your telegram, I had conversations today with Governor and Commissioner for Justice. The Governor evidently contemplates a simultaneous release of statements by all three Governments.

2. The Newfoundland authorities feel that it is dangerous to prolong the period of waiting and I think an early announcement is highly desirable.

3. The Governor hopes that text of statement can be agreed upon, and that final count can be transmitted to Canadian Government, within the next two days or so. It will probably be known tomorrow whether or not the latter can be done. Ends.

656.

10300-E-40

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures  
High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 1221

London, July 28, 1948

MOST IMMEDIATE. SECRET. Following for Pearson from Robertson, Begins:

1. I understand that Clutterbuck has advised the Commonwealth Relations Office that our Cabinet may issue a statement about Newfoundland tonight or tomorrow morning. The Commonwealth Relations Office are "desperately anxious" that they should be given an opportunity to agree [to] any such statement, and have so informed Clutterbuck.

2. I have found the Commonwealth Relations Office completely candid and forthcoming in all discussions with them about Newfoundland constitutional

<sup>84</sup>Un autre télégramme signala un amendement à cette phrase qui se lisait maintenant comme suit:

<sup>84</sup>Another telegram amended this sentence to read:

Crosbie is convinced that Canadian Government intends to proceed with Confederation and he firmly contends that further postponement of an announcement of this intention is fraught with danger.

arrangements. I do not think they have withheld anything from us at any stage in the preliminary discussions, and their cheerful cooperation in dealing with the intricate technical problems of bringing Newfoundland into confederation will be needed during the months ahead. In the circumstances I think it would be worth our while to make a considerable effort and put up with some inconvenience in order to carry their judgment with us at each stage of the Newfoundland negotiations. For these reasons I hope there will be no statement issued about Newfoundland until the United Kingdom has been given an opportunity to consider and comment on the draft statement that our Government proposes to make. Ends.

657.

10300-E-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner  
in Great Britain*

TELEGRAM 1198

Ottawa, July 28, 1948

**MOST IMMEDIATE. SECRET.** Following for Robertson from Pearson, Begins: Your telegram No. 1221 Newfoundland. You may assure Machtig as I have already assured Clutterbuck, that no statement will be issued by the Government about Newfoundland without consultation with the United Kingdom. I have let Clutterbuck see a draft of such a statement but there may be one or two further changes that the Prime Minister will wish to make in it. Last night the Prime Minister gave the press the following:

"The Prime Minister, Mr. Mackenzie King, said today that it would seem from the results of the Newfoundland referendum thus far reported, that there will be a substantial majority in favour of confederation with Canada.

A statement on behalf of the Government of Canada cannot, however, be made until official notification of the final result has been communicated to Ottawa. This may be a matter of a few days."

658.

2828-40

*Le Gouverneur de Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*Governor of Newfoundland to Secretary of State  
for External Affairs*

TELEGRAM 1

St. John's, July 29, 1948

Addressed to Secretary of State for Commonwealth Relations No. 172, repeated to United Kingdom representative, Ottawa, No. 6, External Ottawa No. 1. My telegram to Secretary of State for Commonwealth Relations No. 171, to United Kingdom representative, Ottawa, No. 5.

2. Latest information from Labrador is as follows: Confederation 2,263, Responsible Government 909. The grand total to date thus becomes: Confederation 77,869, Responsible Government 71,464.

3. It is further indicated that the remaining number of votes to be counted will not exceed 500 and may not be returned within next six or seven days. It is not expected that these votes will materially alter relative positions of the two forms of Government. Majority of these votes will most probably be in favour of confederation.

4. In view of this position and the desire throughout the country to know the decision of the Canadian authorities it may be advisable for the Canadian decision to be made known without further delay in order to make it possible for a statement to be issued some time tomorrow, Friday, July 30th.

5. Here I may refer to my telegram to you No. 168,<sup>†</sup> repeated to United Kingdom representative Ottawa No. 4. "Early decision on part of Canadian authorities is essential. Any hint of hesitation on part of Canada will have adverse effect on conditions here."

659.

2828-40

*Le secrétaire d'État aux Affaires extérieures au  
haut commissaire par intérim à Terre-Neuve*  
*Secretary of State for External Affairs to  
Acting High Commissioner in Newfoundland*

TELEGRAM 114

Ottawa, July 29, 1948

IMMEDIATE. SECRET. Governor's telegram No. 1 July 29 to Secretary of State for External Affairs.

2. Referring to your telephone conversation with MacKay please advise Governor we would be prepared to make statement Friday but in discussion with United Kingdom officials here it was agreed that statement for Saturday morning papers would be earliest practicable time. It is highly desirable that time of release should be synchronized for London, Ottawa and St. John's. Release time here after midnight in order to avoid midnight broadcast would be preferable. Please confirm release time with Governor and advise.

660.

2828-40

*Le secrétaire, la Ligue pour le gouvernement responsable  
de Terre-Neuve, au Premier ministre*  
*Secretary, Responsible Government League  
of Newfoundland, to Prime Minister*

TELEGRAM

St. John's, July 29, 1948

I am directed by the Responsible Government League in behalf of more than seventy-one thousand Newfoundland Voters representing forty-eight per cent of those participating in the July twenty-second referendum to request that a delegation from the League be received by you and members of your Cabinet prior to any pronouncement by you relative to the result of that referendum. Purpose of



delegation would be to lay before you the considered views of the League in what is regarded to be the best interests of both Newfoundland and Canada. Our delegation would be prepared to leave for Ottawa at once to meet with you at a time to be arranged at your convenience. An immediate reply is respectfully requested.

RESPONSIBLE GOVERNMENT LEAGUE  
W. L. COLLINS, SECRETARY

661.

PCO-CRF

*Mémorandum du directeur, la direction de la politique économique,  
le ministère des Finances, au sous-ministre des Finances*

*Memorandum from Director, Economic Policy Division,  
Department of Finance, to Deputy Minister of Finance*

SECRET

Ottawa, July 29, 1948

RE: NEWFOUNDLAND

1. As soon as the Canadian Government has announced its intention of asking Parliament to take action designed to bring in Newfoundland as a tenth province, it is desirable that immediate consideration be given to a number of problems that are bound to arise. I should like to have a fairly clear spell for my vacation this year but I feel that I should bring the following points to your attention:

1. As soon as it is known that Newfoundland is likely to come in as a province, some Newfoundland or perhaps Canadian businessmen may see the opportunity to circumvent our exchange controls by importing banned goods into Newfoundland before date of union, shipping them into other provinces when union is consummated, thereby making a rich profit. I have spoken to Donald Gordon about this problem and I think he realizes the seriousness of it but is of the opinion that adequate control cannot be assured through the Foreign Exchange Control Board. Ken Taylor's suggestion, and I think it is a good one, is that we should approach the Commission Government in Newfoundland to ask them to prevent abnormal imports, that is imports in excess of ordinary Newfoundland requirements. I think someone should approach the Commission immediately to acquaint them with our views and to work out suitable arrangements.

2. Already there are reports from Newfoundland that imports from Canada are declining rapidly in anticipation of the removal of tariffs between the two countries at time of union. I had anticipated this and had urged upon Mr. St. Laurent and Mr. Abbott the desirability of bringing forward the date of union to, say, October 1st or November 1st of this year. The response was, as you know, negative. If some way could be found of assuring the Newfoundland Government that any deficit in their accounts resulting from such action would be looked after, I would recommend that the Commission of Government should immediately enact a Canadian customs tariff which would, of course, remove all these difficulties, but I am doubtful whether this is a feasible alternative if the date of union is to be fixed for April 1, 1949, or later. I do recommend most strongly,

however, that the Canadian Government should, as soon as possible, indicate when it proposes to incorporate Newfoundland into Canada so that businessmen in Newfoundland will be able to plan accordingly. At the moment, some of them may be expecting union in the fall and are therefore most reluctant to import Canadian goods even for immediate requirements.

3. There are a great many difficult and complicated problems involved in union and it is most desirable that machinery for handling them should be established immediately. Most of them involve, directly or indirectly, the Department of Finance, and, while I am not anxious to add to my particular responsibilities, I do feel that the Finance representative on the interdepartmental committee should be given a leading role. I am not sure whether we should ask for the chairmanship of the committee since this might not be acceptable to some departments. My preference would be for a chairman from Privy Council, say, John Baldwin, rather than from External Affairs, the problem being looked upon as domestic rather than external in character.

4. During the course of the discussions with the Canadian Government and the Newfoundland delegation the idea was put forward on a number of occasions that the U.K. might assume some part of the outstanding Newfoundland debt. The U.K. Government was never formally approached on the question, but Clutterbuck did intimate, in private conversation, that he thought his Government might consider the matter favorably if it would facilitate the process of union.

M. W. SHARP

662.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
gouverneur de Terre-Neuve*

*Acting High Commissioner in Newfoundland to  
Governor of Newfoundland*

No. 11

St. John's, July 30, 1948

SECRET

Sir,

I have the honour to enclose seven copies of the text of a proposed statement by the Prime Minister of Canada regarding the result of the Newfoundland national referendum. I shall be glad to forward to my Government any comments which you may wish to make upon the proposed statement.

Accept etc.

P. A. BRIDLE

[PIÈCE JOINTE/ENCLOSURE]

*Projet de déclaration du Premier ministre*

*Draft Statement by Prime Minister*

As Prime Minister of Canada, I sent to the Governor of Newfoundland on

October 29th, 1947, a statement which made known to the people of Newfoundland the terms believed by the Canadian Government to constitute a fair and equitable basis of union between Newfoundland and Canada, should the people of Newfoundland desire to enter into Confederation.<sup>85</sup> In my covering letter, forwarding that statement, I said:

“Should the people of Newfoundland indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a Province of Canada on the basis of the proposed arrangements, the Canadian Government, subject to the approval of Parliament, would for its part be prepared to take the necessary constitutional steps to make the union effective at the earliest practicable date.”

On Thursday last, July 22nd, the people of Newfoundland voted on the following alternative forms of Government for that country.

(a) Responsible Government as it existed in 1933 prior to the establishment of Commission of Government.

(b) Confederation with Canada.

The result of this vote, as communicated officially to the Government of Canada by the Governor of Newfoundland, is as follows:

(Figures to be inserted, including the proportion of the electorate which voted).

It will be noted from the above that a definite majority of the very high percentage of the electorate of Newfoundland which voted, has expressed its wishes in favour of Confederation. It will also be noted in this connection that, of twenty-five former electoral districts of Newfoundland, eighteen voted in favour of Confederation with Canada. It would seem, therefore, that the result of the plebiscite in favour of union between the two countries is “clear and beyond possibility of misunderstanding.” This result was attained without any trace of influence or pressure from Canada.

The Government welcomes, and I believe the people of Canada also welcome, the result of the plebiscite. The union now to be effected, in consequence of the free decision of the people of Newfoundland, will merely seal in constitutional terms a close and fraternal association that has existed, in war and in peace, between the two countries over many years.

The Canadian Government is now consulting with the governments of Newfoundland and the United Kingdom in the working out of appropriate constitutional procedure for implementing decision taken by the people of Newfoundland. The Government will also be glad to receive with the least possible delay authorized representatives of Newfoundland to negotiate terms of union on the basis of my letter of October 29th, 1947, to the Governor of Newfoundland, and the document transmitted with it. Before final action is taken, the Government will recommend the resulting agreement to the Parliament of Canada for approval. In this connection I would recall my statement made in the House of Commons June 23rd, 1947, that “On the part of Canada, no final decision would of course be taken without the approval of Parliament.”

<sup>85</sup>Voir la pièce jointe, document 442.

<sup>85</sup>See enclosure, Document 442.

The union of Newfoundland and Canada, two North American democracies in the British Commonwealth of Nations, will add strength to both. Together, as partners, we can look forward to the future with more confidence than if we had remained separate political communities.

As Prime Minister of Canada it is a pleasure for me on behalf of Canada to welcome, warmly and sincerely, the decision of the people of Newfoundland. As a member of the Government of Canada, it has been a privilege to have had to do with seeking to bring to completion a constructive partnership, which was foreseen by those men of courage and vision in both countries who, many years ago, began the work of confederation.

663.

2828-40

*Le gouverneur de Terre-Neuve au haut commissaire  
par intérim à Terre-Neuve*  
*Governor of Newfoundland to Acting High Commissioner  
in Newfoundland*

St. John's, July 30, 1948

Sir,

With reference to your letter No. 11 of the 30th July, 1948, I have the honour to inform you that the draft of the proposed statement by the Prime Minister of Canada has been considered by the Commission of Government. On the assumption that it would be Mr. Mackenzie King's desire that it should attempt to reassure the opponents of Confederation and remove misunderstanding this Government ventures to suggest the amendments shown on the enclosed list, a copy of which is being transmitted to the United Kingdom Authorities.

2. Provided that the final text of the Canadian statement can be in my hands not later than 8 p.m., Newfoundland Summer Time to-day, Friday, July 30th, the time of release in Ottawa, namely, after Midnight, suggested in your letter No. 12 of the 30th July, 1948,<sup>†</sup> would be acceptable to this Government. The statement will be released in Newfoundland in time for publication in Saturday morning's press.

I have etc.

GORDON MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

PROPOSED AMENDMENTS

Paragraph 2. Delete word "last" between "Thursday" and "July."

Paragraph 3. Add after "this vote" the words "to date" and add new sentence, to follow figures of vote "Full returns from Labrador have not yet been received. It is understood that these will not exceed 500 and will not therefore materially affect the position."

Paragraph 4. Delete second sentence commencing "It will also" and ending "with Canada."

Paragraph 5. Delete second sentence "The union" to "many years." Place remaining sentence as final sentence of preceding paragraph.

Paragraph 6. (old) Add new sentence after second sentence ending "transmitted with it" as follows: "I am sure that at these negotiations any special problems which may arise in connection with the entry of Newfoundland into Confederation will receive careful and sympathetic consideration; and it is my hope that the arrangements to be agreed will, in the interests of both countries, ensure that Newfoundland and its people will be able to take their place happily in this Federation."

664.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
gouverneur de Terre-Neuve*

*Acting High Commissioner in Newfoundland to  
Governor of Newfoundland*

No. 13

St. John's, July 30, 1948

SECRET

Sir,

I have the honour to refer to your note dated July 30th with which you enclosed certain suggested amendments to the text of the proposed statement to be made by the Prime Minister of Canada regarding the result of the Newfoundland national referendum.

The Canadian Government has considered the amendments suggested in your note and I have been instructed to say that the amendment proposed for paragraph 2 has already been effected.

The suggested amendment for paragraph 3 has also, I think, been taken care of by inserting in place of the words in brackets the following: "Out of a total registered vote of about 176,000, the vote for Confederation is 77,869 and for Responsible Government 71,464. The total majority to date is thus over 6,400. It is estimated that about 500 votes are still to be counted but this would not materially alter the result. It would also appear that close to 85% of the eligible voters exercised their right to vote."

The suggested amendment for paragraph 4 is concurred in, that is, the second sentence commencing "It will also" and ending "with Canada" has been deleted.

At the end of the first sentence in paragraph 5, the following has been inserted: "We have ascertained that, for its part, the United Kingdom Government which at present is responsible for the administration of Newfoundland under the United Kingdom-Newfoundland Act 1933, in view of the result of the referendum is in agreement with the entry of Newfoundland into Confederation." The last sentence in the same paragraph commencing "The union" and ending "many years" has not been deleted but it has been modified to read as follows: "The union when effected will seal in constitutional terms a close and fraternal association that has existed, in war and in peace, between the two countries over many years."

In paragraph 6, the following sentence has been inserted after the second sentence ending "transmitted with it" as follows: "In these negotiations any special problems which may arise in connection with the entry of Newfoundland into Confederation will, I am sure, receive most careful consideration."

Accept etc.

PAUL A. BRIDLE

665.

2828-40

*Le Premier ministre au secrétaire, la Ligue pour  
le gouvernement responsable de Terre-Neuve*  
*Prime Minister to Secretary, Responsible  
Government League of Newfoundland*

TELEGRAM

Ottawa, July 30, 1948

Your telegram of July 29 setting forth the request of the Responsible Government League that the Canadian Government should receive a delegation representing the League has been carefully considered.

In considering this request, account has been taken of the fact that, from the moment steps were first taken to decide upon the future government of Newfoundland, the Canadian government has at no time intervened in any way in the determination of the procedure to be followed in Newfoundland.

The delegation from the National Government [Convention] which came to Ottawa last year was received at the request of the Commission of Government. Having regard for the course thus far followed and for the democratic process which has been adopted to ascertain the views of the people of Newfoundland as a whole, the government of Canada is of the opinion that before receiving any delegation it should be similarly authorized by the duly constituted authorities of Newfoundland.

W. L. MACKENZIE KING

666.

2828-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*  
*Memorandum from Under-Secretary of State for External Affairs  
to Prime Minister*

SECRET

Ottawa, July 30, 1948

NEWFOUNDLAND

I am sending you herewith a report from Mr. MacKay about his recent visit to Newfoundland. That visit was short and crowded. Mr. MacKay, however, seems

to have been able most successfully to sound out Newfoundland opinion on the results of the referendum and to have acted with discretion and good sense.<sup>86</sup>

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du chef, la direction du Commonwealth britannique,  
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, British Commonwealth Division,  
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, July 29, 1948

VISIT TO NEWFOUNDLAND, JULY 24-28, 1948

During my visit to Newfoundland I talked with various individuals and groups (see attached list).<sup>†</sup> It was unfortunate that most of the Responsible Government leaders and several of the Confederate leaders were out of town fishing, this being the salmon fishing season — salmon fishing is something of a "rite" among St. John's professional and business men at this time of the year. The following is a summary of my impressions, based on conversations, notes of which are attached, on discussions with Mr. Bridle and on a summary analysis of the returns.

(A) WITH RESPECT TO THE REFERENDUM

(1) The whole Island, outside the Avalon Peninsula, is overwhelmingly for Confederation. The strongest areas against Confederation are the city of St. John's, Bell Island and Harbour Grace, where there is a heavy Catholic vote.

(2) The Catholic vote in the St. John's, Bell Island and Harbour Grace areas was "instructed." Before the first referendum the *Monitor*, the organ of the hierarchy, came out with a strong editorial against Confederation. This produced a considerable reaction and further editorials then said that these were views of the editor and that Catholics were of course free to vote as they saw best in the interests of the country. The effect of the first editorial was, however, not overcome. The bishops, in conversation with me, distinctly stated, however, that with "their people" it was not a question of faith and morals but that their people were traditionally supporters of Responsible Government and that the terms offered by Canada did not provide sufficient revenues for the province without recourse to heavy taxation and almost certainly property taxation. (I was told by others that the church is the largest landlord in St. John's, as well as the owner of a great deal of property used for ecclesiastical or educational purposes.) The hierarchy was, however, unable to keep all the Catholic vote in line in the Avalon Peninsula, (e.g., Sir Edward Emerson and Mr. McEvoy, and I am told that there was a considerable Catholic vote for Confederation in Placentia).

(3) The Catholic vote on the west coast was strongly Confederate, Bishop O'Reilly taking a neutral stand — it is thought he privately favours Confedera-

<sup>86</sup>La note suivante était écrite sur ce mémorandum:

<sup>86</sup>The following note was written on the memorandum:

Interesting indeed. ST. L[AURENT]

tion. The Confederates told me that a committee of Catholic laymen who were active supporters of Confederation interviewed the Bishop, who told them that if they felt Confederation was best for the country, it was their duty to support it. I am told that at least three priests on the west coast were active workers for Confederation and that one presided at Confederation meetings and "heckled" at Responsible Government meetings.

(4) My impression is that the Catholic voters in Newfoundland will, however, accept Confederation without much protest, and that there would not be a permanent split in Newfoundland politics along sectarian lines. Last Sunday three priests in the Avalon Peninsula, who formerly preached against Confederation are said by the Confederates to have publicly urged their people to accept the verdict; a number of Confederates intimated that many Catholics in the Avalon Peninsula, although voting for Responsible Government, were secretly glad that Confederation had won.

(5) The position taken by the hierarchy in St. John's had an unfortunate effect in stirring up the Orangemen who conducted a whispering campaign and appear to have turned out to a man to support Confederation, especially in the second referendum. It is difficult to say how far this affected the vote — Bradley thought it won for Confederation in Bonavista which had in the first referendum a plurality for Responsible Government; Sir Edward Emerson, a Roman Catholic, thought it had no substantial effect anywhere; Professor Fraser, also a Roman Catholic, declined to give any opinion on how it had influenced the vote but thought it undoubtedly accentuated sectarian issue.

(6) In the second referendum a considerable split developed among St. John's business men, as witness the number who publicly supported Confederation. The fresh fish trade are said to be solid for Confederation. Mr. Clyde Lake, who controls the largest exporting firm in salt fish, publicly supported and helped finance the Confederation group. Mr. Herbert Brooks, of Harvey and Company, said that several St. John's merchants were coming around to the opinion that children's allowances and old-age pensions would be beneficial to merchandising.

#### (B) CONCLUSIONS REGARDING POLICY

(1) A decision to advise Newfoundland that the Canadian Government, although appreciating the size of the vote, thinks that, in view of the decision, Responsible Government should first be restored, would in my judgment postpone Confederation indefinitely and perhaps for ever. The Confederate leaders would feel they had been "double-crossed" and supporters generally that they had been rebuffed. Although Confederation has won in eighteen out of twenty-five districts, there could be no assurance that the Confederate party would win these districts in a subsequent election. For the time being the Newfoundland people are "fed up" with politics and especially with voting. If an election for a responsible government were now held, many present supporters of Confederation would probably not turn out, others might tend to vote for the opponents if they promised to go ahead with economic union with the United States, and some at least of the leaders would quit, if not turn to the other side. In my judgment Canada would lose many more friends than it would gain by a policy of calling for responsible government first.



(2) I am convinced that, if union takes place, the great majority of the people in Newfoundland will accept it without question. It seemed to be generally assumed after the results of the vote became apparent, and at least until the press indicated hesitation on the part of the Canadian Government, that Confederation would be proceeded with.

(3) I feel strongly that any public announcement of the Government's intention to go ahead should indicate that we are prepared to "negotiate" on the basis of the terms with an authorized delegation from Newfoundland, rather than merely to "complete the final arrangements," which would indicate merely dotting i's and crossing t's. One important factor in the vote for Responsible Government was undoubtedly the resentment of Newfoundlanders against being treated as a colony, their self-respect demanding that they should handle their own business. From the standpoint of Newfoundlanders who feel this way, negotiations by a Responsible Government would no doubt be the ideal, but I think they would be prepared to settle for negotiations by a representative group, most of whom presumably would subsequently accept responsibility by standing for election.

(4) I also feel that the Government should be prepared to make some concessions from the original terms. Minor changes in financial arrangements which would not impose any substantial new burden on the Canadian taxpayer would go some distance, but perhaps even more important is some assurance that the present organization of the Newfoundland fishing industry under the aegis of the Newfoundland Fisheries Board would not be substantially changed by union.

(5) I also feel that the prospective date of union should be announced as quickly as possible in order to give some assurance to Newfoundlanders since they must import their winter supplies within the next few weeks and in order to put an end generally to the present uncertainty.

(6) I think also we should make some provision for the transitional period, although this could be done during the negotiations. It is highly important that some of the benefits of Confederation should begin to flow towards the Newfoundland people as quickly as possible. I have some ideas along this line which can be put forward at the appropriate time.

(7) Delay in reaching and in announcing a decision is dangerous since it tends to give aid and comfort to the irreconcilables.

[ANNEXE 1 À LA PIÈCE JOINTE/SUB-ENCLOSURE 1]

SECRET

July 26, 1948

FIRST CONVERSATION WITH GOVERNOR AND  
COMMISSIONERS WALSH AND POTTLE

The Governor said that it cannot be said that there might not be some trouble in the event of Confederation being proceeded with. It seemed to be agreed that

the fact that everything was quiet now does not necessarily mean that once the actual decision to go ahead has been taken, the die-hards might not try to stir up some sort of trouble.

At the same time, it was strongly felt by all the members of the Newfoundland Government present that virtually all the Newfoundland people accept the verdict of the electorate as decisive, even if it is not the verdict they hoped would eventuate. If it should turn out that the majority is considered inadequate by Canada and that Confederation will therefore not be proceeded with the people will be very much taken aback.

The Responsible Government leaders are shaken up by the Confederate victory and almost in a state of collapse. They definitely feel that they have suffered a shattering defeat. At the same time it would be very surprising if any of them were to come out and say publicly that they thought the decision of the electorate ought to prevail and that everyone should now co-operate to make Confederation work. That would be expecting rather too much. In this connection the Governor mentioned that he was planning to invite two of the Responsible Government leaders to serve on any delegation which goes to Ottawa and he said that he is not sure that the men he wants will necessarily be willing to serve. He hopes, however, that he will be able to secure the co-operation of two of them to this extent.

There was some discussion of the effect of uncertainty on business and Government revenue and of the possible date for effecting union. It was generally agreed that the main thing is to pick a definite date and stick to it more or less. On this basis it appeared that March 31st next might be the earliest feasible date. The Governor emphasized that the Newfoundland Government for its part desires to be quit of its task as caretaker Government as soon as possible and also that for reasons he had mentioned in London it is desirable that the provincial Government be organized early in 1949. He said at the same time that he appreciates that there may be reasons on the Canadian side why a date as early as he might wish would not be feasible. Mr. MacKay spoke to this point, saying that a fall session of Parliament was very unlikely and he did not think any timetable with respect to Newfoundland could be based on a fall session.

The Governor emphasized that not to proceed with Confederation at the present time is not only to decline to accept the decision of the majority of the Newfoundland people but also broadly speaking to support the Responsible Government people on the Avalon Peninsula against those favouring Confederation outside of it.

The Governor said that so far as the phrase in the Prime Minister's letter which reads "clearly and beyond all possibility of misunderstanding" is concerned, he has always felt that this phrase was written at a time when the Canadian Government had no way of knowing how many forms of Government might be on the ballot paper. In the present case where there were only two forms, the phrase may perhaps be considered to have lost its validity, since it was originally intended simply as a safeguard against the Canadian Government possibly being deemed to be obliged to carry out Confederation on the basis of a mere plurality.

## [ANNEXE 2 À LA PIÈCE JOINTE/SUB-ENCLOSURE 2]

SECRET

July 26, 1948

## DISCUSSION AT THE RESIDENCE OF MR. J. B. MCEVOY

Present: Messrs.

McEvoy  
Pippy  
A. F. Monroe  
Brooks (Harvey and  
Company)  
John Clouston  
Clyde Lake  
Smallwood  
Bradley  
Dr. Moors  
Dr. Roberts, Sr.  
Dr. Roberts, Jr.  
Mr. Justice Dunfield.

Mr. McEvoy opened the discussion with the statement that this wasn't a political meeting or in any sense a meeting of any political party, but simply a gathering of some of his personal friends whom he had invited in for the evening. He then referred to press statements which seemed to indicate that there was some doubt whether the Canadian Government would accept the vote from Newfoundland as a sufficiently clear indication of the public will in favour of Confederation. He then proceeded to demolish this position, speaking at considerable length and with at times considerable feeling on the matter.

Referring to the vote, he said that a majority vote was the normal procedure in democratic government and that the despatch from the Secretary of State for Commonwealth Relations which had specified the conditions under which the referendum would be conducted<sup>87</sup> had distinctly stated that the majority vote would be accepted by the United Kingdom Government. He said that he did not know whether the Canadian Government had been consulted about the terms of this despatch but that in any case the Canadian Government had had an opportunity to protest this condition, especially after the first referendum and that it had not done so, so far as he knew. He said that he and his friends had come out in favour of Confederation on the assumption that a majority vote would decide the matter. They appreciated that the Prime Minister's statement in his covering letter of October 29th last did not specifically state that a majority vote would be acceptable but that the Prime Minister's letter was written at a time when it was not known how many forms of Government would be placed before the people. Since the Canadian Government had made no statement after the first plebiscite and since the United Kingdom despatch had expressly provided for a majority,

<sup>87</sup>Voir la pièce jointe, document 550.

<sup>87</sup>See enclosure, Document 550.

the inference was that the Canadian Government would be prepared to accept a majority vote. He felt that if the Canadian Government were now to take any other course and demand an arbitrary number or percentage over a majority or to say that Responsible Government should first be restored, it would be a breach of faith with the people of Newfoundland. In such an event he personally would have nothing more to do with Confederation or the Canadian Government. He felt that some of his friends would feel the same way.

Mr. McEvoy also felt it would be thoroughly bad tactics from the Canadian standpoint. The majority of the people of Newfoundland would inevitably feel that they had been rebuffed. There was no assurance under these circumstances that many people would not vote against Confederation at another opportunity. The restoration of Responsible Government first, in his opinion, might well result in a majority of the first legislature opposed to Confederation. This would probably mean that Confederation would be put off indefinitely. He had hoped that Newfoundland could be a partner in an enlarged British Dominion. He did not know what course Newfoundland might follow if the majority were now refused by Canada.

With regard to the sectarian basis of the vote, Mr. McEvoy, who is a devout Roman Catholic, admitted freely that a great majority of Roman Catholics on the Avalon Peninsula had voted for Responsible Government. He felt that this was due mainly to a few chance remarks which the Archbishop was alleged to have made. He felt personally that there was no question of faith or morals involved and that if, as alleged, the Archbishop had made such remarks, he was straying out of his proper field. He said that a considerable number of Roman Catholics, however, had voted for Confederation in this area and he knew personally [that] on the West Coast most Roman Catholics, including a number of priests, had voted in favour. Another member present cited subsequently two priests on the west coast who had participated actively in favour, one presiding at meetings.

Mr. McEvoy admitted that an editorial in the *Monitor*, the organ of the hierarchy, had unfortunately started the sectarian issue. He pointed out, however, that there was a retreat from this stand before the second referendum but that unfortunately the Orange Order had by this time taken up the issue. He did not think, however, that the sectarian issue, although always latent in Newfoundland, would necessarily continue over Confederation, once the union was completed.

Mr. McEvoy also dealt with the charge that the vote for Confederation was a class vote. He pointed to numerous examples of supporters of Confederation among the St. John's merchants and fish exporters. He said representatives of the trade and of Water Street present did not comprise all supporters of Confederation among business men. There were many others who had not come out openly. The fresh fish industry were in favour of Confederation to a man. (These views were supported by Mr. Brooks, who said that several of the merchants were beginning to appreciate the value of continuous flow of purchasing power which would result from Children's Allowances, Old Age Pensions, and other social services. Mr. Lake, who last year did the biggest export business in salt fish in Newfoundland, supported this view and said further that even the salt fish trade,

he felt, could not long survive satisfactorily under Responsible Government.)

In the general discussion which followed Mr. McEvoy's remarks, the following, among other, points were made by various members:

(a) The Island outside of the Avalon Peninsula had gone over 70% for Confederation and that this area included the great bulk of the primary producers. It was noted that a number of people had written in to the Confederation group asking whether it might not be possible to provide for Responsible Government for the Avalon Peninsula while the rest of the Island went into Confederation.

(b) The Orange Order had become aroused in the second election due to the stand of the hierarchy in St. John's and had turned out to a man in favour. It was not thought that this turned any district except possibly Bonavista.

(c) For Canada to decline to accept Newfoundland without further ado would be to establish minority rule and that there would be great resentment in the outports against the St. John's area. Indeed, one speaker predicted civil disturbances in some areas if this were done.

(d) Most of the people of Newfoundland were now fed up with elections and assumed that matters were settled. Several speakers cited personal incidences [instances?] of people who had voted against Confederation indicating they were prepared to accept the referendum as a final decision. One speaker said that he was convinced that a number of Roman Catholics who had voted for Responsible Government were pleased to see that it had not won. To my query whether the telegram of the Responsible Government League, published in today's press, represented the views of the rank and file of the minority, there was general agreement that it did not and one member said he had heard a number of fishermen who admitted they were anti-Confederation, indicating that they thought the telegram was just stirring up trouble. Most people present agreed that there was no very widespread interest in the constitutional questions raised by the League.

There was general agreement that a large number of those who voted for Responsible Government were not against Confederation as such, although they preferred Confederation by negotiation. To my query whether if a strong delegation were sent to Ottawa and some changes were made in the terms this might not allay the criticism, several members seemed to think that it would. There seemed to be general agreement that one important concession which might allay criticism would be some arrangement for continuance of the Newfoundland Fisheries Board, by name or by comparable arrangement.

I raised the question of the probable time of union, assuming it were decided to go ahead. I pointed out it would be almost impossible to complete arrangements for union before freeze-up and I asked whether, under these circumstances, it would be desirable to set a definite date, even some time in advance, and have this date announced in order to provide some assurance to business. Businessmen present, generally agreed that from their point of view a date reasonably far in advance would be preferable and especially a date which would be more or less between the main importing seasons. One merchant present suggested March 31st as a convenient date from their standpoint. Other members thought there would be disappointment among the Newfoundland people because of the delay

in providing social services but on the whole there was no serious dissent to March 31st.

Notable omissions from the discussions were questions of jurisdiction over divorce or the clause on education.

[ANNEXE 3 À LA PIÈCE JOINTE/SUB-ENCLOSURE 3]

SECRET

July 27, 1948

TALK WITH RESPONSIBLE GOVERNMENT LEAGUE

Present: Cheeseman, Vice-President, Collins, Secretary, and Hollett.

No note of details is being made here. The main point about these people is that they revealed a determination on the part of at least some people in their group, which at the moment at least is a very small one, to fight the Confederation issue as long as there is any point in this. It is difficult to say how far they intend to go but Mr. Hollett stated they would "fight this to the last ditch," and "we will go to the United Nations if necessary" and suggested that in spite of the best will in the world on the part of the League it might be difficult to prevent trouble. Whether these remarks were indicative of real intentions or merely threats it is difficult to say. The League bases its case chiefly on the constitutional point and on the claim that the terms are unnegotiated. Cheeseman talked quite well about the necessity of doing something about the fisheries set-up. I gathered the impression that he would settle for this and that he thought Confederation was going through. The whole tone of the discussion was friendly, not belligerent except for one or two truculent remarks by Hollett; we kept it on a rather innocuous footing as much as we could.

[ANNEXE 4 À LA PIÈCE JOINTE/SUB-ENCLOSURE 4]

SECRET

July 26, 1948

FIRST CONVERSATION WITH SIR EDWARD EMERSON  
(WITH MR. BRIDLE ALONE)

The Avalon Peninsula is parasitic and the productive industries of Newfoundland are centred outside of it.

Newfoundland has been treated rather poorly by Britain and Canada and as a result, if Confederation is effected now, it would be regarded by history as another move in the game of power politics. (Compare with this Dr. Pottle's considered opinion that historically it is about time Canada accepted Newfoundland. In 1867-9 Confederation was expected to take place but filibustering tactics were introduced in Newfoundland by the Conservative party and eventually the people voted utterly against it. This could happen again. In telling me this Dr. Pottle emphasized that he has to live here and therefore he takes into consideration both sides of the question pretty carefully. He also told me that he has heard from widely different geographical sources that there are many people who voted for Responsible Government although their heart was in Confederation. They are

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

contention of the Responsible Government League and he thinks that the majority of the Newfoundland people are not in the least concerned about this issue. This led him again to remark that he thought they were perhaps a little more concerned about really good terms and to advocate some sort of forthcoming attitude on this point by Canada at an early date.

[ANNEXE 6 À LA PIÈCE JOINTE/SUB-ENCLOSURE 6]

SECRET

July 27, 1948

DISCUSSION WITH GORDON HIGGINS, K.C.

I met Gordon Higgins fortuitously in the Gander airport and was greeted by him most cordially. He was one of the most energetic campaigners for Responsible Government and apparently one of the bitterest against Confederation. He was in very good spirits and told several jokes about the campaign. He asked me what we proposed to do now. I replied, "What do you think we should do?" His immediate reply was, "Oh, I think you should take us in and settle the matter." I asked him how he thought his people would feel about going ahead with Confederation. He said of course they would be sore for a while but would get over it. He showed me some form letters that were circulated among the Orange Order and said that they had created a lot of bitterness, though he admitted that his side probably started it. We had a drink together and he said jokingly, "To the Tenth Province!" in which I of course responded. On parting, he said, "Well, I hope there are no hard feelings — there are none on my part."

[ANNEXE 7 À LA PIÈCE JOINTE/SUB-ENCLOSURE 7]

SECRET

July 27, 1948

TALK WITH COADJUTOR ARCHBISHOP FLYNN  
AND BISHOP O'REILLY AND BISHOP O'NEIL

On the advice of Sir Edward Emerson, I asked if I might see Msgr. Flynn, Coadjutor Archbishop of St. John's — the Archbishop is old and now rarely sees anyone. Msgr. Flynn was "in retreat," but consented to see me Tuesday evening. When Mr. Bridle and I arrived, we were surprised to find him accompanied by Bishop O'Neil, of Harbour Grace, and Bishop O'Reilly, of St. George's. Msgr. Flynn explained that the others were also with him "in retreat" and he thought we would not mind if they came with him.

I said frankly that I had come down to Newfoundland to provide the Government with an appreciation of the situation. I explained that I had no explicit instructions as to whom I should see, but that I felt personally I should see Msgr. Flynn in view of the fact that a considerable number of their people had voted for Responsible Government, whereas the majority of Newfoundlanders had voted for Confederation. I said that the question which I should like to ask was how he felt personally their people would be likely to react if action were taken in accordance with the wishes of the majority.

They said that they very much feared that if Confederation were proceeded with on the present basis there would be a continuing split in the country.



It was stated that the main reason for this attitude is the question of principle — i.e. the democratic right to effect a constitutional change only through an elected Government.

They also argued quite strongly and with considerable prejudice about the financial aspect of the terms, Bishop O'Neil of Harbour Grace particularly.

They stressed that Confederation is not in any sense a religious issue, pointing out that in two strongly Roman Catholic Districts the Confederates received a majority. It was, they said, a national issue.

They said they believed that Confederation would win in an election and that a Confederate Government could then negotiate terms. At the same time they showed little disposition to regard Confederation favourably. For example they admitted that education would be safeguarded but queried the usefulness of this if there was not enough money to provide proper education. Again Bishop O'Neil suggested that Confederation could be reopened if they could not make arrangements for economic union with the United States.

On all the financial questions it was Bishop O'Neil who was the spokesman. Coadjutor Archbishop Flynn merely stated the main position and Bishop O'Neil stuck pretty closely to the question of principle. (He is said to be pro-Confederate although not openly.) Bishop O'Reilly (St. George's) said little throughout.

They said that they did not see why there should be any trouble if Confederation is not proceeded with because it has any number of chances in subsequent general elections. They made a good deal of the terms not being negotiated and seemed to think that an elected government could get better terms.

Bishop O'Reilly and Msgr. Flynn, when we were leaving, each requested me to place their views before the Canadian Government.

#### COMMENT

I heard various explanations for the attitude of the St. John's hierarchy — that the Archbishop is an old and tired man averse to change (opinion of a prominent Roman Catholic); that he is particularly concerned with the finances of the diocese, which he has built up satisfactorily, in event of province being compelled to resort to direct taxation — the church is said to be the largest landlord in St. John's; that the hierarchy are apprehensive of losing their autonomy to the Quebec hierarchy in the event of union; that in general they are afraid of the effects of North American materialism on the godly way of life of Newfoundlanders — this would seem to be borne out by editorials in the *Monitor*. It is said that the hierarchy are not really a unit on Confederation, Bishop O'Reilly and Bishop O'Neil being said to be privately in favour, but of course they must present a common front.

Perhaps an important point is that the Roman Catholic clergy are almost entirely Newfoundlanders of Irish extraction. The Irish vote "put over" Responsible Government originally, and they are proud of it. They have never taken kindly to Commission of Government. The Commission has not deferred to the hierarchy as most governments under Responsible Government did.

My opinion, after the discussion with the bishops, was that they appreciated a mistake had been made by open opposition to Confederation and that they would like a face-saving arrangement.

## [ANNEXE 8 À LA PIÈCE JOINTE/SUB-ENCLOSURE 8]

SECRET

July 27, 1948

SECOND CONVERSATION WITH GOVERNOR AND  
COMMISSIONERS POTTLE, QUINTON AND WALSH

Mr. MacKay said that he had formed the impression that to decline to accept Newfoundland or even to say that Canada would like to have Newfoundland as the tenth Province but that it was nevertheless felt that it would be best to have a Responsible Government in Newfoundland with which to negotiate the terms, would be to invite a very serious situation. The Governor said that he agrees with this estimate of the position. He said that no matter how tactfully the Canadian Government might put a negative reply it would be understood by the great majority of the Newfoundland people simply to mean that Canada didn't think Newfoundland's vote was good enough and most of the people would feel it as a terrible rebuff.

The Governor said it is true that if Confederation is proceeded with there may possibly be some trouble but if there is it will be the work of a few political agitators. This could happen no matter how large the majority in favour of Confederation might be. If there should be trouble, it will be the Newfoundland authorities who will have to deal with it in any case and they on their part are prepared to face any possibility of such trouble occurring.

To decide not to go ahead with Confederation would, in the Governor's opinion, result in even worse trouble for the Newfoundland Government. The country in his view would be far worse divided by such a development than by a firm decision to go ahead with Confederation.

The vast majority of the people of Newfoundland are not at all concerned about the constitutional question of which the die-hard advocates of Responsible Government are now making so much. Nor have the leaders got the support of very many of the Responsible Government supporters at the present time.

Mr. MacKay raised the question of whether or not there might be unemployment in St. John's this winter which would have a bad effect on the situation. It was replied that there is always a certain amount of seasonal unemployment in St. John's during the winter and it is impossible at this point to tell whether or not it would be worse this winter than normally. It was at the same time felt that anything that could be done in the transitional period to alleviate any hardship which might exist would be extremely helpful. For example the Canadian tariff, etc. might be made to operate in such a way as to give Newfoundlanders the Canadian price for flour. Likewise Family Allowances might be paid in advance of the date of union. Legal difficulties might be overcome by some system of repayment.

It will be important, the Governor said, to have a forthcoming and fairly full statement made by the Canadian Government at the time that their decision is announced. The statement should give the impression that the Canadian Government expects to discuss with the Newfoundland delegation some matters of substance which will be of importance to Newfoundland even though these matters would not affect the main financial provisions or reopen the terms *de novo*.

The whole effort here should be to overcome the criticism that the terms are unnegotiated.

The Newfoundland Government on its part would do its utmost to ensure that the members of the delegation were the right sort of people with whom the Canadian Government could deal.

The Governor agreed to preserve an open mind on the question of the size of the delegation until he received some informal indication from our people as to what they would like in this connection. His own feeling was that it ought not to be too large.

It was agreed that a considerable amount of work could be done by officials before the delegations meet, possibly beginning in St. John's.

Asked if he would care to express any view regarding the chances of a Confederation party winning a post-referendum election in Newfoundland, the Governor said that you would get perhaps 14 or so seats for Confederation but with a minority vote. This, he believes, is not what the Canadian Government is interested in. It wants to know what the people of Newfoundland think about Confederation; it is not interested in what the people of a particular District think of a particular man who runs for a Confederate party or a Responsible Government party. He said that there would be no question that the men who would form the delegation to Ottawa and who would wish to stand would be elected in the provincial election. This, he said, applies even to Responsible Government supporters who might be appointed to the delegation. Mr. Walsh agreed with the Governor's main point. He said that you would get a Confederation party returned by some sort of majority and that eventually a delegation would go to Ottawa on behalf of this Government but that there is a very real danger of the whole matter becoming subject to the same kind of politics that bedevilled the National Convention and in any case you would merely be circumventing the provision already set up to determine the will of the people and the only gain would be a delay during which Newfoundland would inevitably suffer. In addition, by electing a Parliament which would sit in St. John's, you would really set up a center of resistance to Confederation.

The Governor spoke very strongly on this point and said that the fact of the matter is that if Confederation is turned down now by the Canadian Government, it may never happen in our time.

667.

2828-40

*Le haut commissaire par intérim à Terre-Neuve au  
secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Newfoundland to  
Secretary of State for External Affairs*

TELEGRAM 151

St. John's, July 30, 1948

**IMPORTANT.** Following for MacKay and Rae from Bridle, Begins:

1. Press comment to date in Newfoundland on referendum results may be summarized as follows:

2. No outport papers have as yet made any comment.
3. The St. John's *Sunday Herald* which advocated Responsible Government and economic union with the United States has as you know called on the people in spite of the disappointment being suffered by some, to accept the decision made in the referendum.
4. The St. John's *Daily News* which has very strongly opposed confederation first took the line that confusion and continuing division would be inevitable if confederation were proceeded with and noted that it was perhaps likely that the Canadian Government or at least the Canadian Parliament would decide that the majority was insufficient to warrant proceedings. Subsequently and until recently while continuing to adhere to the view that it would be wise to obtain a Parliamentary majority in Newfoundland for confederation before proceeding with it the newspaper's editorial column was considerably less extreme in its objections to confederation than it had been before the vote was taken.
5. The St. John's *Evening Telegram* at once accepted the referendum result as a clear indication of the will of the people and said that the only means of determining public sentiment in such a matter is by popular vote and that the will of the people has to be accepted to be that which is expressed in the voice of the greater number. It added that there can be no question whatever as to what the ruling sentiment of the electorate is — it does not favour restoration of Responsible Government.
6. Until recently the *Telegram* has pursued the same line. On Monday it pointed out that the vote for confederation is more substantial than was anticipated and also emphasized that only seven electoral districts favour Responsible Government. It stated that it accepts the verdict at the polls and urges the people to do the same declaring that to disregard the expressed wish of 77,000 people would be to invite trouble. On Tuesday as you know the *Telegram* took exception to certain statements made in the Responsible Government League memorandum of July 25th about the majority for confederation being obtained through tactics deliberately designed to divide the people.
7. On Wednesday both the *Daily News* and the *Evening Telegram* began to pursue a somewhat different line editorially. They have now brought forward the suggestion that a Provisional National Assembly should be elected as soon as possible on a non-party basis to form a Government to administer Newfoundland during an interim period during which the situation of the country would be assessed and the form of future Government determined. This form of the Provisional Government idea is not new here having been advocated by the *Evening Telegram* a considerable time ago.
8. The *Daily News* alleges and the *Evening Telegram* implies that the Commission of Government should not be entrusted with the Government of Newfoundland during the interim period prior to the establishment of a new form of Government because it has been repudiated by the people. The *Daily News* also alleges that the Commission has been compromised by the stand taken by two of its members in favour of confederation. Neither newspaper carried any significant editorial comment on Thursday but this morning the *Daily News* comes out strongly for the Provisional Government idea. Ends.

668.

*Extrait de The Mackenzie King Record*<sup>88</sup>  
*Extract from The Mackenzie King Record*<sup>88</sup>

...

On July 30 Mackenzie King had Pickersgill come to Kingsmere during the afternoon. He noted that "much time was taken up in the morning about the statement regarding Newfoundland which I dealt with over the 'phone and again in the afternoon, making further revisions, redrafting telegrams to be sent to Newfoundland." That night on the news broadcast "the first words were that Newfoundland was to be brought into the Confederation: 'Prime Minister King announced today that the old Colony of Newfoundland,' etc., was to be taken into Confederation. The broadcast was very good. Was one I might have given myself. Explained what the Confederation meant. I could not help but realize that this act rounds out the Dominion and its ten Provinces, bringing to completion the work that had been begun by the Fathers of Confederation so many years ago. It was gratifying that it was possible for me to make this decision and to welcome the Newfoundland electors while still in the party and Prime Minister of the country."

...

669.

*Extrait du Daily News de St. John's du 31 juillet 1948*<sup>89</sup>  
*Extract from St. John's Daily News of July 31, 1948*

...

The following is a copy of the statement issued by the Prime Minister of Canada:

As Prime Minister of Canada, I sent to the Governor of Newfoundland on October 29th, 1947, a statement which made known to the people of Newfoundland the terms believed by the Canadian Government to constitute a fair and equitable basis of union between Newfoundland and Canada, should the people of Newfoundland desire to enter into Confederation. In my covering letter, forwarding that statement, I said:

"Should the people of Newfoundland indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a Province of Canada on the basis of the proposed arrangements, the Canadian Government, subject to the approval of Parliament, would for its part be prepared to take the necessary constitutional steps to make the union effective at the earliest practicable date."

<sup>88</sup> Volume 4, p. 345. Voir aussi le paragraphe 12 du document 816.

<sup>88</sup> Volume 4, p. 345. See also paragraph 12 of Document 816.

<sup>89</sup> La traduction des trois déclarations suivantes provient de Canada, *Rapport et documents relatifs aux négociations en vue de l'union de Terre-Neuve et du Canada*. Ottawa: Imprimeur du Roi, 1949.

On Thursday, July 22nd, the people of Newfoundland voted on the following alternative forms of Government for that country:

- (a) Responsible Government as it existed in 1933 prior to the establishment of Commission of Government,
- (b) Confederation with Canada.

The result of this vote to date, as communicated officially to the Government of Canada by the Governor of Newfoundland, is as follows:

Out of a total registered vote of about 176,000 the vote for Confederation is about 77,869, and for Responsible Government 71,464. The total majority to date is thus over 6,400. It is estimated that about 500 votes are still to be counted but this would not materially alter the result. It will also appear that close to 85% of the eligible voters exercised their right to vote.

It will be noted from the above that a definite majority of the very high percentage of the electorate of Newfoundland which voted, has expressed its wishes in favour of Confederation. It would seem, therefore, that the result of the plebiscite in favour of union between the two countries is "clear and beyond possibility of misunderstanding." This result was attained without any trace of influence or pressure from Canada.

The Government welcomes, and I believe the people of Canada also welcome, the result of the plebiscite. We have ascertained that, for its part, the United Kingdom Government which at present is responsible for the administration of Newfoundland under the United Kingdom-Newfoundland Act 1933, in view of the result of the referendum is in agreement with the entry of Newfoundland into Confederation. The union when effected will seal in constitutional terms a close and fraternal association that has existed, in war and in peace, between the two countries over many years.

The Canadian Government is now consulting with the governments of Newfoundland and the United Kingdom in the working out of appropriate constitutional procedure for implementing decision taken by the people of Newfoundland. The Government will also be glad to receive with the least possible delay authorized representatives of Newfoundland to negotiate terms of union on the basis of my letter of October 29th, 1947, to the Governor of Newfoundland, and the document transmitted with it. In these negotiations any special problems which may arise in connection with the entry of Newfoundland into Confederation will, I am sure, receive most careful consideration. Before final action is taken, the Government will recommend the resulting agreement to the Parliament of Canada for approval. In this connection I would recall my statement made in the House of Commons June 23rd, 1947, that "On the part of Canada, no final decision would of course be taken without the approval of Parliament."

The union of Newfoundland and Canada, two North American democracies in the British Commonwealth of Nations, will add strength to both. Together, as partners, we can look forward to the future with more confidence than if we had remained separate political communities.

As Prime Minister of Canada it is a pleasure for me on behalf of Canada to welcome, warmly and sincerely, the decision of the people of Newfoundland. As a member of the Government of Canada, it has been a privilege to have had to do

with seeking to bring to completion a constructive partnership, which was foreseen by those men of courage and vision in both countries who, many years ago, began the work of Confederation.

...

[TRADUCTION]

En ma qualité de Premier Ministre du Canada, j'ai fait tenir au Gouverneur de Terre-Neuve, le 29 octobre 1947, un exposé, destiné à la population de Terre-Neuve, des conditions dans lesquelles le Gouvernement canadien voyait une base juste et équitable d'union entre Terre-Neuve et le Canada advenant le cas où la population de Terre-Neuve manifesterait le désir d'entrer dans la Confédération. Dans ma lettre d'envoi, je disais ce qui suit:

"Si le peuple de Terre-Neuve indiquait nettement et d'une façon excluant la possibilité du moindre doute son désir que Terre-Neuve devienne une province du Canada sur la base des arrangements proposés, le Gouvernement canadien, sous réserve de l'approbation du Parlement, serait disposé pour sa part à prendre les mesures voulues d'ordre constitutionnel en vue de réaliser l'union le plus tôt possible."

Jeudi, le 22 juillet, la population de Terre-Neuve a voté sur les deux formes suivantes de gouvernement, qui lui étaient soumises:

(a) Le Gouvernement responsable tel qu'il existait en 1933 avant la création de la Commission du gouvernement.

(b) La Confédération avec le Canada.

Le résultat du vote à date d'après la communication officielle que le Gouverneur de Terre-Neuve a faite au Gouvernement canadien, s'établit ainsi:

Sur 176,000 inscrits, 77,869 ont voté pour la Confédération et 71,464 pour le gouvernement responsable. La majorité totale, à ce jour, s'établit donc à plus de 6,400. On calcule qu'il reste encore 500 bulletins à compter, mais il n'y a pas là de quoi modifier sensiblement le résultat du scrutin. Il semble d'autre part que près de 85 p. 100 des électeurs inscrits ont exercé leur droit de vote.

Il ressort nettement de ces chiffres que la majorité du très grand nombre d'électeurs qui se sont prononcés a voté en faveur de la Confédération. Il semble donc que le résultat du plébiscite est favorable "nettement et d'une façon excluant la possibilité du moindre doute" à l'union entre les deux pays. Ce résultat a été obtenu sans que la moindre influence ou la moindre pression fussent exercées par le Canada.

Le Gouvernement accueille avec faveur, comme sans doute aussi le peuple canadien, le résultat du plébiscite. Nous nous sommes assurés que de son côté le Gouvernement du Royaume-Uni qui est actuellement responsable de l'administration de Terre-Neuve selon la loi Royaume-Uni-Terre-Neuve, en raison du résultat du referendum est en accord avec l'entrée de Terre-Neuve. L'union lorsque réalisée scellera en termes constitutionnels l'association intime et fraternelle qui a existé plusieurs années entre nos deux pays, en temps de guerre comme en temps de paix.

Le Gouvernement canadien consulte actuellement le Gouvernement de Terre-Neuve et celui du Royaume-Uni en vue d'élaborer un mécanisme constitutionnel

propre à donner une suite pratique à la décision prise par le peuple de Terre-Neuve. Le Gouvernement sera également heureux de recevoir sous le plus bref délai possible des représentants autorisés de Terre-Neuve afin de négocier les conditions de l'union sur la base énoncée dans ma lettre du 29 octobre 1947 au Gouverneur de Terre-Neuve ainsi que dans le document qui l'accompagnait. Au cours de ces négociations, tout problème particulier que pourra poser l'entrée de Terre-Neuve dans la Confédération fera l'objet de l'examen le plus attentif. Avant que ne soient prises des mesures définitives, le Gouvernement recommandera à l'approbation du Parlement canadien l'accord qui résultera des pourparlers. A ce propos, je rappellerai les paroles que je prononçais à la Chambre des Communes le 23 juin 1947: "Il va sans dire que le Canada ne prendra aucune décision définitive sans l'approbation du Parlement."

L'Union de Terre-Neuve et du Canada, ces deux démocraties nord-américaines du Commonwealth des Nations britanniques, contribuera à les renforcer l'un et l'autre. Ensemble, en tant qu'associés, nous pouvons envisager l'avenir avec plus de confiance que si nous demeurions des communautés politiques distinctes.

A titre de Premier Ministre du Canada, j'éprouve un plaisir réel à saluer chaleureusement et sincèrement, en mon nom et au nom du Canada, la décision du peuple de Terre-Neuve. En tant que membre du Gouvernement canadien, je m'estime privilégié d'avoir contribué à mener à bonne fin l'association constructive qu'entrevoyaient, il y a bien des années, les hommes aux conceptions courageuses et hardies qui, dans les deux pays, ont entrepris l'oeuvre de la Confédération.

670.

*Extrait du Daily News de St. John's du 31 juillet 1948*

*Extract from St. John's Daily News of July 31, 1948*

...  
Following is the text of an official statement released for publication by the Government of the United Kingdom:

It will be recalled that following the decision which was taken by His Majesty's Government in United Kingdom in 1945 the people of Newfoundland during recent weeks have by means of Referenda been stating their wishes as to their future forms of Government. A referendum was held on the 22nd July as between a return to Responsible Government as it existed in 1933 and entry into Confederation with Canada. At this referendum although some 500 votes remain to be counted, a clear majority has been established for entry into the Canadian Confederation of at least 6,000 votes out of a total voting strength of 176,926.

Consequent upon this result the United Kingdom Government have been in communication with the Canadian Government. They have ascertained that the Canadian Government are willing to proceed with arrangements for the entry of Newfoundland into the Canadian Confederation. The United Kingdom Government for their part as the Government at present responsible for the administration of Newfoundland under the Newfoundland Act of 1933 are in agreement



with this. The next step will be for appointed Newfoundland representatives to go to Ottawa in order to arrange in negotiation with representatives of the Canadian Government the final terms of union. These will later be submitted to the Canadian Parliament with whom the final decision will rest for their approval.

Pending the conclusion of these negotiations and the enactment of the necessary legislation to provide for the entry of Newfoundland into the Canadian Confederation the Commission of Government in Newfoundland which was set up by the Newfoundland Act of 1933 will continue to administer the Government of the Island.

...

[TRADUCTION]

On se rappellera qu'à la suite de la décision prise en 1945 par le Gouvernement de Sa Majesté au Royaume-Uni, le peuple de Terre-Neuve s'est prononcé dans ces dernières semaines par voie de referendums sur les diverses formes de gouvernement qui s'offraient à lui pour l'avenir. Un referendum, tenu le 22 juillet, donnait le choix entre le retour au Gouvernement responsable tel qu'il existait en 1933 et l'entrée dans la Confédération canadienne. Bien qu'il reste encore 500 bulletins à compter, ce referendum a donné une majorité absolue d'au moins 6,000 voix (sur 176,000 bulletins déposés) en faveur de l'entrée dans la Confédération canadienne.

Se fondant sur ce résultat, le Gouvernement du Royaume-Uni s'est mis en relation avec le Gouvernement du Canada et s'est assuré que ce dernier est disposé à procéder à des arrangements en vue de l'entrée de Terre-Neuve dans la Confédération canadienne. Pour sa part, le Gouvernement du Royaume-Uni, à titre de Gouvernement actuellement chargé d'administrer Terre-Neuve en vertu du *Newfoundland Act of 1933*, est d'accord sur ce point. Il faudra ensuite que des représentants désignés de Terre-Neuve se rendent à Ottawa pour arrêter, de concert avec des représentants du Gouvernement canadien, les conditions définitives de l'union. Ces conditions seront ensuite soumises au Parlement canadien auquel il appartiendra en dernier ressort de les approuver.

En attendant la conclusion de ces négociations et l'adoption de la législation nécessaire pour assurer l'entrée de Terre-Neuve dans la Confédération canadienne, la Commission de gouvernement de Terre-Neuve, créée par le *Newfoundland Act of 1933*, continuera d'administrer les affaires de l'Île.

671.

*Extrait du Daily News de St. John's du 31 juillet 1948*

*Extract from St. John's Daily News of July 31, 1948*

...

The following statement is released by His Excellency the Governor in Commission:

1. On the 24th July a further statement was promised respecting the decisions to be made following the poll recently held in the national referendum.
2. A statement by the Right Honourable the Prime Minister of Canada has now been released for publication. That statement indicates that the Government

of Canada will receive authorised representatives of Newfoundland to negotiate terms of union.

3. It is now proposed that His Excellency on behalf of the Government of Newfoundland will communicate, without delay, with the Government of Canada with a view to authorised representatives of Newfoundland proceeding to Ottawa for negotiation of the final terms of union in accordance with the statements already published. In these negotiations Newfoundland will be represented by seven delegates who will be appointed by His Excellency and who will have the services of such officials and advisers as may be considered necessary.

4. The members of the Newfoundland delegation will be appointed at the earliest possible date. It is intended that selection be made with the object of affording full expression to all Newfoundland interests and it is hoped, and confidently expected, that all of the members, even though some may have been opposed to the decision of the referendum, will bring to the negotiations, in a spirit of goodwill, the full weight of their wide experience and counsel so that the greatest good to Newfoundland as a whole may result and that she may take her appropriate place in the partnership now offered.

5. It is hoped to announce the names of the members of the delegation within a few days, but it can be announced now that the delegation will be led by the Honourable A. J. Walsh, K.C., LL.B., Vice-Chairman of the Commission of Government, and that he will be the only member of the Commission to serve on the delegation.

6. The Governments of the United Kingdom, Canada and Newfoundland are considering in consultation the precise procedure, parliamentary and otherwise, to be followed for effecting Confederation. Some time will, of course, necessarily elapse before the constitutional arrangements can be completed and a further statement will be issued as soon as possible.

...

[TRADUCTION]

1. On avait promis, le 24 juillet, une nouvelle déclaration au sujet des décisions à prendre à la suite du referendum national.

2. Le très honorable Premier ministre du Canada vient d'indiquer dans une déclaration que le Gouvernement canadien recevra des représentants autorisés de Terre-Neuve en vue de négocier les conditions de l'union.

3. Il est maintenant proposé que Son Excellence, au nom du Gouvernement de Terre-Neuve, communique sans retard avec le Gouvernement canadien afin que des représentants autorisés de Terre-Neuve puissent se rendre à Ottawa en vue de négocier les conditions définitives de l'union en conformité des déclarations déjà publiées. Terre-Neuve sera représentée dans ces négociations par sept délégués désignés par Son Excellence et qui auront le concours des fonctionnaires et des conseillers dont les services seront jugés nécessaires.

4. Les membres de la délégation de Terre-Neuve seront nommés le plus tôt possible. On se propose de faire le choix de ces délégués de telle sorte que tous les intérêts de Terre-Neuve soient bien représentés; on espère en outre et on a confiance que tous les membres, même ceux qui ont pu s'opposer à la formule adoptée

lors du referendum, apporteront aux négociations, avec leur bonne volonté, tout le poids de leur vaste expérience et de leur prudence de telle sorte que Terre-Neuve puisse en retirer le plus grand bien possible et prendre sa juste place dans l'association qui lui est offerte.

5. On espère pouvoir faire connaître les noms des membres de la délégation d'ici quelques jours, mais il peut être annoncé dès maintenant que la délégation sera dirigée par l'honorable A. J. Walsh, K.C., LL.B., vice-président de la Commission de gouvernement, et qu'il sera le seul membre de la Commission à faire partie de la délégation.

6. Les Gouvernements du Royaume-Uni, du Canada et de Terre-Neuve sont entrés en consultation pour examiner la procédure précise, parlementaire ou autre, qu'il y aura lieu de suivre pour réaliser la Confédération. Il s'écoulera forcément un certain temps avant que les dispositions constitutionnelles puissent être arrêtées de façon définitive. Une nouvelle déclaration sera publiée le plus tôt possible.

DOCS

CA1 EA D56 FXE

vol. 2 Pt. I

Canada. Ministere des affaires  
exterieures

Documents relatifs aux relations  
entre le Canada et Terre-Neuve

43239413



Department of Natural Resources  
CROWN LANDS AND SURVEYS BRANCH  
1961

# TEN MILE MAP OF NEWFOUNDLAND

Scale: Ten Miles to One Inch - NAD 27

REFERENCE

|  |       |                                      |       |
|--|-------|--------------------------------------|-------|
| Highways                               | ..... | Population over 1000                 | ..... |
| Secondary roads                        | ..... | Population 500 to 1000               | ..... |
| Roads in course of construction        | ..... | Population 250 to 500                | ..... |
| Railways                               | ..... | Population under 250                 | ..... |
| Tramways                               | ..... | Population under 100                 | ..... |
| Boundaries, District                   | ..... | Post office, telephone or telegraph  | ..... |
| Rivers, Streams & Canals               | ..... | Post office & telephone or telegraph | ..... |
| Coastlines in full above mean low tide | ..... | Post office                          | ..... |
|  |       | Telegraph or Radiotelegraph          | ..... |

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