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DEPARTMENT OF EXTERNAL AFFAIRS  
OTTAWA, CANADA

CONFERENCE SERIES, 1948, No. 2

REPORT AND DOCUMENTS

RELATING TO THE NEGOTIATIONS

FOR THE

UNION OF NEWFOUNDLAND  
WITH CANADA

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OTTAWA, CANADA

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FOR THE

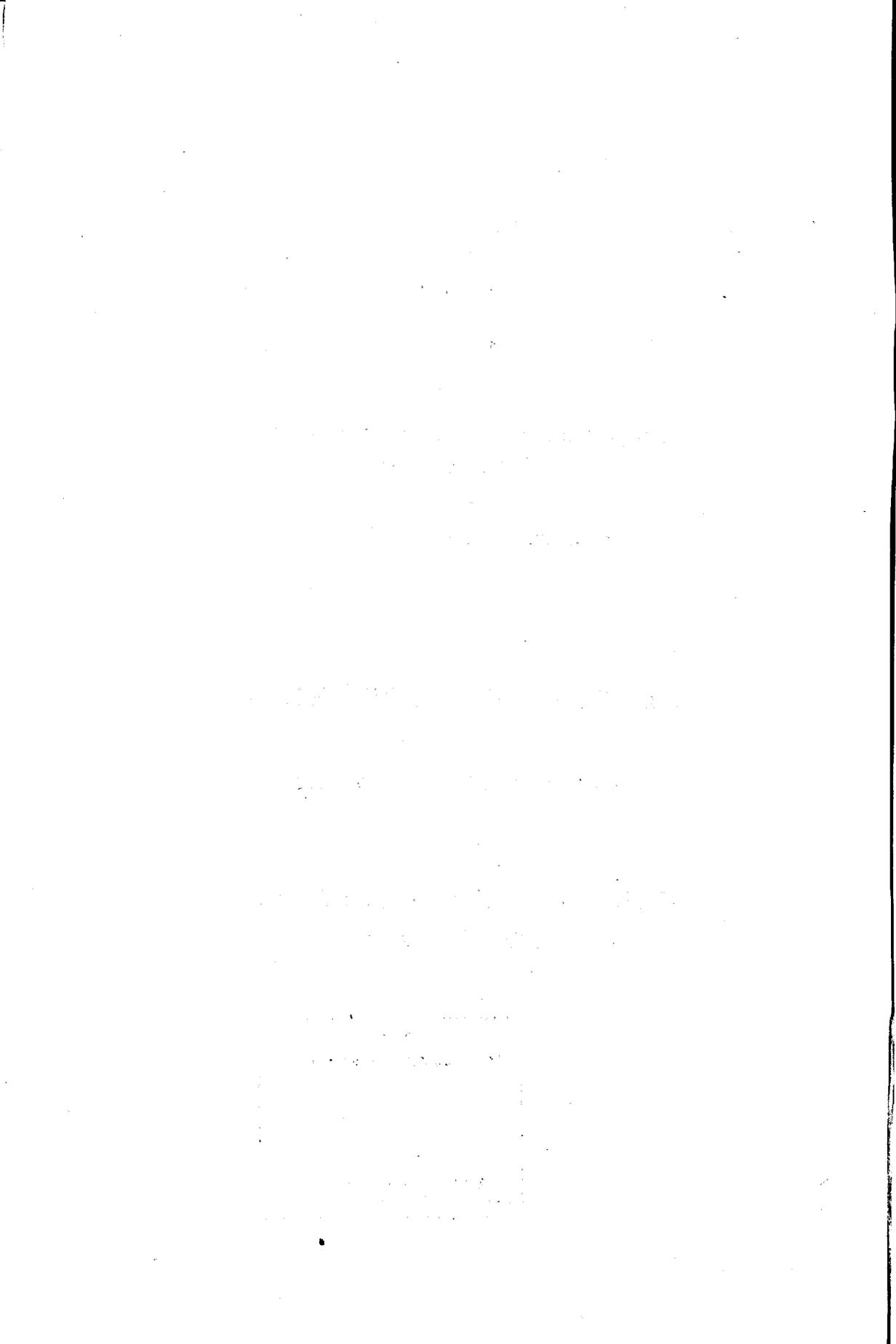
UNION OF NEWFOUNDLAND  
WITH CANADA

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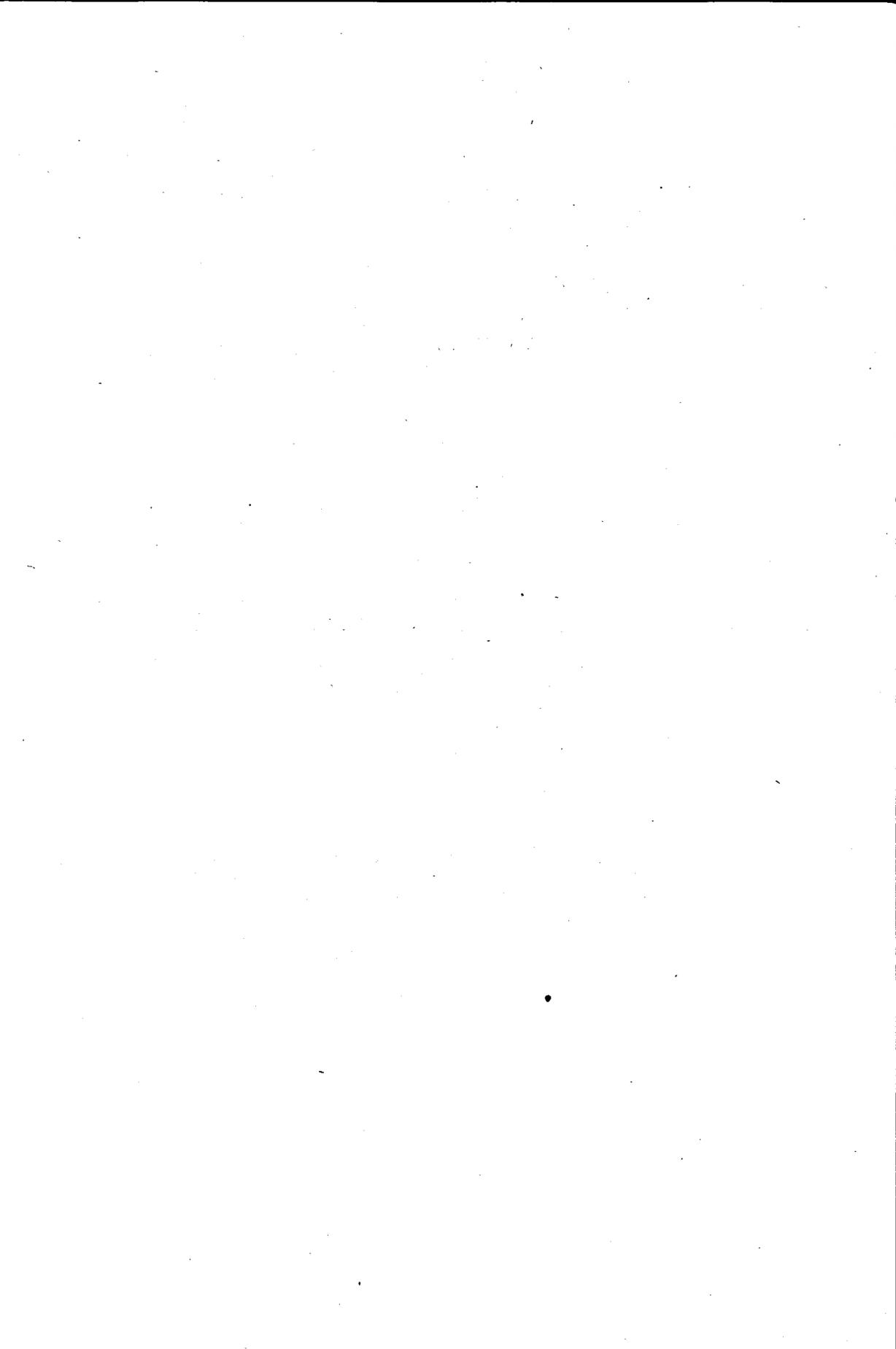


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*To His Excellency  
The Governor General in Council*

**YOUR EXCELLENCY:**

I have the honour to lay before Your Excellency the attached Report and Documents relating to the negotiations for the Union of Newfoundland with Canada.

I have the honour to be, Sir,  
Your Excellency's Obedient Servant,

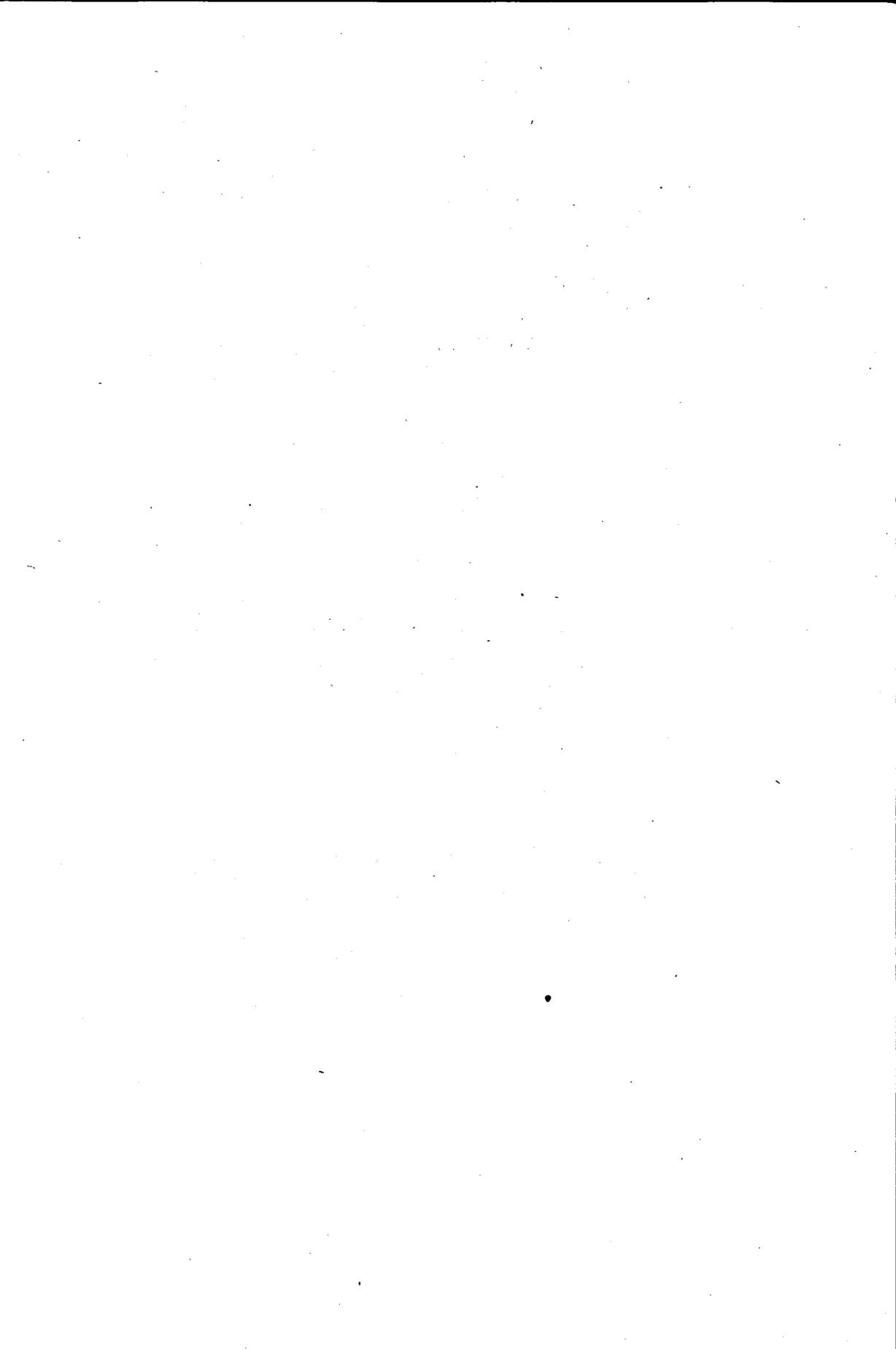
L. B. PEARSON,  
*Secretary of State for External Affairs*

OTTAWA, January 12, 1949.

**SECTION I**



**HISTORICAL INTRODUCTION**



## SECTION I

### HISTORICAL INTRODUCTION

Union of Newfoundland with Canada has been long in maturing. Representatives of Newfoundland participated in the great conference in Quebec in 1864 when the framework for a federal union of the British North American colonies was drafted. No decision was taken by Newfoundland at the time, but the British North America Act, 1867, made provision for the entry later of Newfoundland, as well as of British Columbia and Prince Edward Island, on such terms and conditions as might be mutually agreed upon. In 1869 the issue of Confederation eventually came before the people of Newfoundland in a general election, but the party supporting Confederation was decisively defeated and the question of Confederation was shelved for the time being.

Confederation again became an issue in 1895, following a financial collapse in the Island. The Newfoundland Government, unable to secure financial assistance on acceptable terms from the Imperial authorities, decided to explore the possibility of Confederation, and a delegation was sent to Ottawa. Negotiations failed, however, largely over financial terms.

During the depression of the 1930's Newfoundland again found itself in very serious economic and financial difficulties. At the request of the Newfoundland Government and Legislature, a Royal Commission of Enquiry was appointed to investigate the Island's economic and financial position. The Commission recommended, among other things, that responsible government should be suspended and that government should be entrusted to an appointed commission until such time as the Island should again become self-supporting, it being understood that on the request of the people of Newfoundland responsible government would then be restored. This recommendation was approved by the Government and Legislature of Newfoundland; the constitution was accordingly suspended by Act of the United Kingdom Parliament, and a Commission of Government appointed under new Letters Patent. The Commission of Government took office in 1934.

Marked improvement in Newfoundland's financial position began about 1941 and continued thereafter. The United Kingdom Government, however, announced that the question of constitutional change should be postponed until after the close of the war in Europe. On December 11, 1945, Prime Minister Attlee announced that, "to enable the people of the Island to come to a free and informed decision as to their future form of government", a National Convention would be elected to enquire into the financial and economic position of the Island and to make recommendations to His Majesty's Government regarding possible future forms of government for submission to the people at a national referendum. The Convention began its sittings in September, 1946.

On February 8, 1947, the National Convention resolved 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". On enquiry as to whether the Canadian Government would be prepared to receive such a delegation, the Canadian Government replied, through the High Commissioner for Canada in Newfoundland, that it would be happy to do so (Appendix 1).

The delegation, under the Chairmanship of Mr. F. G. Bradley, K.C., the Chairman of the National Convention, came to Ottawa and began meetings with the Committee of the Canadian Cabinet on June 25, 1947, sessions con-

cluding on September 29 (Appendix 2). On October 29, 1947, the Prime Minister of Canada wrote to the Governor of Newfoundland, enclosing a statement of "Terms believed to constitute a fair and equitable basis of union with Canada should the people of Newfoundland desire to enter into Confederation" (Appendix 3). These terms were discussed at length by the National Convention and were before the people in the referendum which followed.

The National Convention, before concluding its sessions, resolved by unanimous vote to recommend that two questions, restoration of responsible government and continuation of commission of government, should be included on the referendum ballot; but by a vote of 29 to 16 declined to recommend that confederation with Canada should also be included. The United Kingdom Government concluded, however, that "it would not be right that the people of Newfoundland should be deprived of an opportunity of considering the issue at the referendum", since the terms offered by the Canadian Government had been the result of long discussions with a body of Newfoundlanders elected to the Convention; since the issues had apparently been sufficiently clarified to enable the people to express an opinion on the question; and having regard to the number of members in the Convention who had supported its inclusion on the ballot. The United Kingdom Government also decided that the question of continuation of commission of government should contain the limiting clause, "for a further period of five years." (Appendix 4.)

The first poll in the referendum was held on June 3, 1948, with the following result: for continuation of commission of government for a five-year period, 22,311; for confederation with Canada, 64,006; for restoration of responsible government, 69,400.

As provided under the conditions for the referendum laid down by the United Kingdom Government, no form of government having received a majority of the votes cast, a second poll was held on July 22, 1948, on the two forms receiving the most votes: restoration of responsible government, and confederation with Canada. In this poll, in which almost 85 per cent of the total eligible voters cast their ballots, confederation led with 78,323 votes, responsible government receiving 71,334 votes (Appendix 5).

On July 30, 1948, the Prime Minister of Canada announced that, in view of the fact that a definite majority of the high percentage of the electorate which had voted had expressed its wishes in favour of Confederation, it seemed that the result was "clear and beyond possibility of misunderstanding." He stated that the Government would be glad to receive with the least possible delay authorized representatives of Newfoundland to negotiate the terms of union on the basis of the proposals of the previous year. He stated further: "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", but that no final decision would of course be taken without the approval of Parliament (Appendix 6).

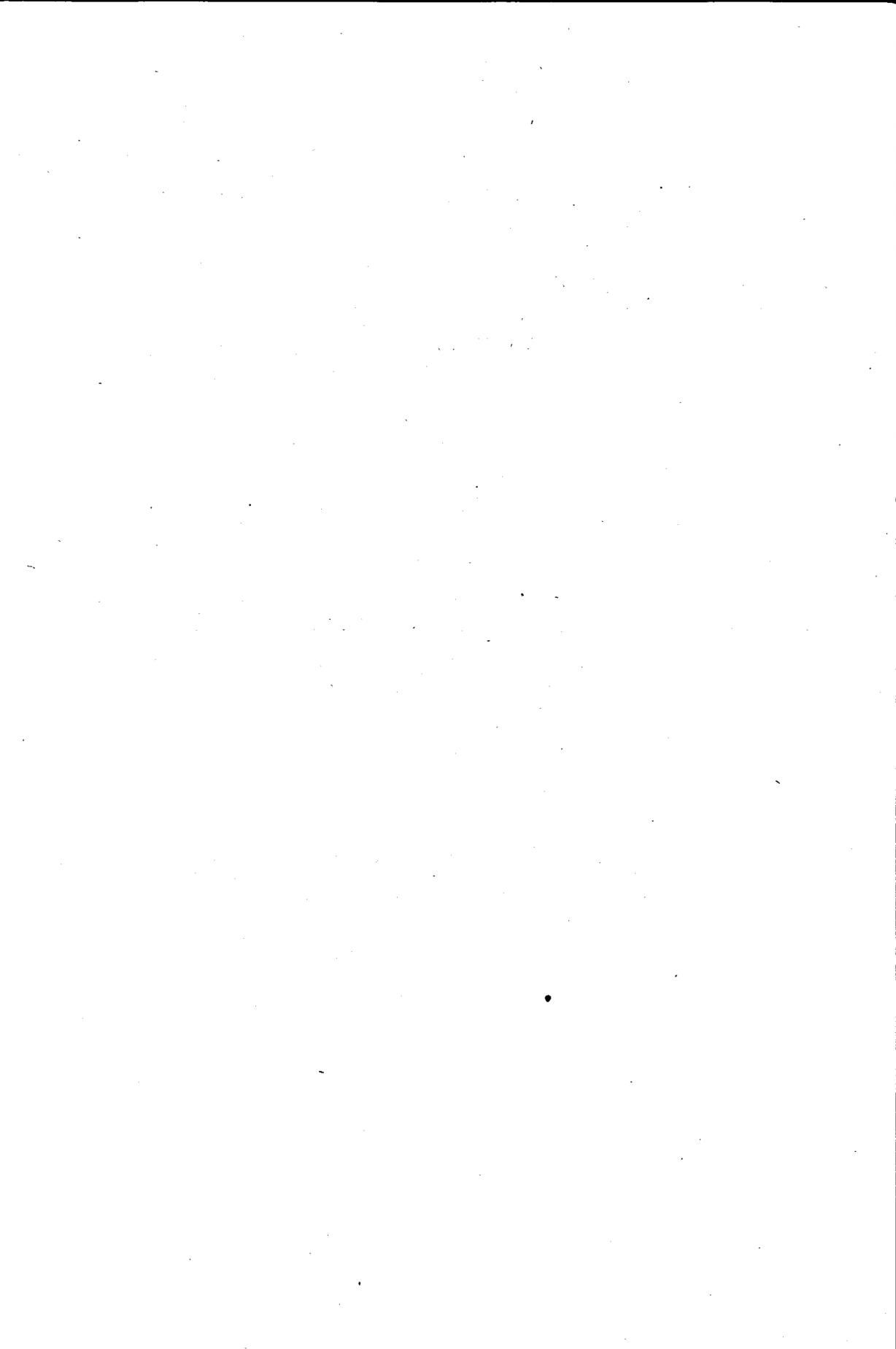
A Newfoundland delegation of seven members, under the chairmanship of the Honourable A. J. Walsh, K.C., Vice-Chairman of the Commission of Government, was appointed shortly thereafter by the Governor in Commission (Appendix 7). This delegation arrived in Ottawa on October 5, and negotiations commenced the following day (Appendix 9). On December 11 a memorandum of agreement was signed by six members of the Newfoundland delegation on behalf of Newfoundland and by the Prime Minister and the Acting Secretary of State for External Affairs on behalf of Canada (Sections II and III).

**SECTION II**

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**TERMS OF UNION OF NEWFOUNDLAND  
WITH CANADA**

**December 11, 1948**



## SECTION II

### TERMS OF UNION OF NEWFOUNDLAND WITH CANADA

December 11, 1948

#### MEMORANDUM OF AGREEMENT ENTERED INTO ON THE ELEVENTH DAY OF DECEMBER, 1948, BETWEEN CANADA AND NEWFOUNDLAND

WHEREAS a delegation appointed from its members by the National Convention of Newfoundland, a body elected by the people of Newfoundland, consulted in 1947 with the Government of Canada to ascertain what fair and equitable basis might exist for the union of Newfoundland with Canada;

WHEREAS, following discussions with the delegation, the Government of Canada sent to His Excellency the Governor of Newfoundland for submission to the National Convention a statement of terms which the Government of Canada would be prepared to recommend to the Parliament of Canada as a fair and equitable basis for union, should the people of Newfoundland desire to enter into confederation;

WHEREAS the proposed terms were debated in the National Convention in Newfoundland and were before the people of Newfoundland when, by a majority at a referendum held on the twenty-second day of July, 1948, they expressed their desire to enter into confederation with Canada;

WHEREAS the Governments of the United Kingdom, Canada and Newfoundland agreed after the referendum that representatives of Canada and Newfoundland should meet and settle the final terms and arrangements for the union of Newfoundland with Canada;

AND WHEREAS authorized representatives of Canada and authorized representatives of Newfoundland have settled the terms hereinafter set forth as the Terms of Union of Newfoundland with Canada;

It is therefore agreed as follows:

#### TERMS OF UNION

##### UNION

1. On, from, and after the coming into force of these Terms (hereinafter referred to as the date of Union), Newfoundland shall form part of Canada and shall be a province thereof to be called and known as the Province of Newfoundland.

2. The Province of Newfoundland shall comprise the same territory as at the date of Union, that is to say, the island of Newfoundland and the islands adjacent thereto, the Coast of Labrador as delimited in the report delivered by the Judicial Committee of His Majesty's Privy Council on the first day of March, 1927, and approved by His Majesty in His Privy Council on the twenty-second day of March, 1927, and the islands adjacent to the said Coast of Labrador.

### APPLICATION OF THE BRITISH NORTH AMERICA ACTS

3. The British North America Acts, 1867 to 1946, shall apply to the Province of Newfoundland in the same way and to the like extent as they apply to the provinces heretofore comprised in Canada, as if the Province of Newfoundland had been one of the provinces originally united, except insofar as varied by these Terms and except such provisions as are in terms made or by reasonable intendment may be held to be specially applicable to or only to affect one or more and not all of the provinces originally united.

### REPRESENTATION IN PARLIAMENT

4. The Province of Newfoundland shall be entitled to be represented in the Senate by six members, and in the House of Commons by seven members out of a total membership of two hundred and sixty-two.

5. Representation in the Senate and in the House of Commons shall from time to time be altered or readjusted in accordance with the British North America Acts, 1867 to 1946.

6. (1) Until the Parliament of Canada otherwise provides, the Province of Newfoundland shall for the purposes of the election of members to serve in the House of Commons, be divided into the electoral divisions named and delimited in the Schedule to these Terms, and each such division shall be entitled to return one member.

(2) For the first election of members to serve in the House of Commons, if held otherwise than as part of a general election, the Governor General in Council may cause writs to be issued and may fix the day upon which the polls shall be held, and, subject to the foregoing, the laws of Canada relating to by-elections shall apply to an election held pursuant to any writ issued under this Term.

(3) The Chief Electoral Officer shall have authority to adapt the provisions of The Dominion Elections Act, 1938, to conditions existing in the Province of Newfoundland so as to conduct effectually the first election of members to serve in the House of Commons.

### PROVINCIAL CONSTITUTION

7. The Constitution of Newfoundland as it existed immediately prior to the sixteenth day of February, 1934, is revived at the date of Union and shall, subject to these Terms and the British North America Acts, 1867 to 1946, continue as the Constitution of the Province of Newfoundland from and after the date of Union, until altered under the authority of the said Acts.

### EXECUTIVE

8. (1) For the Province of Newfoundland there shall be an officer styled the Lieutenant-Governor, appointed by the Governor General in Council by instrument under the Great Seal of Canada.

(2) Pending the first appointment of a Lieutenant-Governor for the Province of Newfoundland and the assumption of his duties as such, the Chief Justice, or if the office of Chief Justice is vacant, the senior judge, of the Supreme Court of Newfoundland, shall execute the office and functions of Lieutenant-Governor under his oath of office as such Chief Justice or senior judge.

9. The Constitution of the Executive Authority of Newfoundland as it existed immediately prior to the sixteenth day of February, 1934, shall, subject

to these Terms and the British North America Acts, 1867 to 1946, continue as the Constitution of the Executive Authority of the Province of Newfoundland from and after the date of Union, until altered under the authority of the said Acts.

10. The Lieutenant-Governor in Council shall as soon as may be after the date of Union adopt and provide a Great Seal of the Province of Newfoundland and may from time to time change such seal.

11. All powers, authorities, and functions that under any statute were at or immediately prior to the date of Union vested in or exercisable by the Governor of Newfoundland, individually, or in Council, or in Commission,

- (a) as far as they are capable of being exercised after the date of Union in relation to the Government of Canada, shall be vested in and shall or may be exercised by the Governor General, with the advice, or with the advice and consent, or in conjunction with, the King's Privy Council for Canada or any member or members thereof, or by the Governor General individually, as the case requires, subject nevertheless to be abolished or altered by the Parliament of Canada under the authority of the British North America Acts, 1867 to 1946; and
- (b) as far as they are capable of being exercised after the date of Union in relation to the Government of the Province of Newfoundland, shall be vested in and shall or may be exercised by the Lieutenant-Governor of the Province of Newfoundland, with the advice, or with the advice and consent, or in conjunction with, the Executive Council of the Province of Newfoundland or any member or members thereof, or by the Lieutenant-Governor individually, as the case requires, subject nevertheless to be abolished or altered by the Legislature of the Province of Newfoundland under the authority of the British North America Acts, 1867 to 1946.

12. Until the Parliament of Canada otherwise provides, the powers, authorities, and functions vested in or imposed on any member of the Commission of Government of Newfoundland, as such member or as a Commissioner charged with the administration of a Department of the Government of Newfoundland, at or immediately prior to the date of Union in relation to matters other than those coming within the classes of subjects by the British North America Acts, 1867 to 1946, assigned exclusively to the Legislature of a province, shall in the Province of Newfoundland be vested in or imposed on such person or persons as the Governor General in Council may appoint or designate.

13. Until the Legislature of the Province of Newfoundland otherwise provides, the powers, authorities, and functions vested in or imposed on any member of the Commission of Government of Newfoundland, as such member or as a Commissioner charged with the administration of a Department of the Government of Newfoundland, at or immediately prior to the date of Union in relation to matters coming within the classes of subjects by the British North America Acts, 1867 to 1946, assigned exclusively to the Legislature of a province, shall in the Province of Newfoundland be vested in or imposed on such person or persons as the Lieutenant-Governor in Council may appoint or designate.

#### LEGISLATURE

14. (1) Subject to paragraph two of this Term, the Constitution of the Legislature of Newfoundland as it existed immediately prior to the sixteenth day of February, 1934, shall, subject to these Terms and the British North

America Acts, 1867 to 1946, continue as the Constitution of the Legislature of the Province of Newfoundland from and after the date of Union, until altered under the authority of the said Acts.

(2) The Constitution of the Legislature of Newfoundland insofar as it relates to the Legislative Council shall not continue, but the Legislature of the Province of Newfoundland may at any time re-establish the Legislative Council or establish a new Legislative Council.

15. (1) Until the Legislature of the Province of Newfoundland otherwise provides, the powers, authorities, and functions vested in or imposed on a Minister or other public officer or functionary under any statute of Newfoundland relating to the Constitution of the Legislature of Newfoundland as it existed immediately prior to the sixteenth day of February, 1934, shall, subject to these Terms and the British North America Acts, 1867 to 1946, be vested in or imposed on such person or persons as the Lieutenant-Governor in Council may appoint or designate.

(2) Until the Legislature of the Province of Newfoundland otherwise provides,

- (a) the list of electors prepared pursuant to The List of Electors Act, 1947, shall be deemed to be the list of electors for the purposes of The Election Act, 1913, subject to the provisions of The Election Act, 1913, respecting supplementary lists of electors;
- (b) the franchise shall be extended to female British subjects who have attained the full age of twenty-one years and are otherwise qualified as electors;
- (c) the Coast of Labrador together with the islands adjacent thereto shall constitute an additional electoral district to be known as Labrador and to be represented by one member, and residents of the said district who are otherwise qualified as electors shall be entitled to vote; and
- (d) the Lieutenant-Governor in Council may by proclamation defer any election in the electoral district of Labrador for such period as may be specified in the proclamation.

16. The Legislature of the Province of Newfoundland shall be called together not later than four months after the date of Union.

#### EDUCATION

17. In lieu of section ninety-three of the British North America Act, 1867, the following Term shall apply in respect of the Province of Newfoundland:

In and for the Province of Newfoundland the Legislature shall have exclusive authority to make laws in relation to education, but the Legislature will not have authority to make laws prejudicially affecting any right or privilege with respect to denominational schools, common (amalgamated) schools, or denominational colleges, that any class or classes of persons have by law in Newfoundland at the date of Union, and out of public funds of the Province of Newfoundland provided for education,

- (a) all such schools shall receive their share of such funds in accordance with scales determined on a non-discriminatory basis from time to time by the Legislature for all schools then being conducted under authority of the Legislature; and
- (b) all such colleges shall receive their share of any grant from time to time voted for all colleges then being conducted under authority of the Legislature, such grant being distributed on a non-discriminatory basis.

## CONTINUATION OF LAWS

## GENERAL

18. (1) Subject to these Terms, all laws in force in Newfoundland at or immediately prior to the date of Union shall continue therein as if the Union had not been made, subject nevertheless to be repealed, abolished, or altered by the Parliament of Canada or by the Legislature of the Province of Newfoundland according to the authority of the Parliament or of the Legislature under the British North America Acts, 1867 to 1946, and all orders, rules, and regulations made under any such laws shall likewise continue, subject to be revoked or amended by the body or person that made such orders, rules, or regulations or the body or person that has power to make such orders, rules, or regulations after the date of Union, according to their respective authority under the British North America Acts, 1867 to 1946.

(2) Statutes of the Parliament of Canada in force at the date of Union, or any part thereof, shall come into force in the Province of Newfoundland on a day or days to be fixed by Act of the Parliament of Canada or by proclamation of the Governor General in Council issued from time to time, and any such proclamation may provide for the repeal of any of the laws of Newfoundland that

- (a) are of general application;
- (b) relate to the same subject matter as the statute or part thereof so proclaimed; and
- (c) could be repealed by the Parliament of Canada under paragraph one of this Term.

(3) Notwithstanding anything in these Terms, the Parliament of Canada may with the consent of the Legislature of the Province of Newfoundland repeal any law in force in Newfoundland at the date of Union.

(4) Except as otherwise provided by these Terms, all courts of civil and criminal jurisdiction and all legal commissions, powers, authorities, and functions, and all officers and functionaries, judicial, administrative, and ministerial, existing in Newfoundland at or immediately prior to the date of Union, shall continue in the Province of Newfoundland as if the Union had not been made, until altered, abolished, revoked, terminated, or dismissed by the appropriate authority under the British North America Acts, 1867 to 1946.

## SUPPLY

19. Any statute of Newfoundland enacted prior to the date of Union for granting to His Majesty sums of money for defraying expenses of, and for other purposes relating to, the public service of Newfoundland, for the financial year ending the thirty-first day of March, one thousand nine hundred and fifty, shall have effect after the date of Union according to its terms, until otherwise provided by the Legislature of the Province of Newfoundland.

## PATENTS

20. (1) Subject to this Term, Canada will provide that letters patent for inventions issued under the laws of Newfoundland prior to the date of Union shall be deemed to have been issued under the laws of Canada, as of the date and for the term thereof.

(2) Canada will provide further that in the event of conflict between letters patent for an invention issued under the laws of Newfoundland prior to the date of Union and letters patent for an invention issued under the laws of Canada prior to the date of Union

- (a) the letters patent issued under the laws of Newfoundland shall have the same force and effect in the Province of Newfoundland as if the Union had not been made, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in the Province of Newfoundland as if the Union had not been made; and
- (b) the letters patent issued under the laws of Canada shall have the same force and effect in any part of Canada other than the Province of Newfoundland as if the Union had not been made, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in any part of Canada other than the Province of Newfoundland as if the Union had not been made.

(3) The laws of Newfoundland existing at the date of Union shall continue to apply in respect of applications for the grant of letters patent for inventions under the laws of Newfoundland pending at the date of Union, and any letters patent for inventions issued upon such applications shall, for the purposes of this Term, be deemed to have been issued under the laws of Newfoundland prior to the date of Union; and letters patent for inventions issued under the laws of Canada upon applications pending at the date of Union shall, for the purposes of this Term, be deemed to have been issued under the laws of Canada prior to the date of Union.

(4) Nothing in this Term shall be construed to prevent the Parliament of Canada from providing that no claims for infringement of a patent issued in Canada prior to the date of Union shall be entertained by any court against any person for anything done in Newfoundland prior to the date of Union in respect of the invention protected by such patent, and that no claims for infringement of a patent issued in Newfoundland prior to the date of Union shall be entertained by any court against any person for anything done in Canada prior to the date of Union in respect of the invention protected by such patent.

#### TRADE MARKS

21. (1) Canada will provide that the registration of a trade mark under the laws of Newfoundland prior to the date of Union shall have the same force and effect in the Province of Newfoundland as if the Union had not been made, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in the Province of Newfoundland as if the Union had not been made.

(2) The laws of Newfoundland existing at the date of Union shall continue to apply in respect of applications for the registration of trade marks under the laws of Newfoundland pending at the date of Union and any trade marks registered upon such applications shall, for the purposes of this Term, be deemed to have been registered under the laws of Newfoundland prior to the date of Union.

#### FISHERIES

22. (1) In this Term, the expression "Fisheries Laws" means the Act No. 11 of 1936, entitled "An Act for the creation of the Newfoundland Fisheries Board", the Act No. 14 of 1936, entitled "An Act to Prevent the Export of Fish Without Licence", the Act No. 32 of 1936, entitled "An Act to Amend the Newfoundland Fisheries Board Act (No. 11 of 1936)", the Act No. 37 of 1938,

entitled "An Act further to Amend the Newfoundland Fisheries Board Act, 1936", the Act No. 10 of 1942, entitled "An Act Respecting Permits for the Exportation of Salt Fish", the Act No. 39 of 1943, entitled "An Act Further to Amend the Newfoundland Fisheries Board Act, 1936", the Act No. 16 of 1944, entitled "An Act Further to Amend the Newfoundland Fisheries Board Acts, 1936-38", and the Act No. 42 of 1944, entitled "An Act Further to Amend the Newfoundland Fisheries Board Act, 1936", insofar as they relate to the export marketing of salted fish from Newfoundland to other countries or to any provinces of Canada.

(2) Subject to this Term, all Fisheries Laws and all orders, rules and regulations made thereunder shall continue in force in the Province of Newfoundland as if the Union had not been made, for a period of five years from the date of Union and thereafter until the Parliament of Canada otherwise provides, and shall continue to be administered by the Newfoundland Fisheries Board; and the costs involved in the maintenance of the Board and the administration of the Fisheries Laws shall be borne by the Government of Canada.

(3) The powers, authorities, and functions vested in or imposed on the Governor in Commission or the Commissioner for Natural Resources under any of the Fisheries Laws shall after the date of Union respectively be vested in or imposed on the Governor General in Council and the Minister of Fisheries of Canada or such other Minister as the Governor General in Council may designate.

(4) Any of the Fisheries Laws may be repealed or altered at any time within the period of five years from the date of Union by the Parliament of Canada with the consent of the Lieutenant-Governor in Council of the Province of Newfoundland and all orders, rules, and regulations made under the authority of any Fisheries Laws may be revoked or altered by the body or person that made them or, in relation to matters to which paragraph three of this Term applies, by the body or person that under the said paragraph three has power to make such orders, rules, or regulations under the Fisheries Laws after the date of Union.

(5) The Chairman of the Newfoundland Fisheries Board or such other member of the Newfoundland Fisheries Board as the Governor General in Council may designate shall perform in the Province of Newfoundland the duties of Chief Supervisor and Chief Inspector of the Department of Fisheries of the Government of Canada, and employees of the Newfoundland Fisheries Board shall become employees in that Department in positions comparable to those of the employees in that Department in other parts of Canada.

(6) Terms eleven, twelve, thirteen and eighteen are subject to this Term.

## FINANCIAL TERMS

### DEBT

23. Canada will assume and provide for the servicing and retirement of the stock issued or to be issued on the security of Newfoundland pursuant to The Loan Act, 1933, of Newfoundland and will take over the Sinking Fund established under that Act.

### FINANCIAL SURPLUS

24. (1) In this Term the expression "financial surplus" means the balances standing to the credit of the Newfoundland Exchequer at the date of Union (less such sums as may be required to discharge accounts payable at the date

of Union in respect of appropriations for the public services) and any public moneys or public revenue (including loans and advances referred to in Term twenty-five) in respect of any matter, thing, or period prior to the date of Union recovered by the Government of the Province of Newfoundland subsequent to the date of Union.

(2) Newfoundland will retain its financial surplus subject to the following conditions:

- (a) one-third of the surplus shall be set aside during the first eight years from the date of Union, on deposit with the Government of Canada, to be withdrawn by the Government of the Province of Newfoundland only for expenditures on current account to facilitate the maintenance and improvement of Newfoundland public services, and any portion of this one-third of the surplus remaining unspent at the end of the eight-year period shall become available to the Province of Newfoundland without the foregoing restriction;
  - (b) the remaining two-thirds of the surplus shall be available to the Government of the Province of Newfoundland for the development of resources and for the establishment or extension of public services within the Province of Newfoundland; and
  - (c) no part of the surplus shall be used to subsidize the production or sale of products of the Province of Newfoundland in unfair competition with similar products of other provinces of Canada, but nothing in this paragraph shall preclude the Province of Newfoundland from assisting industry by developmental loans on reasonable conditions or by ordinary provincial administrative services.
- (3) The Government of the Province of Newfoundland will have the right within one year from the date of Union to deposit with the Government of Canada all or any part of its financial surplus held in dollars and on the thirty-first day of March and the thirtieth day of September in each year to receive with respect thereto interest at the rate of two and five-eighths per centum per annum during a maximum period of ten years from the date of Union on the minimum balance outstanding at any time during the six-month period preceding payment of interest.

#### LOANS

25. (1) The Province of 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 prior to the date of Union.

(2) Unless otherwise agreed by the Government of Canada, paragraph one of this Term shall not apply to any loans or advances relating to any works, property, or services taken over by Canada pursuant to Term thirty-one or Term thirty-three.

#### SUBSIDIES

26. Canada will pay to the Province of Newfoundland the following subsidies:

- (a) an annual subsidy of \$180,000 and an annual subsidy equal to 80 cents per head of the population of the Province of Newfoundland (being taken at 325,000, until the first decennial census after the date of Union), 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, but in no year shall sums payable under this paragraph be less than those payable in the first year after the date of Union; and
- (b) an additional annual subsidy of \$1,100,000 payable for the like purposes as the various fixed annual allowances and subsidies provided by statutes

of the Parliament of Canada from time to time for the Provinces of Nova Scotia, New Brunswick, and Prince Edward Island or any of them and in recognition of the special problems of the Province of Newfoundland by reason of geography and its sparse and scattered population.

#### TAX AGREEMENT

27. (1) The Government of Canada will forthwith after the date of Union make an offer to the Government of the Province of Newfoundland to enter into a tax agreement for the rental to the Government of Canada of the income, corporation income, and corporation tax fields, and the succession duties tax field.

(2) The offer to be made under this Term will be similar to the offers to enter into tax agreements made to other provinces, necessary changes being made to adapt the offer to circumstances arising out of the Union, except that the offer will provide that the agreement may be entered into either for a number of fiscal years expiring at the end of the fiscal year in 1952, as in the case of other provinces, or for a number of fiscal years expiring at the end of the fiscal year in 1957, at the option of the Government of the Province of Newfoundland, but if the Government of the Province of Newfoundland accepts the latter option the agreement will provide that the subsequent entry into a tax agreement by the Government of Canada with any other province will not entitle the Government of the Province of Newfoundland to any alteration in the terms of its agreement.

(3) The offer of the Government of Canada to be made under this Term may be accepted by the Government of the Province of Newfoundland within nine months after the date of the offer but if it is not so accepted will thereupon expire.

(4) The Government of the Province of Newfoundland shall not by any agreement entered into pursuant to this Term be required to impose on any person or corporation taxation repugnant to the provisions of any contract entered into with such person or corporation before the date of the agreement and subsisting at the date of the agreement.

(5) If the Province of Newfoundland enters into a tax agreement pursuant to this Term the subsidies payable under Term twenty-six will, as in the case of similar subsidies to other provinces, be included in the computation of tax agreement payments.

#### TRANSITIONAL GRANTS

28. (1) In order to facilitate the adjustment of Newfoundland to the status of a province of Canada and the development by the Province of Newfoundland of revenue-producing services, Canada will pay to the Province of Newfoundland each year during the first twelve years after the date of Union a transitional grant as follows, payment in each year to be made in equal quarterly instalments commencing on the first day of April, namely,

First year .....	\$6,500,000
Second year .....	6,500,000
Third year .....	6,500,000
Fourth year .....	5,650,000
Fifth year .....	4,800,000
Sixth year .....	3,950,000
Seventh year .....	3,100,000
Eighth year .....	2,250,000
Ninth year .....	1,400,000
Tenth year .....	1 050,000
Eleventh year ..	700,000
Twelfth year .....	350,000

(2) The Government of the Province of Newfoundland will have the right to leave on deposit with the Government of Canada any portion of the transitional grant for the first eight years with the right to withdraw all or any portion thereof in any subsequent year and on the thirty-first day of March and the thirtieth day of September in each year to receive in respect of any amounts so left on deposit interest at the rate of two and five-eighths per centum per annum up to a maximum period of ten years from the date of Union on the minimum balance outstanding at any time during the six-month period preceding payment of interest.

#### REVIEW OF FINANCIAL POSITION

29. In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the Government of Canada will appoint a Royal Commission within eight years from the date of Union to review the financial position of the Province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the Province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

#### MISCELLANEOUS PROVISIONS

##### SALARIES OF LIEUTENANT-GOVERNOR AND JUDGES

30. The salary of the Lieutenant-Governor and the salaries, allowances, and pensions of the judges of such superior, district, and county courts as are now or may hereafter be constituted in the Province of Newfoundland shall be fixed and provided by the Parliament of Canada.

##### PUBLIC SERVICES, WORKS AND PROPERTY

31. At the date of Union, or as soon thereafter as practicable, Canada will take over the following services and will as from the date of Union relieve the Province of Newfoundland of the public costs incurred in respect of each service taken over, namely,

- (a) the Newfoundland Railway, including steamship and other marine services;
- (b) the Newfoundland Hotel, if requested by the Government of the Province of Newfoundland within six months from the date of Union;
- (c) postal and publicly-owned telecommunication services;
- (d) civil aviation, including Gander Airport;
- (e) customs and excise;
- (f) defence;
- (g) protection and encouragement of fisheries and operation of bait services;
- (h) geological, topographical, geodetic, and hydrographic surveys;
- (i) lighthouses, fog alarms, buoys, beacons, and other public works and services in aid of navigation and shipping;
- (j) marine hospitals, quarantine, and the care of ship-wrecked crews;
- (k) the public radio broadcasting system; and
- (l) other public services similar in kind to those provided at the date of Union for the people of Canada generally.

32. (1) Canada will maintain in accordance with the traffic offering a freight and passenger 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) For the purpose of railway rate regulation the Island of Newfoundland will be included in the Maritime region of Canada, and through-traffic moving between North Sydney and Port aux Basques will be treated as all-rail traffic.

(3) All legislation of the Parliament of Canada providing for special rates on traffic moving within, into, or out of, the Maritime region will, as far as appropriate, be made applicable to the Island of Newfoundland.

33. The following public works and property of Newfoundland shall become the property of Canada when the service concerned is taken over by Canada, subject to any trusts existing in respect thereof, and to any interest other than that of Newfoundland in the same, namely,

- (a) the Newfoundland Railway, including rights of way, wharves, dry-docks, and other real property, rolling stock, equipment, ships, and other personal property;
- (b) the Newfoundland Airport at Gander, including buildings and equipment, together with any other property used for the operation of the Airport;
- (c) the Newfoundland Hotel and equipment;
- (d) public harbours, wharves, break-waters, and aids to navigation;
- (e) bait depots and the motor vessel Malakoff;
- (f) military and naval property, stores, and equipment;
- (g) public dredges and vessels except those used for services that remain the responsibility of Newfoundland and except the nine motor vessels known as the Clarenville boats;
- (h) the public telecommunication system, including rights of way, land lines, cables, telephones, radio stations, and other real and personal property;
- (i) real and personal property of the Broadcasting Corporation of Newfoundland; and
- (j) subject to the provisions of Term thirty-four, customs houses, and post-offices and generally all public works and property, real and personal, used primarily for services taken over by Canada.

34. Where at the date of Union any public buildings of Newfoundland included in paragraph (j) of Term thirty-three are used partly for services taken over by Canada and partly for services of the Province of Newfoundland the following provisions shall apply:

- (a) where more than half the floor space of a building is used for services taken over by Canada the building shall become the property of Canada and where more than half the floor space of a building is used for services of the Province of Newfoundland the building shall remain the property of the Province of Newfoundland;
- (b) Canada shall be entitled to rent from the Province of Newfoundland on terms to be mutually agreed such space in the buildings owned by the Province of Newfoundland as is used for the services taken over by Canada and the Province of Newfoundland shall be entitled to rent from Canada on terms to be mutually agreed such space in the buildings owned by Canada as is used for the services of the Province of Newfoundland;

- (c) the division of buildings for the purposes of this Term shall be made by agreement between the Government of Canada and the Government of the Province of Newfoundland as soon as practicable after the date of Union; and
- (d) if the division in accordance with the foregoing provisions results in either Canada or the Province of Newfoundland having a total ownership that is substantially out of proportion to the total floor space used for its services an adjustment of the division will be made by mutual agreement between the two Governments.

35. Newfoundland public works and property not transferred to Canada by or under these Terms will remain the property of the Province of Newfoundland.

36. Without prejudice to the legislative authority of the Parliament of Canada under the British North America Acts, 1867 to 1946, any works, property, or services taken over by Canada pursuant to these Terms shall thereupon be subject to the legislative authority of the Parliament of Canada.

#### NATURAL RESOURCES

37. All lands, mines, minerals, and royalties belonging to Newfoundland at the date of Union, and all sums then due or payable for such lands, mines, minerals, or royalties, shall belong to the Province of Newfoundland, subject to any trusts existing in respect thereof, and to any interest other than that of the Province in the same.

#### VETERANS

38. Canada will make available to Newfoundland veterans the following benefits, on the same basis as they are from time to time available to Canadian veterans, as if the Newfoundland veterans had served in His Majesty's Canadian forces, namely,

- (a) The War Veterans' Allowance Act, 1946, free hospitalization and treatment, and civil service preference will be extended to Newfoundland veterans who served in the First World War or the Second World War or both;
- (b) Canada will assume as from the date of Union the Newfoundland pension liability in respect of the First World War, and in respect of the Second World War Canada will assume as from the date of Union the cost of supplementing disability and dependents' pensions paid by the Government of the United Kingdom or an Allied country to Newfoundland veterans up to the level of the Canadian rates of pensions, and, in addition, Canada will pay pensions arising from disabilities that are pensionable under Canadian law but not pensionable either under the laws of the United Kingdom or under the laws of an Allied country;
- (c) The Veterans' Land Act, 1942, Part IV of the Unemployment Insurance Act, 1940, The Veterans Business and Professional Loans Act, and The Veterans Insurance Act will be extended to Newfoundland veterans who served in the Second World War;
- (d) a re-establishment credit will be made available to Newfoundland veterans who served in the Second World War equal to the re-establishment credit that might have been made available to them under The War Service Grants Act, 1944, if their service in the Second World

War had been service in the Canadian forces, less the amount of any pecuniary benefits of the same nature granted or paid by the Government of any country other than Canada;

- (e) Canada will assume, as from the date of Union, the cost of vocational and educational training of Newfoundland veterans of the Second World War on the same basis as if they had served in His Majesty's Canadian forces; and
- (f) sections six, seven, and eight of The Veterans Rehabilitation Act will be extended to Newfoundland veterans of the Second World War who have not received similar benefits from the Government of any country other than Canada.

#### PUBLIC SERVANTS

39. (1) Employees of the Government of Newfoundland in the services taken over by Canada pursuant to these Terms will be offered employment in these services or in similar Canadian services under the terms and conditions from time to time governing employment in those services, but without reduction in salary or loss of pension rights acquired by reason of service in Newfoundland.

(2) Canada will provide the pensions for such employees so that the employees will not be prejudiced, and the Government of the Province of Newfoundland will reimburse Canada for the pensions for, or at its option make to Canada contributions in respect of, the service of these employees with the Government of Newfoundland prior to the date of Union, but these payments or contributions will be such that the burden on the Government of the Province of Newfoundland in respect of pension rights acquired by reason of service in Newfoundland will not be increased by reason of the transfer.

(3) Pensions of employees of the Government of Newfoundland who were retired on pension before the service concerned is taken over by Canada will remain the responsibility of the Province of Newfoundland.

#### WELFARE AND OTHER PUBLIC SERVICES

40. Subject to these Terms, Canada will extend to the Province of Newfoundland, on the same basis and subject to the same terms and conditions as in the case of other provinces of Canada, the welfare and other public services provided from time to time by Canada for the people of Canada generally, which, in addition to the veterans' benefits, unemployment insurance benefits, and merchant seamen benefits set out in Terms thirty-eight, forty-one, and forty-two respectively, include family allowances under The Family Allowances Act, 1944, unemployment insurance under The Unemployment Insurance Act, 1940, sick mariners' benefits for merchant seamen and fishermen under the Canada Shipping Act, 1934, assistance for housing under The National Housing Act, 1944, and, subject to the Province of Newfoundland entering into the necessary agreements or making the necessary contributions, financial assistance under The National Physical Fitness Act for carrying out plans of physical fitness, health grants, and contributions under the Old Age Pensions Act for old age pensions and pensions for the blind.

#### UNEMPLOYMENT INSURANCE

41. (1) Subject to this Term, Canada will provide that residents of the Province 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 two-year period after that date,

will be entitled for a period of six months from the date of Union or six months from the date of unemployment, whichever is the later, to assistance on the same scale and under the same conditions as unemployment insurance benefits.

(2) The rates of payment will be based on the individual's wage record for the three months preceding his loss of employment, and to qualify for assistance a person must have been employed in insurable employment for at least thirty per centum of the working days within the period of three months preceding his loss of employment or thirty per centum of the working days within the period since the date of Union, whichever period is the longer.

#### MERCHANT SEAMEN

42. (1) Canada will make available to Newfoundland merchant seamen who served in the Second World War on British ships or on ships of Allied countries employed in service essential to the prosecution of the war, the following benefits, on the same basis as they are from time to time available to Canadian merchant seamen, as if they had served on Canadian ships, namely,

- (a) disability and dependents' pensions will be paid if disability occurred as a result of enemy action or counter-action, including extraordinary marine hazards occasioned by the war, and a Newfoundland merchant seaman in receipt of a pension from the Government of the United Kingdom or an Allied country will be entitled, during residence in Canada, to have his pension raised to the Canadian level; and
- (b) free hospitalization and treatment, vocational training, The Veterans' Land Act, 1942, and The Veterans Insurance Act will be extended to disability pensioners.

(2) Vocational training, Part IV of The Unemployment Insurance Act, 1940, and The Veterans Insurance Act will be extended to Newfoundland merchant seamen who were eligible for a Special Bonus or a War Service Bonus, on the same basis as if they were Canadian merchant seamen.

(3) The Unemployment Insurance Act, 1940, and The Merchant Seamen Compensation Act will be applied to Newfoundland merchant seamen as they are applied to other Canadian merchant seamen.

#### CITIZENSHIP

43. Suitable provision will be made for the extension of the Canadian citizenship laws to the Province of Newfoundland.

#### DEFENCE ESTABLISHMENTS

44. Canada will provide for the maintenance in the Province of Newfoundland of appropriate reserve units of the Canadian defence forces, which will include the Newfoundland Regiment.

#### ECONOMIC SURVEY

45. (1) Should the Government of the Province of Newfoundland institute an economic survey of the Province 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 its technical employees and agencies to assist in the work.

(2) As soon as may be practicable after the date of 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 the Province of Newfoundland, in order to bring such information up to the standard attained for the other provinces of Canada.

#### OLEOMARGARINE

46. (1) Oleomargarine or margarine may be manufactured or sold in the Province of Newfoundland after the date of the Union and the Parliament of Canada shall not prohibit or restrict such manufacture or sale except at the request of the Legislature of the Province of Newfoundland, but nothing in this Term shall affect the power of the Parliament of Canada to require compliance with standards of quality applicable throughout Canada.

(2) Unless the Parliament of Canada otherwise provides or unless the sale and manufacture in, and the interprovincial movement between, all provinces of Canada other than Newfoundland, of oleomargarine and margarine, is lawful under the laws of Canada, oleomargarine or margarine shall not be sent, shipped, brought, or carried from the Province of Newfoundland into any other province of Canada.

#### INCOME TAXES

47. In order to assist in the transition to payment of income tax on a current basis Canada will provide in respect of persons (including corporations) resident in Newfoundland at the date of Union, who were not resident in Canada in 1949 prior to the date of Union, and in respect of income that under the laws of Canada in force immediately prior to the date of Union was not liable to taxation, as follows:

- (a) that prior to the first day of July, 1949, no payment will be required or deduction made from such income on account of income tax;
- (b) that for income tax purposes no person shall be required to report such income for any period prior to the date of Union;
- (c) that no person shall be liable to Canada for income tax in respect of such income for any period prior to the date of Union; and
- (d) that for individuals an amount of income tax for the 1949 taxation year on income for the period after the date of Union shall be forgiven so that the tax on all earned income and on investment income of not more than \$2,250 will be reduced to one-half the tax that would have been payable for the whole year if the income for the period prior to the date of Union were at the same rate as that subsequent to such date.

#### STATUTE OF WESTMINSTER

48. From and after the date of Union the Statute of Westminster, 1931, shall apply to the Province of Newfoundland as it applies to the other Provinces of Canada.

#### SAVING

49. Nothing in these Terms shall be construed as relieving any person from any obligation with respect to the employment of Newfoundland labour incurred or assumed in return for any concession or privilege granted or conferred by the Government of Newfoundland prior to the date of Union.

#### COMING INTO FORCE

50. These Terms are agreed to subject to their being approved by the Parliament of Canada and the Government of Newfoundland; shall take effect notwithstanding the Newfoundland Act, 1933, or any instrument issued pur-

suant thereto; and shall come into force immediately before the expiration of the thirty-first day of March, 1949, if His Majesty has theretofore given His Assent to an Act of the Parliament of the United Kingdom of Great Britain and Northern Ireland confirming the same.

Signed in duplicate at Ottawa this eleventh day of December, 1948.

*On behalf of Canada:*

LOUIS S. ST. LAURENT  
BROOKE CLAXTON

*On behalf of Newfoundland:*

ALBERT J. WALSH  
F. GORDON BRADLEY  
PHILIP GRUCHY  
JOHN B. McEVOY  
JOSEPH R. SMALLWOOD  
G. A. WINTER

#### SCHEDULE

In this Schedule the expression "District" means District as named and delimited in the Act 22 George V Chapter 7 entitled "An Act to amend Chapter 2 of the Consolidated Statutes of Newfoundland (Third Series) entitled 'Of the House of Assembly'".

*Grand Falls-White Bay* shall consist of the Districts of White Bay, Green Bay, and Grand Falls, and all the territory within a radius of five miles of the Railway Station at Gander, together with the Coast of Labrador and the Islands adjacent thereto.

*Bonavista-Twillingate* shall consist of the Districts of Twillingate, Fogo, Bonavista North, and Bonavista South, but shall not include any part of the territory within a radius of five miles from the Railway Station at Gander.

*Trinity-Conception* shall consist of the Districts of Trinity North, Trinity South, Carbonear-Bay de Verde, Harbour Grace, and Port de Grave.

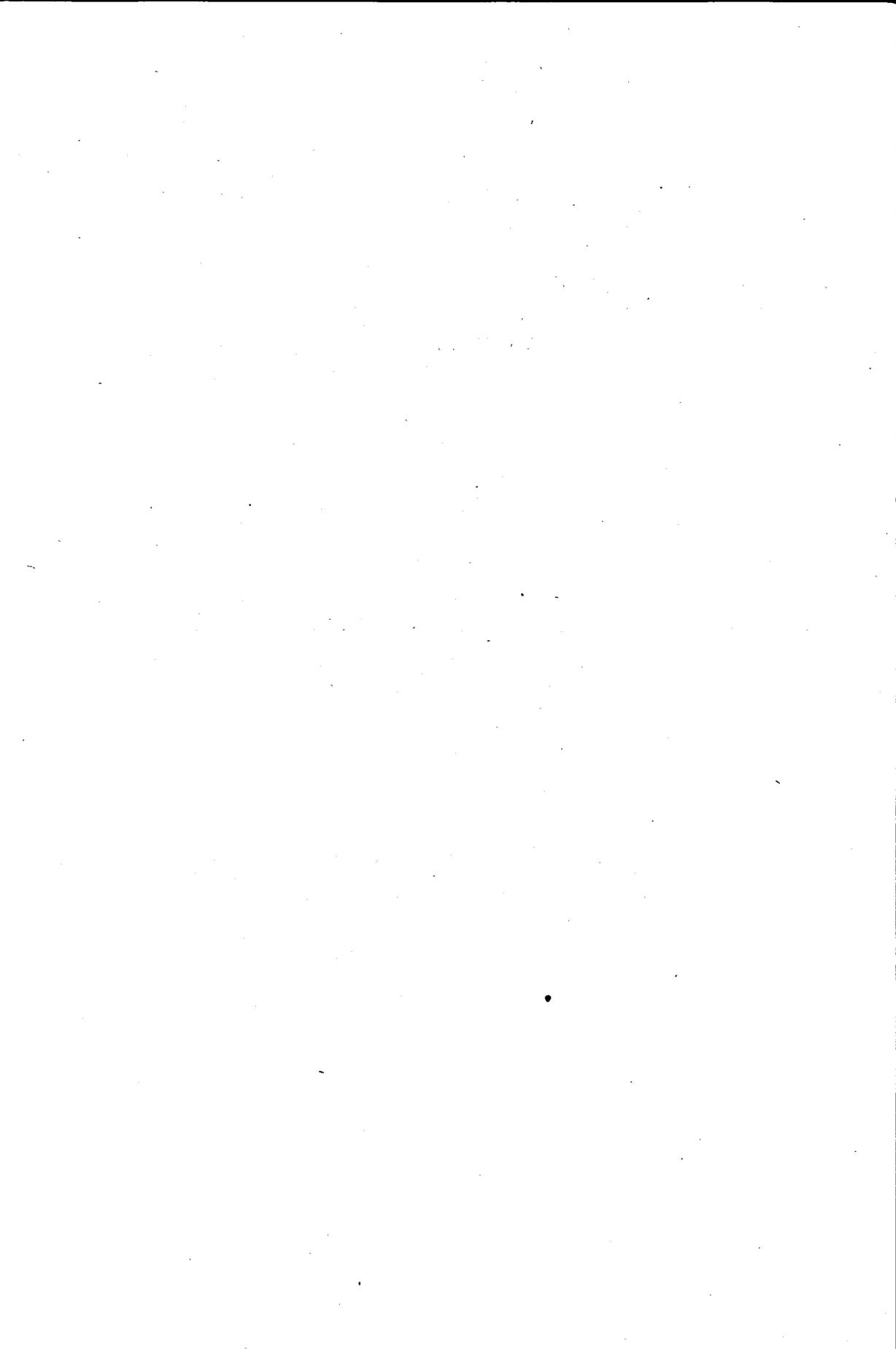
*St. John's East* shall consist of the District of Harbour Main-Bell Island and that part of the Province bounded as follows, that is to say: By a line commencing at a point where the centre line of Beck's Cove Hill intersects the North shore of the Harbour of St. John's, thence following the centre line of Beck's Cove Hill to the centre of Duckworth Street, thence westerly along the centre line of Duckworth Street to the centre of Theatre Hill, thence following the centre line of Theatre Hill to the centre of Carter's Hill, thence following the centre line of Carter's Hill and Carter's Street to the centre of Freshwater Road, thence following the centre line of Freshwater Road to its intersection with the centre of Kenmount Road, and thence along the centre line of Kenmount Road to its intersection with the North Eastern boundary of the District of Harbour Main-Bell Island, thence along the said North Eastern boundary of the District of Harbour Main-Bell Island to the shore of Conception Bay and thence following the coastline around Cape St. Francis and on to the Narrows of St. John's

Harbour and continuing along by the North Shore of St. John's Harbour to a point on the North shore of the said Harbour intersected by the centre line of Beck's Cove Hill, the point of commencement.

*St. John's West* shall consist of the Districts of Placentia-St. Mary's and Ferryland, and that part of the Province bounded as follows, that is to say: By a line commencing at the Motion Head of Petty Harbour and running in a straight line to the Northern Goulds Bridge (locally known as Doyle's Bridge) thence following the centre line of Doyle's Road to Short's Road, thence in a straight line to a point one mile west of Quigley's, thence in a straight line to the point where the North Eastern boundary of the District of Harbour Main-Bell Island intersects Kenmount Road, thence along the centre line of Kenmount Road and Freshwater Road to Carter's Street, thence down the centre line of Carter's Street and Carter's Hill to Theatre Hill and thence along the centre line of said Theatre Hill to the centre line of Duckworth Street and thence easterly along the centre line of Duckworth Street to the top of Beck's Cove Hill, thence from the centre line of said Beck's Cove Hill to the shore of St. John's Harbour and thence following the shore of St. John's Harbour and, passing through the Narrows by the North of Fort Amherst and thence following the coastline Southerly to the Motion Head of Petty Harbour, the point of commencement.

*Burin-Burgeo* shall consist of the Districts of Placentia West, Burin, Fortune Bay-Hermitage, and Burgeo and LaPoile and all the unorganized territory bounded on the North and West by the District of Grand Falls, on the South by the Districts of Burgeo and LaPoile and Fortune Bay-Hermitage, on the East by the Districts of Trinity North, Bonavista South and Bonavista North.

*Humber-St. George's* shall consist of the Districts of St. George's-Port au Port, Humber, and St. Barbe, and all the unorganized territory bounded on the North by the District of Humber, on the East by the District of Grand Falls, on the South by the District of Burgeo and LaPoile, and on the West by the District of St. George's-Port au Port.

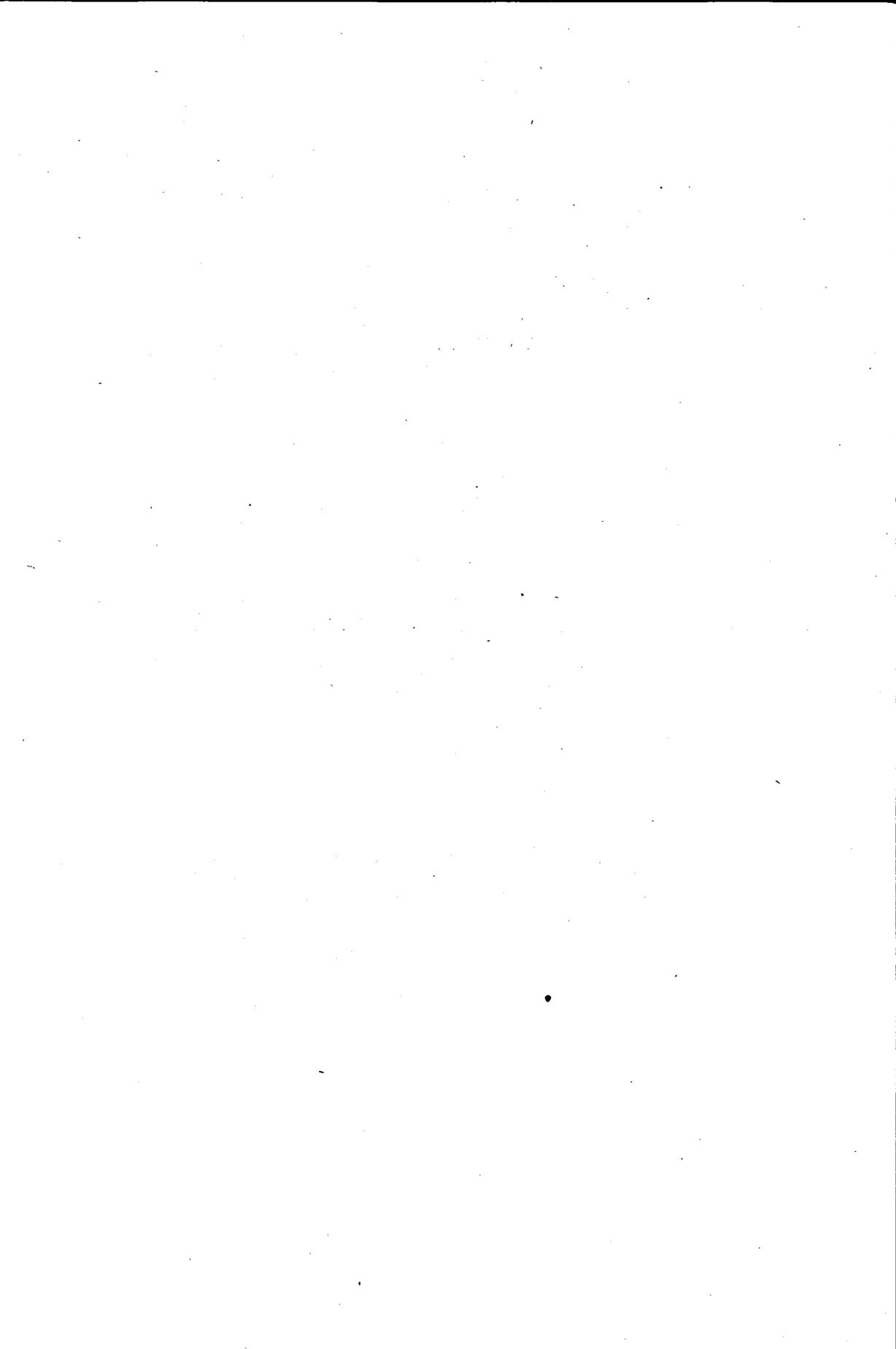


**SECTION III**

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**STATEMENTS  
ON  
QUESTIONS RAISED  
BY THE  
NEWFOUNDLAND DELEGATION  
DURING THE NEGOTIATIONS FOR THE UNION OF NEWFOUNDLAND  
WITH CANADA**

**December 11, 1948**



SECTION III

STATEMENTS

ON

QUESTIONS RAISED

BY THE

NEWFOUNDLAND DELEGATION

DURING THE NEGOTIATIONS FOR THE UNION OF NEWFOUNDLAND  
WITH CANADA

December 11, 1948

OTTAWA, December 11, 1948.

DEAR MR. WALSH,

During the course of our negotiations covering the final terms and arrangements for the union of Newfoundland with Canada a number of questions concerning Government policy were raised by your delegation and answered by the Canadian Government. In addition a number of temporary administrative arrangements were settled in order to facilitate the union.

It would not seem fitting to include in formal terms of union matters of this kind, since they are scarcely of a constitutional nature. I am therefore sending you the enclosed memorandum covering these various items. While these will not form part of the Terms of Union, they contain statements of the policy and intentions of this Government if union is made effective by the approval of the Parliament of Canada and the Government of Newfoundland and confirmed by the Parliament of the United Kingdom.

Yours sincerely,

(Sgd.) LOUIS S. ST. LAURENT,  
*Prime Minister of Canada.*

The Honourable A. J. WALSH, K.C., LL.B.,  
Chairman of the Newfoundland Delegation.

STATEMENTS ON QUESTIONS RAISED BY THE NEWFOUNDLAND  
DELEGATION

(i) IMPORTS OF ESSENTIAL GOODS

Importation of essential capital goods will be continued through the existing system of permits, while cases of exceptional hardship in the consumer goods field will be dealt with on an individual basis.

It is not the intention of the Canadian Government to have import restrictions interfere with the normal operation of machinery and equipment already

in Canada. No difficulty is foreseen in maintaining the importation into Newfoundland of spare parts and ancillary equipment required to keep in operation essential machinery and equipment already in Newfoundland.

The Canadian Government, in formulating and administering its policy with respect to imports, will give the same careful consideration to the essential requirements of Newfoundland consumers as it gives to those of consumers in the rest of Canada.

Customs duties on the importation of salt pork and salt beef from the United States will be remitted in the event that, and during the period that, supplies of a suitable quality are not available in Canada.

Steps will be taken to ensure that Newfoundland's requirements of evaporated milk will be met from Canada.

#### (ii) BROADCASTING

The Canadian Broadcasting Corporation normally makes no charge for time allotted in connection with educational and informative programmes arranged on behalf of provincial governments.

The Department of Transport will use its best efforts to obtain and retain for Newfoundland whatever frequencies are necessary, including the 640 KC channel.

The CBC works closely with the National Religious Advisory Council composed of all main denominations, and provides free time on its national networks to broadcast religious services. It also provides a fifteen-minute period five days a week to broadcast regionally programmes of a devotional character. In this, as in other matters, the CBC is anxious to ensure that, taking account of special conditions and circumstances, the wishes of listeners in Newfoundland will be adequately met.

Provision is made by the CBC for free time for the use of provincial and federal political parties, both during and between elections, in accordance with the White Paper issued in this respect.

The CBC allows substantial discretionary powers to the management of Broadcasting Stations to meet particular regional needs and conditions.

#### (iii) PASSPORTS

It will be arranged that after the date of Union valid Newfoundland passports shall be honoured during the period of their validity by Canadian authorities and by United Kingdom authorities acting on behalf of Canada and that after the date of Union a valid Newfoundland passport that would otherwise have been renewable will be replaced by a Canadian passport on payment by mail of the Canadian renewal fee to the passport office at Ottawa.

#### (iv) CONTINUATION OF LAWS

The Canadian Government will consult with the appropriate Newfoundland authorities with regard to the timing of the application of federal statutes or the timing of the repeal of Newfoundland statutes, where the provincial authorities feel that serious problems are involved requiring consultation with the federal authorities.

This will be a matter for specific discussion between the appropriate representatives of the two Governments from time to time.

## (v) PUBLIC HARBOURS

It is the policy of the Canadian Government to construct and maintain public wharves where and when such action is considered necessary in the public interest. The construction and maintenance of public wharves throughout Canada is within the jurisdiction of the Canadian Government and the responsibility for deciding whether or not a public wharf or a breakwater is necessary in any given locality rests with the federal authorities, who take local requirements into consideration.

The Canadian Government will, at the request of the Province of Newfoundland, and having regard to the best interests of the province, investigate the desirability of establishing one or more harbours in the province as "national harbours" under the National Harbours Board.

## (vi) HOSPITALIZATION OF VETERANS

The responsibility for hospitalization of veterans rests with the Canadian Government. If it becomes apparent that a need for extra beds for veterans exists in Newfoundland, these will be provided through extension of existing facilities or new hospitals. The final decision in this respect will depend upon on-the-spot investigation.

## (vii) SALES TAX ON OLEOMARGARINE

The Canadian Government will be prepared to submit to Parliament legislation designed to exempt oleomargarine sold in Newfoundland from the federal sales tax, in the same manner as basic foodstuffs in other parts of Canada.

## (viii) INCOME AND CORPORATION TAX

In further explanation of the Terms of Union it is intended that deduction at the source and instalment payments for income tax will commence effective July 1, 1949.

It is intended that legislation will be introduced to provide that the tax will not apply to income for any period prior to the date of Union; and that income for any such period need not be reported to Canada. Income for the period after the date of Union will be used as the basis to establish a presumed annual income in order that the appropriate rates, deductions and exemptions may be applied. The full yearly exemptions and deductions will be allowed in determining the amount of tax on the presumed annual income.

In the case of individuals, one-half only of the tax on this presumed annual income will be payable in respect of all earned income and in respect of investment income up to \$3,000. Tax on investment income of over \$3,000 may, at the taxpayer's option, be postponed until death or paid immediately with an appropriate discount.

Under this arrangement, therefore, the Canadian Government will in effect forgive income tax on individuals for the three months after Union except with respect to investment income above the level indicated. The combined effect will therefore be that if Newfoundland also forgives income tax on individuals in respect of the three months preceding Union, individuals will not be required to pay a tax on more than one-half of their 1949 income except as to investment income above the level indicated. This would result in individual Newfoundland taxpayers receiving the same treatment as that accorded to the Canadian taxpayer when the "pay-as-you-earn" system was introduced.

In the case of corporations there will be no forgiveness of any taxes legally exigible by the Canadian Government in respect of income for the period following the date of Union.

The above provisions would require that corporations, partners and individuals carrying on business close their accounts at the date of Union. Legislation will provide that the taxpayer may at his option report income for the full fiscal period of his business and for tax purposes pro-rate such income over the period following the date of Union.

It is not intended that the above provisions shall relieve from Canadian income tax individuals who have become resident in Newfoundland after December 31, 1948, or income which would have been taxable by the Canadian Government had Union not taken place, e.g., tax at the source on dividends and interest paid before Union to non-residents of Canada.

For the purposes of taxation, credit societies in Newfoundland will be treated in the same manner as Canadian credit unions.

In order to assist the Provincial Government in the collection and assessment of income and corporation taxes in respect of income for 1948 and prior years arrangements will be made whereby either the required staff will be permitted to remain in the employ of the Provincial Government for a period following Union or will be made available to the Provincial Government for this purpose.

#### (ix) CIVIL AVIATION

Pending re-negotiation of bilateral air agreements, an arrangement will be made which will permit direct traffic between Gander and the United States to continue to move by air.

There will be no objection to the Provincial Government continuing the operation of the Cottage Hospital at Gander Airport. Federal authorities will make an appropriate agreement with provincial authorities for such hospital services as may be required in connection with the Airport's operations.

Roads within the Gander Airport will be the responsibility of the airport operating authority.

The Canadian Government will not, under normal conditions, intervene in the operation of schools and churches at Gander Airport, apart from such questions as relocation on a mutually advantageous basis.

The federal authorities will consult with the appropriate Newfoundland authorities regarding a definition of the limits of Gander Airport.

#### (x) ENRICHMENT OF FLOUR

The Canadian Government will take such steps by way of amendment to the food and the drugs regulations and otherwise as are necessary to ensure that the standards of quality for flour prescribed under Newfoundland law will not be altered for a period of three years from the date of Union.

#### (xi) BLOCKED STERLING SURPLUS

An effort will be made to make the amount of the surplus held in sterling by Newfoundland available in dollars to Newfoundland within a year after the date of Union.

#### (xii) FISHERIES

##### 1. *Trawling*

Newfoundland trawlers will be permitted to fish (as they have been doing) to the three-mile limit off the coasts of Newfoundland, and an amendment to the Fisheries Act, 1932, will be introduced for this purpose.

It is understood that the policy as to trawler licensing in Newfoundland will be based on securing the maximum efficiency for the province's fishing industry and welfare for its shore communities.

With respect to the establishment of territorial waters, it is our understanding that the "headland to headland" rule, as it now applies to Newfoundland, will continue to apply.

## 2. *Prohibition of Export of Bait Fishes*

At present the Customs and Fisheries Protection Act prohibits the sale of bait to foreign fishing vessels in Canadian territorial waters, except by special treaty or convention. An amendment to this Act will be introduced in order to continue the practice now followed by Newfoundland in this matter.

## 3. *Licensing of Premises to Pack Fish (including Filleting and Freezing Plants)*

It is understood that, while these matters will come under federal jurisdiction at the date of Union, the Newfoundland Fisheries Board, during the time that it continues to operate, will be the medium through which application for licences will be made and the relevant regulations brought into effect.

## 4. *Power of Newfoundland Fisheries Board to Set Quotas for Fish for Export*

This power, which is involved in the marketing operations of the Newfoundland Fisheries Board, will be retained as a marketing function during the life of the Board.

## 5. *Market Representatives*

- (a) The fish trade representatives of the Newfoundland Fisheries Board abroad (for which six positions exist and of which five are filled at present) will be continued as Board officials, and be paid out of funds voted for the Board during such time as the Board remains in operation.
- (b) The Department of Trade and Commerce will absorb into the Canadian Trade Commissioner Service the two trade commissioners in London and New York, at present responsible to the Newfoundland Department of Natural Resources.

## 6. *Newfoundland Fish Export Tax*

The export tax of 5 cents per quintal on the volume of fish exported from Newfoundland will be abolished at the date of Union.

## 7. *Power of Newfoundland Fisheries Board to Negotiate Contracts*

The Newfoundland Fisheries Board will not be required to deal through the Canadian Commercial Corporation, and may in its discretion continue to charge a fee or commission for its services in negotiating contracts, subject only to such export and import controls as may exist.

## 8. *Fish Wrappers and Packages*

Wrappers provided by purchasers in the United States for their suppliers in Newfoundland will be dutiable after the date of Union but will also be eligible for the 99 per cent draw-back on re-export as containers of fresh frozen fish.

Efforts are being made to arrange for the continued use for export of the present stock of wrappers marked "Product of Newfoundland".

Importation of printed wrappers of all kinds made from paper for domestic use is prohibited at the present time, but permits may be granted by the Department of Finance in cases where the United States importer insists on supplying his own wrapper for the goods purchased by him in Canada. There is no restriction, however, on the importation of transparent wrappers or types of cardboard cartons or boxes usually used in the fish trade. These wrappers and containers are also eligible for the 99 per cent draw-back on re-export as containers of fresh frozen fish.

### 9. *Inspection Fees on Export*

The present policy is to make no charge for inspection services.

### 10. *Tariff Agreements*

The position after Union of the agreement between Newfoundland and the Dominican Republic providing for a low rate of duty on imports of Newfoundland codfish into the latter country is being examined. If necessary the Canadian Government will initiate discussions on this matter.

### 11. *Bait Service*

The Canadian Government will seek legislation or take such other steps as may be necessary to provide that the Newfoundland bait service will be taken over and operated without fundamental change by the Department of Fisheries. If, after the date of Union, changes are made for the benefit of Canada as a whole, the question of payment will be discussed between federal and provincial authorities.

#### (xiii) FAMILY ALLOWANCES

The Canadian Government will seek legislation or take such other steps as may be necessary to provide that residents of Newfoundland or residents of Canada who previously resided in Newfoundland will be treated on the same basis as Canadians in other parts of Canada for purposes of family allowances.

#### (xiv) NEWFOUNDLAND RAILWAY

After the date of Union, the Canadian National Railways will be entrusted with the responsibility of operating the Newfoundland Railway and Coastal Steamship Services, and it will be their responsibility to see that services are furnished commensurate with the traffic offering.

#### (xv) DEPARTMENT OF POSTS AND TELEGRAPHS

No changes in the use of the frequency allocations to the Newfoundland Maritime Radiotelephone Service are proposed, although it may later be necessary to revise present allocations when a regional plan for future frequency allocations to the Maritime Radiotelephone Service of the North American nations is negotiated.

#### (xvi) PENITENTIARIES

For the time being it is understood that Newfoundland will continue to operate its own penitentiary and prisoners sentenced by the courts of Newfoundland to terms of imprisonment of two years or more may be incarcerated therein subject to the rules and regulations laid down for the management and control of the institution by the Provincial authorities. Maintenance of such prisoners will be paid by the Canadian Government on a per diem basis at a rate to be mutually agreed upon between the Canadian Government and the Provincial Government.

#### (xvii) CANADA SHIPPING ACT

The Newfoundland requirements respecting the certification of masters, mates and engineers for ships, other than foreign-going and those engaged in fishing, are less stringent than those in Part II of the Canada Shipping Act, 1934, and the application of the latter would result in disqualification of those masters, mates and engineers employed in the Newfoundland Home Trade who are not under Newfoundland law required to hold certificates.

Arrangements will be made to provide that masters, mates and engineers of ships registered in Newfoundland may continue operating in their present positions. If the necessary legislation for this purpose is not enacted immediately following Union, the Minister of Transport may exercise authority vested in him under the provisions of Section 133A of the Canada Shipping Act to permit relaxation so that there may be no interruption of the operations of Newfoundland shipping.

Newfoundland Foreign-going Certificates already have the same validity as similar certificates issued in Canada.

An amendment will be introduced to provide that Home Trade Certificates issued in Newfoundland up to the date of Union will have the same validity as Canadian Home Trade Certificates, and thereupon Certificates of Service may be issued to presently uncertificated masters, mates and engineers of Newfoundland Home Trade ships. Arrangements will be made to continue for the time being the Newfoundland practice whereby vessels engaged in the seal fishery are required to have a navigating officer holding a Master's Foreign-going Certificate, until experience shows the necessity or otherwise for further regulation of certificated personnel in these vessels.

#### (xviii) ADMIRALTY BUILDINGS

In the event that Canada acquires United Kingdom Admiralty Buildings presently occupied by the Government of Newfoundland on a care and maintenance or other basis, Newfoundland may continue in occupation of these buildings on the same terms and conditions, subject to termination in respect of any building by either party on three months' notice.

#### (xix) CLARENVILLE BOATS

The request of the Newfoundland Delegation that the Canadian Government should take over and operate the Clarenville boats in their present service is still being studied. It is hoped that arrangements for their continued operation can be reached with the Newfoundland Government before the date of Union.

#### (xx) DUTY ON TRANSFER OF VESSELS

Ships on the Newfoundland registry, prior to November 1, 1948, including foreign-built ships, may be transferred to the Canadian registry without payment of duty, and will be entitled without payment of any duty to a licence to engage in the coasting trade of Canada.

Foreign-built trawlers already on order for Newfoundland firms will be exempted from payment of duty if contracted for prior to November 1, 1948, for use in the Newfoundland fishing industry.

Foreign-built ships on charter for the Newfoundland-Canadian trade or for the coasting trade of Newfoundland prior to November 1, 1948, will be permitted to complete their charters without payment of duty.

#### (xxi) SMALL INDUSTRIES

It is recognized that there will inevitably be some dislocation of Newfoundland's secondary industries as a result of Union. The extent of such dislocation, however, is difficult to measure, since much will depend on the individual approach to the problems that is made by the management and owners of the industries concerned.

The Canadian Government will do all that it can to assist secondary industries in Newfoundland in their efforts to meet such problems as may arise.

The extensive facilities of the Department of Trade and Commerce will be available to assist in procurement of raw materials from other parts of Canada or from abroad. The Department will continue to maintain an office in St. John's for at least two or three years, and longer if necessary. The Canadian Commercial Corporation, which carries the responsibility of purchasing for the Armed Services, will maintain a local representative in Newfoundland, and every effort will be made to ensure that an appropriate volume of purchases for Government account will be made locally. Further, the Department of Trade and Commerce will establish at Ottawa a committee of senior officials to work as a team to ensure that special enquiries and problems of Newfoundland receive as prompt and effective attention as possible.

(xxii) PUBLIC SERVICE PENSIONS

The detailed application of Term 39 of the Terms of Union relating to pensions will be determined in consultation between the Canadian Government and the Government of Newfoundland.

(xxiii) RECOVERABLE ADVANCES

1. Pursuant to the provisions of Term 25 of the Terms of Union the Canadian Government agrees that it will within fifteen days after the date of Union, or as soon as practicable thereafter, out of moneys voted by Parliament:

(a) Pay to Newfoundland the cost of the steamship *Bar Haven* and *Springdale*, presently owned and operated by the Newfoundland Railway;

(b) Reimburse Newfoundland for payments made, and forego payments to be made, under Article 2 of the Agreement effective March 31, 1946, between the United Kingdom, Canada and Newfoundland, providing for the purchase by Newfoundland of buildings and Royal Canadian Air Force equipment at Gander Airport;

(c) Reimburse Newfoundland for payments made by Newfoundland to the United Kingdom for buildings and equipment at Gander Airport taken over from the Royal Air Force;

(d) Pay to Newfoundland two-thirds of the expenditure (less recoveries) at Gander Airport from April 1, 1945, to March 31, 1949, in respect of expenditures made by Newfoundland for the conversion of buildings to civil use, runway improvements and the replacement or expansion of plant and equipment, and

(e) Pay to Newfoundland, except as otherwise provided herein, the value of consumable stores and supplies, as determined by physical inventories at March 31, 1949, in respect of services taken over by Canada, and without restricting the generality of the foregoing for the following services:

- (i) Postal services;
- (ii) Telegraph services, and
- (iii) Gander Airport.

2. Canada will take over the fixed assets of the Newfoundland Railway free of debt except for the liability of the Railway at March 31, 1949, to the Reconstruction Finance Corporation of the United States of America. It is understood that the Railway will be turned over to Canada as a going concern and that Railway current assets acquired by Canada at March 31, 1949, will be maintained at an amount equal to the sum of Railway current liabilities and the liability to the Reconstruction Finance Corporation.

3. Canada will assume payment for Railway equipment on order at the date of this memorandum but not delivered at March 31, 1949, and will reimburse Newfoundland for payments made before March 31, 1949, on account of equipment on order but not delivered until after March 31, 1949.

4. It is understood that Newfoundland will retain cash on deposit in the Railway Renewals Fund at March 31, 1949, and the proceeds of the sale of any capital assets between the date of this memorandum and the date of Union.

5. Canada will assume payment for telecommunication equipment on order at the date of this memorandum but not delivered before March 31, 1949.

6. Responsibility for the operation known as "Northern Labrador Trading Operations" will be the subject of discussion between Canada and Newfoundland and, if necessary, the Province of Newfoundland.

7. Canada will take over free of debt the buildings, plant and equipment of the Broadcasting Corporation of Newfoundland, and will pay Newfoundland for current assets, as of March 31, 1949, consisting of cash on hand and in banks, accounts receivable (less reserve for bad debts), consumable stores (as determined by physical inventory), less current liabilities for accounts payable as of that date. It is understood that Newfoundland will retain cash reserves of the Corporation and particularly the General Reserve Fund, Special Renewals Equalization Fund, and Reserve Accounts of Broadcasting Houses at Corner Brook and St. John's respectively.

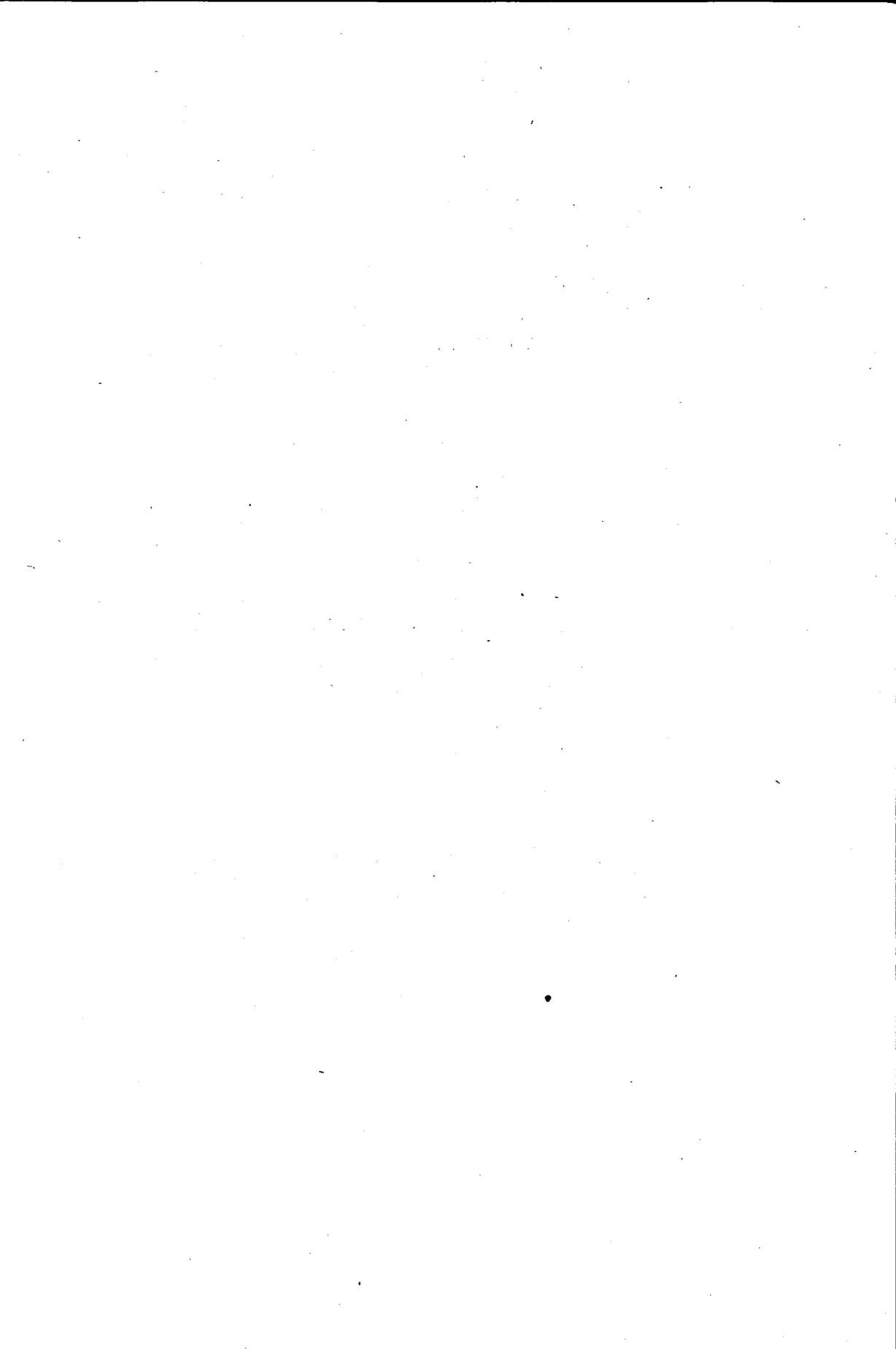
8. It is understood that Newfoundland will retain cash on deposit at March 31, 1949, in the Coin Redemption Account. Canada will reimburse Newfoundland as cash becomes available, for working capital advances as of March 31, 1949, to the Parcel Post Duty Imprest Account and the St. John's Harbour Commission.

9. It is understood that Newfoundland will retain the Essential Goods Revolving Fund or, if this service is taken over by Canada, will be reimbursed by Canada for working capital advances (to the extent that these are represented by current assets less current liabilities) as cash becomes available, as of March 31, 1949.

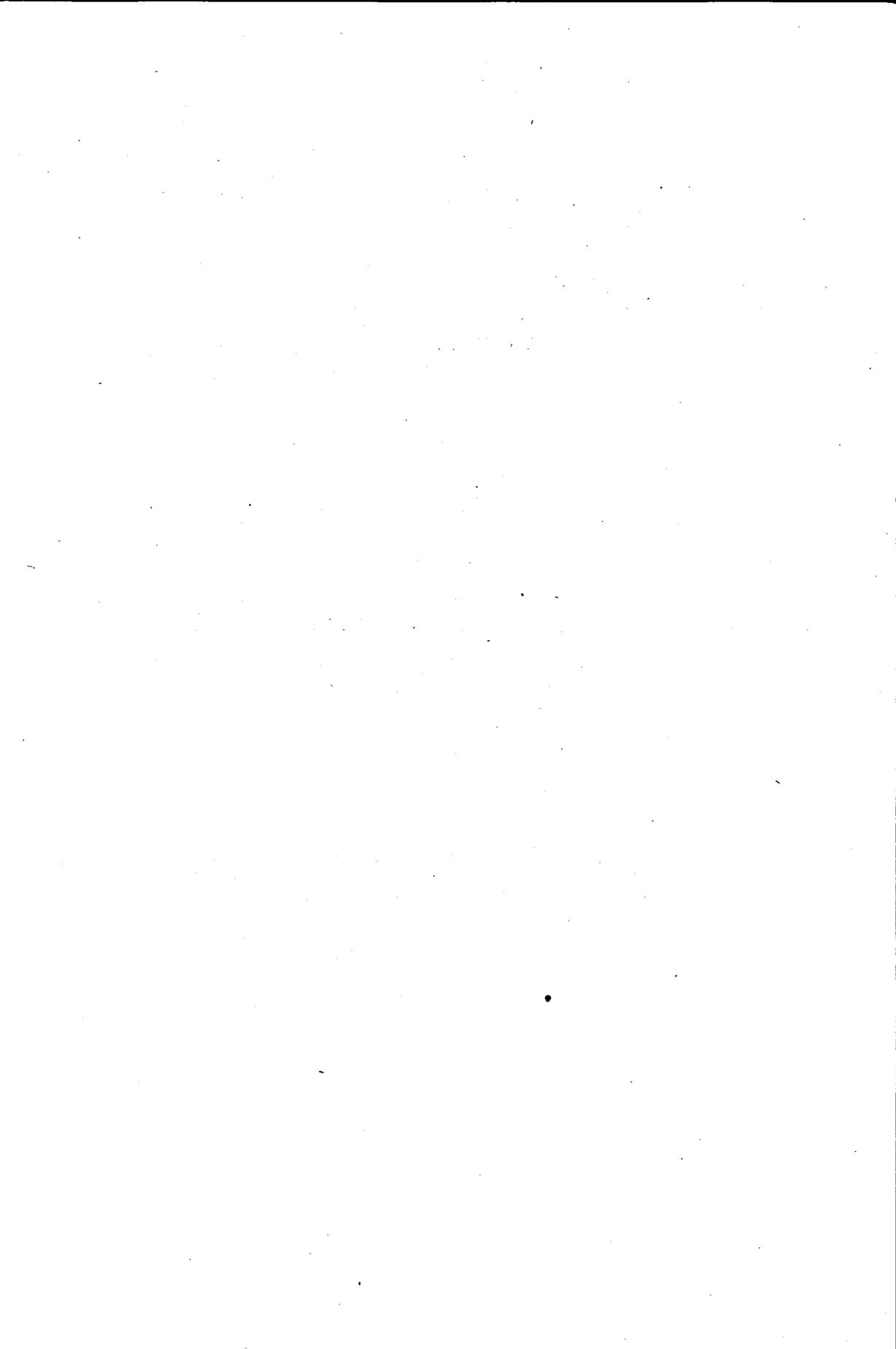
#### (xxiv) CHANGES IN ELECTORAL DIVISIONS

Regarding the method of change of the electoral divisions listed in the Schedule to the Terms of Union, the practice of the Parliament of Canada is to review the boundaries of electoral divisions in connection with each re-adjustment in parliamentary representation following each decennial census. The electoral divisions in the Schedule will be reviewed in accordance with this practice.

December 11, 1948.



## APPENDICES



## APPENDICES

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### Appendix 1

#### EXCHANGE OF LETTERS BETWEEN THE GOVERNOR OF NEWFOUNDLAND AND THE HIGH COMMISSIONER FOR CANADA REGARDING THE RECEPTION BY THE GOVERNMENT OF CANADA OF A DELEGATION FROM THE NATIONAL CONVENTION OF NEWFOUNDLAND.

Government House,  
St. John's, Newfoundland.  
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 the honour to be,

Your obedient servant,

(Sgd) GORDON MACDONALD  
*Governor of Newfoundland*

The High Commissioner for Canada  
in Newfoundland,  
St. John's.

Office of the  
High Commissioner for Canada,  
St. John's, Newfoundland,  
April 1, 1947

SIR:

In your note of March 20 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 inquiries 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 the 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 the 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 the 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 exploration by both parties of all the 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, Sir, the renewed assurance of my highest consideration.

(Sgd) J. S. MACDONALD  
*High Commissioner for Canada*

Sir Gordon Macdonald, K.C.M.G.,  
Governor of Newfoundland,  
St. John's, Newfoundland.

## Appendix 2

SUMMARY OF PROCEEDINGS OF MEETINGS BETWEEN DELEGATES  
FROM THE NATIONAL CONVENTION OF NEWFOUNDLAND  
AND REPRESENTATIVES OF THE GOVERNMENT  
OF CANADA, 1947

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 meeting open to the press and to the public, in the Railway Committee Room of the House of Commons on Wednesday, June 25, 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 annexed hereto.

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. Ilesley,  
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.

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This Summary of Proceedings was considered and agreed to at the final meeting of the Conference on September 29. The appendices herein referred to are contained in the *Report of Meetings between Delegates from the National Convention of Newfoundland and Representatives of the Government of Canada* (2 vols. mimeographed) tabled in Parliament, December 8, 1947.

#### 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 28, 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 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).\*

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).\* 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 2, 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

\* Not printed. See note page 47.

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 7, these statements were circulated and an extended discussion took place upon them. (For the texts of these questions and answers which served as a basis for discussion see Appendix IV.)\* 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.

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.\*

Sub-committee on Transportation, composed of Mr. Lionel Chevrier, 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

\* Not printed. See note page 47.

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>1\*</sup>

Sub-committee on Veterans' Benefits, composed of Mr. R. L. Melville, Mr. G. Murchison, Mr. E. J. Rider, Mr. T. J. Rutherford, and Mr. M. W. Sharp of the 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.\*

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 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.\*

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.\*

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.\*

Sub-committee on Housing, composed of Mr. 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.\*

Sub-committee on Fisheries composed of Mr. 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, Mr. P. W. Crummey, Rev. Lester L. Burry and Mr. J. R. Smallwood of the Newfoundland delegation. The Sub-committee explored the respective fields of jurisdiction of the Federal Government and the Provinces with respect to fisheries. The

\* Not printed. See note page 47.

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 Mariners Fund to Fishermen" was also prepared for submission to the plenary meetings. For copies of documents relating to these questions see Appendix XIII\*.

13. The work of the Sub-committee, and, indeed, the progress of the discussions generally, sustained a great loss in the untimely death of Mr. H. F. G. Bridges on August 10 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.\* Material on the subjects under consideration, additional to that set forth in Appendix II,\* was obtained from time to time by the Newfoundland delegation 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 Mr. J. L. Ilsley, Minister of Justice, Mr. 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. F. Higgins and Mr. J. R. Smallwood of the Newfoundland delegation, to co-ordinate 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.

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 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.

\* Not printed. See note page 47.

SPEECH BY THE PRIME MINISTER OF CANADA, THE RIGHT HONOURABLE W. L. MACKENZIE KING, AT THE FIRST MEETING BETWEEN DELEGATES FROM THE NATIONAL CONVENTION OF NEWFOUNDLAND AND REPRESENTATIVES OF THE GOVERNMENT OF CANADA ON JUNE 25, 1947.

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 postwar 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 union, was, however, not found at that time. In a historical sense, the discussions we are entering upon to-day 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 peoples 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 unburied 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 good-will. 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.

REPLY BY THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION,  
MR. F. GORDON BRADLEY, K.C.

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 myself of 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 more 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 to-day 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 Con-

vention 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 had 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 at 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 co-operative at a thousand 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, Canadians 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 heart-felt 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!"

### Appendix 3

#### LETTER FROM THE PRIME MINISTER OF CANADA TO THE GOVERNOR OF NEWFOUNDLAND, DATED OCTOBER 29, 1947, SUBMITTING PROPOSED ARRANGEMENTS FOR THE ENTRY OF NEWFOUNDLAND INTO CONFEDERATION

October 29, 1947

OFFICE OF THE PRIME MINISTER

OTTAWA, October 29, 1947.

HIS EXCELLENCY

SIR GORDON MACDONALD, K.C.M.G.,  
Governor of Newfoundland,  
St. John's, Newfoundland.

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. 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 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,

(Sgd.) W. L. MACKENZIE KING.

(Enclosure)

## PROPOSED ARRANGEMENTS FOR THE ENTRY OF NEWFOUNDLAND INTO CONFEDERATION

*Terms believed to constitute a fair and equitable basis for union of Newfoundland with Canada should the people of Newfoundland desire to enter into confederation.*

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 Pensions 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.

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 ship-wrecked 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

##### *Debt*

7. 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.

### *Public Works*

8. 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 31, 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, break-waters 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.

### *Accumulated Financial Surplus*

9. 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.

#### *Contract Rights Arising From Advances of Public Funds*

10. 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.

#### *Subsidies to Provincial Government*

11. Canada will pay to the Province of Newfoundland the following statutory subsidies:

- (1) \$180,000 and 80 cents 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.

#### *Tax Agreement*

12. Newfoundland will be entitled to enter into 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.)

*Transitional Grants*

13. 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.

*Re-assessment of Newfoundland's Financial Position*

14. 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

*Transportation*

16. (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.

#### *Government Employees*

17. (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.

#### *Unemployment Benefits*

18. 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 the 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.

#### *\*Education*

19. 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 or unite their schools and to receive, notwithstanding such amalgamation or union, their proportionate share of the public funds of Newfoundland devoted to education.

#### *Defence Establishments*

20. Canada will provide for the maintenance in Newfoundland of appropriate reserve units of the Canadian defence forces which will include the Newfoundland Regiment.

\*NOTE—See reference to education in the fourth paragraph of the covering letter from the Prime Minister of Canada.

*Oleomargarine*

21. 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.

*Economic Survey*

22. 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.

*General*

23. 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 Dependants' 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 supple-

menting disability and dependants' 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.

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.

## 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 dependants' 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.
- (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 31, 1947)

## PUBLIC DEBT

	Public Debt Outstanding Sinking Funds	
	£	\$
TOTAL DIRECT PUBLIC DEBT .....	82,377,047	9,221,748
To Be Assumed by Canada		
1. Public Debt Conversion under 23 & 24 Geo. V, Cap. 1, 2nd Session.		
(a) 3% Guaranteed Stock Conversion Issue, maturing 1943-63: Amount issued to Dec. 31, 1946..	17,793,405	71,885,356
(b) Deferred Securities not yet converted to Stock .....	6,460	26,098
TOTAL TO BE ASSUMED BY CANADA.....	71,911,454	8,342,380

## To be Retained by the Province of Newfoundland

2. Trustee Securities 3½% Loan, 1910-50 (10 Edw. VII Cap. 39) and 3½% Loan, 1912-52 (2 Geo. V Cap. 18)	872,528	3,525,013	nil*
3. Newfoundland 3½% War Loan 1940- 65 (Act No. 9 of 1940).....		1,500,000	316,350
4. Newfoundland 3½% 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 Ed. VII Cap. 1)		2,500	nil
6½% Bonds, 1918-28 (8 & 9 Geo. V Cap. 35) .....		1,600	nil
TOTAL TO BE RETAINED BY NEWFOUNDLAND		\$10,465,593	\$879,368†

\*An amount of \$3,232,000 to meet this loan at maturity has provisionally been set aside at 2½% interest in the Bank of England.

†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.

## SURPLUS

The accumulated surplus of the Newfoundland Government as at March 31, 1947, was estimated by the Newfoundland Commissioner for Finance to be \$28,789,000, including the \$3,232,000 set aside for payment of the Trustee Securities.

## ANNEX III

## TAX AGREEMENT APPLIED TO NEWFOUNDLAND

*Newfoundland would agree:*

1. To rent the following fields of taxation:
  - (a) Personal income taxes until the end of calendar year 1951;
  - (b) Corporation taxes (including corporation income taxes, but not royalties, rentals, etc., on natural resources) until the end of calendar year 1951;
  - (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 per cent 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.

*The Federal Government would agree:*

1. To make certain payments on the 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 per cent 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
	<hr/>
*Irreducible minimum payment.....	\$6,211,756.60

\*Total statutory subsidies for 1947 and minimum tax agreement payments to existing provinces are estimated (in round numbers) as follows:

#### 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 the 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 over-all (i.e, 102 per cent multiplied by 105 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 the 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.

	Statutory Subsidies	Minimum Tax Agreement Payments (Most Favourable Option)
Prince Edward Island .....	\$ 657,000	\$ 2,100,000
Nova Scotia .....	2,005,000	10,870,000 <sup>1</sup>
New Brunswick .....	1,632,000	8,773,000
Quebec .....	2,867,000	56,382,000 <sup>2</sup>
Ontario .....	3,115,000	67,158,000 <sup>2</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>1</sup> The signing of the agreement with Nova Scotia had not been completed (Oct. 29, 1947).

<sup>2</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*

	G.N.P. per capita (estimated)	% Change from 1942	Ratio
1942 .....	\$883·47349	.....	100·00000
1944 .....	939·07907	+9·68966	109·68966
1945 .....	940·87585	+6·49735	106·49735
1946 .....	910·78749	+3·09166	103·09166

NOTE.—These are the figures for Canada without Newfoundland. It is assumed that the inclusion of Newfoundland would not affect these ratios.

*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	x 111·93454 =	\$6,953,101·18
1945 .....	"	x 109·84997 =	6,823,612·76
1946 .....	"	x 107·44084 =	6,673,963·47
Average .....			\$6,816,892·47

*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 and import taxes .....	2,000,000
Liquor taxes .....	400,000
Tobacco taxes .....	500,000
General sales tax .....	4,000,000
Miscellaneous excise taxes and sources of revenue .....	1,500,000
Post Office .....	750,000
Bullion and coinage and 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 (1947 estimate) .....	\$ 6,820,000 <sup>1</sup>
Old age pensions .....	\$ 2,000,000 to 2,600,000 <sup>2</sup>
Family allowances .....	8,350,000
Other departmental expenditures .....	9,400,000
<b>Total .....</b>	<b>\$26,570,000 to \$27,150,000</b>

<sup>1</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>2</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.

*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.

#### Appendix 4

DESPATCH OF MARCH 2, 1948, TO THE GOVERNOR OF NEWFOUNDLAND FROM THE SECRETARY OF STATE FOR COMMONWEALTH RELATIONS, REGARDING THE REPORT OF THE NATIONAL CONVENTION AND THE QUESTIONS TO BE PUT BEFORE THE PEOPLE OF NEWFOUNDLAND AT THE NATIONAL REFERENDUM.

Commonwealth Relations Office,  
Downing Street,  
March 2, 1948.

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 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 negatived 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 discussions 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 the honour to be,

Sir,

Your most obedient, humble servant,

(Sgd.) P. J. NOEL-BAKER

Governor

Sir Gordon Macdonald, K.C.M.G., etc., etc., etc.

Government House,  
St. John's, Newfoundland.

## Appendix 5

### Reports of the Chief Electoral Officer of Newfoundland on the polls of June 3, 1948, and July 22, 1948, of the National Referendum

#### REPORT OF THE CHIEF ELECTORAL OFFICER RELATING TO THE FIRST POLL OF THE REFERENDUM HELD JUNE 3RD 1948

Electoral Districts	No. of Registered Electors	No. of Persons Voted June 3rd	% Vote	Votes for Commission of Govt.	Votes for Confederation with Canada	Votes for Responsible Govt.	% for Commission of Govt.	% for Confederation with Canada	% for Responsible Govt.
St. Barbe.....	3,755	3,030	80.69	639	1,949	442	21.09	64.32	14.59
White Bay.....	5,063	5,222	92.21	842	3,327	1,053	16.12	63.71	20.17
Green Bay.....	4,560	3,648	78.45	682	2,208	758	18.70	60.52	20.78
Grand Falls.....	11,458	12,580	109.79	3,025	5,078	4,477	24.05	40.37	35.59
Twillingate.....	5,513	3,638	65.99	1,544	1,569	525	42.44	43.13	14.43
Pogo.....	5,652	4,226	74.77	1,084	1,978	1,164	25.65	46.81	27.54
Bonavista North.....	6,743	5,116	75.87	595	3,252	1,269	11.63	63.57	24.80
Bonavista South.....	7,137	5,734	80.34	1,315	1,944	2,475	22.93	33.90	43.16
Trinity North.....	6,983	5,328	76.30	1,048	2,554	1,728	19.67	47.93	32.39
Trinity South.....	5,915	4,386	74.15	471	2,099	1,816	10.74	47.86	41.40
Carbonear-Bay de Verde.....	6,843	5,388	78.74	337	2,336	2,715	6.25	43.36	50.39
Harbour Grace.....	4,173	3,421	81.98	181	1,045	2,195	5.29	30.55	64.16
Port de Grave.....	4,603	3,469	75.36	242	1,409	1,818	0.98	40.62	52.40
Harbour Main-Bell Island.....	9,168	8,103	88.38	431	982	6,090	5.32	12.12	82.56
St. John's West.....	19,586	19,880	101.50	1,874	4,958	13,048	9.43	24.94	65.63
St. John's East.....	16,313	16,322	100.05	1,732	3,838	10,752	10.61	23.51	65.87
Ferryland.....	3,971	3,570	94.17	134	206	3,230	3.75	5.77	90.48
Placentia and St. Mary's.....	5,699	5,127	89.96	313	780	4,034	6.10	15.21	78.63
Placentia West.....	5,488	4,073	74.22	469	1,987	1,617	11.51	48.78	39.70
Burin.....	5,683	4,093	82.58	372	3,687	634	7.93	78.56	13.51
Fortune Bay and Hermitage.....	6,267	4,665	74.44	815	2,964	880	17.47	63.54	18.99
Burgeo and LaPoile.....	4,814	3,822	79.30	607	2,780	435	15.88	72.74	11.38
St. George's-Port au Port.....	6,769	6,465	95.51	1,030	3,053	2,382	15.93	47.22	36.84
Humber.....	10,745	11,588	107.84	2,367	6,225	2,996	20.43	53.72	25.85
Labrador.....	2,886	2,283	79.11	162	1,858	263	7.10	81.38	11.52
<b>TOTAL.....</b>	<b>176,297</b>	<b>155,777</b>	<b>88.36</b>	<b>22,311</b>	<b>64,066</b>	<b>60,400</b>	<b>14.32</b>	<b>41.13</b>	<b>44.55</b>

(Sgd.) N. SHORT,  
Chief Electoral Officer.

I, N. Short, of St. John's, Chief Electoral Officer, hereby make oath and say that the foregoing report made under the provisions of Section 21 of the Referendum Act, is true and correct.

N. SHORT,  
Chief Electoral Officer.

Sworn before me at St. John's this 12th day of August, 1948  
J. P. MULCAHY, Justice of the Peace.

REPORT OF THE CHIEF ELECTORAL OFFICER RELATING TO THE SECOND POLL OF THE REFERENDUM HELD JULY 22ND, 1948

Electoral Districts	No. of Registered Electors	No. of Persons Voted July 22	% Vote	Votes for Confederation with Canada	Votes for Responsible Government	% Vote for Confederation with Canada	% Vote for Responsible Government
St. Barbe.....	3,755	2,980	79.52	2,353	633	78.80	21.20
White Bay.....	5,663	5,502	97.16	4,171	1,331	75.81	24.19
Green Bay.....	4,650	3,352	72.09	2,392	960	71.36	28.64
Grand Falls.....	11,458	11,030	96.26	6,228	4,802	56.46	43.54
Twillingate.....	5,513	3,354	60.84	2,524	830	75.25	24.75
Fogo.....	5,852	3,937	69.66	2,438	1,499	61.93	38.07
Bonavista North.....	6,743	4,653	69.00	3,466	1,187	74.49	25.51
Bonavista South.....	7,137	5,260	73.70	2,730	2,530	51.90	48.10
Trinity North.....	6,983	4,844	69.37	3,153	1,691	65.09	34.91
Trinity South.....	5,915	4,302	72.73	2,593	1,709	60.27	39.73
Carbonear-Bay de Verde.....	6,843	5,132	75.00	2,705	2,427	52.71	47.29
Harbour Grace.....	4,173	3,201	76.71	1,206	1,995	37.68	62.32
Port de Grave.....	4,603	3,191	69.32	1,565	1,626	49.04	50.96
Harbour Main-Bell Island.....	9,168	8,215	89.61	1,431	6,784	17.42	82.58
St. John's West.....	19,586	18,706	95.51	6,193	12,513	33.11	66.89
St. John's East.....	16,313	15,679	96.11	4,895	10,784	31.22	68.78
Ferryland.....	3,791	3,965	104.59	612	3,353	15.44	84.56
Placentia and St. Mary's.....	5,699	5,001	87.75	920	4,081	18.40	81.60
Placentia West.....	5,488	3,771	68.71	2,067	1,704	54.81	45.19
Burin.....	5,683	4,801	84.48	4,079	722	84.96	15.04
Fortune Bay and Hermitage.....	6,207	4,515	72.04	3,675	840	81.40	18.60
Burgeo and LaPoile.....	4,814	3,707	77.00	3,296	411	88.91	11.09
St. George's-Port au Port.....	6,769	6,728	99.39	2,911	3,817	56.73	43.27
Humber.....	10,745	10,378	96.58	7,133	3,245	68.73	31.27
Labrador.....	2,886	3,447	119.44	2,681	766	77.78	22.22
<b>TOTAL.....</b>	<b>170,207</b>	<b>149,657</b>	<b>84.89</b>	<b>78,323</b>	<b>71,334</b>	<b>52.34</b>	<b>47.66</b>

(Sgd.) N. SHORT,  
Chief Electoral Officer,

I, N. Short, of St. John's, Chief Electoral Officer, hereby make oath and say that the foregoing report made under the provisions of Section 21 of the Referendum Act, 1948, is true and correct.

N. SHORT,  
Chief Electoral Officer.

Sworn before me at St. John's this 26th day of August, 1948  
J. P. MULCAHY, Justice of the Peace.

## Appendix 6

## STATEMENTS OF JULY 30, 1948, REGARDING SECOND POLL OF THE NATIONAL REFERENDUM

- (a) Statement issued by the Right Hon. W. L. Mackenzie King on July 30, 1948:

As Prime Minister of Canada, I sent to the Governor of Newfoundland on October 29, 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."

On Thursday, July 22, 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 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 will not materially alter the result. It would also appear that close to 85 per cent 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 the 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 the terms of union on the basis of my letter of October 29, 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 on June 23, 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 may 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 foreseen by those men of courage and vision in both countries who, many years ago, began the work of Confederation.

(b) Text of statement issued by the Government of the United Kingdom on July 30, 1948.

It will be recalled that following the decision which was taken by His Majesty's Government in the 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.

(c) Text of a statement issued by His Excellency the Governor in Commission on July 30, 1948.

1. On July 24 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 authorized 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 authorized 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 good will, 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.

## Appendix 7

### THE APPOINTMENT OF THE REPRESENTATIVES OF NEWFOUNDLAND, AUGUST 5, 1948

Excerpt from the *Newfoundland Gazette* of August 10, 1948

Published by Authority

His Excellency the Governor in Commission has been pleased to appoint the following persons to represent Newfoundland in the forthcoming negotiations with representatives of Canada respecting the terms of Union between the two countries in accordance with the statement issued by the Right Honourable the Prime Minister of Canada on the 30th July, 1948.

The Honourable Albert J. Walsh, K.C., LL.B. (Chairman)  
F. Gordon Bradley, Esq., K.C., LL.B.  
Chesley L. Crosbie, Esq.  
Philip Gruchy, Esq., C.B.E.  
John B. McEvoy, Esq., K.C., LL.B.  
Joseph R. Smallwood, Esq.  
Gordon A. Winter, Esq.

Dated the 5th day of August, 1948.

(sgd.) W. M. MARSHALL  
Acting Secretary of Commission  
of Government

## Appendix 8

## ORDER-IN-COUNCIL P.C. 5772 OF DECEMBER 10, 1948, DESIGNATING THE REPRESENTATIVES OF CANADA THAT SHOULD SIGN THE TERMS ON BEHALF OF CANADA.

P.C. 5772

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 10th December, 1948.

The Committee of the Privy Council advise that the Right Honourable Louis S. St. Laurent, Prime Minister, and the Honourable Brooke Claxton, Acting Secretary of State for External Affairs, be authorized to sign, on behalf of Canada, the annexed memorandum of agreement to be entered into on the eleventh day of December, 1948, setting forth the Terms of Union of Newfoundland with Canada.

(sgd.) A. D. P. HEENEY

*Clerk of the Privy Council*

## Appendix 9

## SUMMARY OF PROCEEDINGS OF NEGOTIATIONS BETWEEN NEWFOUNDLAND DELEGATION AND COMMITTEE OF THE CANADIAN CABINET, 1948

The formal opening of the negotiations for the entry of Newfoundland into Confederation was held in the Senate Chamber on Wednesday, October 6, 1948, at 12 o'clock noon. The meeting was open to the Press and the public.

The Newfoundland delegation was welcomed by the Right Honourable Louis S. St. Laurent, Acting Prime Minister. The Honourable A. J. Walsh replied on behalf of the Newfoundland delegation. The text of the addresses given by the Acting Prime Minister and by the Chairman of the Newfoundland delegation are annexed hereto.

On a joint motion by Mr. St. Laurent and Mr. Walsh, the meeting adjourned until the following day at 3.00 p.m. All subsequent meetings were held in camera with the exception of the concluding session at which the terms of union were signed.

## MEMBERSHIP

The Newfoundland delegation was composed of the following members:

The Honourable Albert J. Walsh, K.C. (Chairman),

Mr. F. Gordon Bradley, K.C.,

Mr. Chesley L. Crosbie,

Mr. Philip Gruchy, C.B.E.,

Mr. John B. McEvoy, K.C.,

Mr. Joseph R. Smallwood,

Mr. Gordon A. Winter.

Advisors to the Newfoundland delegation were:

- Mr. W. M. Marshall, Secretary for Finance,
- Mr. H. G. Puddester, K.C., Secretary for Justice,
- Mr. J. C. Thompson, Financial Advisor,
- Mr. V. C. McDonald, K.C., Legal Advisor.

The advice of other Newfoundland officials was also available from time to time as required on matters relating to their particular departments.

The Cabinet Committee appointed to meet with the Newfoundland delegation was composed of the following ministers:

- The Right Honourable Louis S. St. Laurent, (Chairman),  
Acting Prime Minister and Minister of Justice<sup>1</sup>,
- The Right Honourable C. D. Howe,  
Minister of Trade and Commerce,
- The Honourable Brooke Claxton, (Deputy Chairman),  
Minister of National Defence,
- The Honourable D. C. Abbott,  
Minister of Finance,
- The Honourable J. J. McCann,  
Minister of National Revenue,
- The Honourable M. F. Gregg,  
Minister of Veterans Affairs,
- The Honourable R. W. Mayhew,  
Minister of Fisheries,
- The Honourable L. B. Pearson,  
Secretary of State for External Affairs.

The Cabinet Committee was advised from time to time by the following:

- Mr. C. J. Burchell, K.C.,  
High Commissioner for Canada in Newfoundland;
- Mr. Walter Harris, K.C., M.P.,  
Parliamentary Assistant to the Prime Minister;
- Mr. C. B. MacNaught, M.P.,  
Parliamentary Assistant to the Minister of Fisheries;

and by the following interdepartmental committee of officials:

- Mr. R. A. MacKay (External Affairs), (Chairman),
- Mr. M. W. Sharp (Finance),
- Mr. J. E. Coyne (Bank of Canada),
- Mr. J. E. Howes (Bank of Canada),
- Mr. Stewart Bates (Fisheries),
- Mr. Alex. Skelton (Trade and Commerce),
- Mr. Charles Stein (Justice),
- Mr. J.-C. Lessard (Transport),
- Mr. J. R. Baldwin (Privy Council).

Members of the Secretariat were Mr. J. R. Baldwin and Mr. Paul Pelletier of the Privy Council Office and Mr. J. Channing of the Newfoundland Public Service.

<sup>1</sup>Mr. St. Laurent became Prime Minister during the course of the negotiations upon the resignation of the Right Honourable W. L. Mackenzie King.

## TERMS OF REFERENCE

The terms of reference under which the Canadian Cabinet Committee and the Newfoundland delegation negotiated the terms of union are contained in the following extracts from statements issued by the Canadian and United Kingdom governments and the Governor 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 29, 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."

(Statement by the Prime Minister of Canada, July 30, 1948—see Appendix 6 a).

"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."

(Statement issued by the United Kingdom Government, July 30, 1948—see Appendix 6 b).

"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 authorized 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."

(Statement issued by the Government of Newfoundland July 30, 1948.—see Appendix 6 c).

## PROCEDURE

Sub-committees composed of Canadian and Newfoundland representatives and assisted by officials were established from time to time. The more important of these sub-committees were the following:

- (a) *Sub-committee on Drafting*: The Honourable Joseph Jean, Solicitor General for Canada (Chairman). Mr. Walter Harris, M.P., Parliamentary Assistant to the Prime Minister, Honourable A. J. Walsh, Mr. F. G. Bradley, Mr. J. B. McEvoy.

The Sub-committee was assisted by: Mr. F. P. Varcoe, K.C., Deputy Minister of Justice, Mr. Charles Stein, Mr. E. A. Dreidger, Mr. C. J. Burchell, K.C., and by Mr. H. G. Puddester and Mr. V. C. McDonald for Newfoundland.

- (b) *Sub-committee on Finance*: The Honourable D. C. Abbott (Chairman), the Honourable A. J. Walsh, Mr. Philip Gruchy.

The Sub-committee was assisted by: Dr. W. C. Clark, Deputy Minister of Finance, Mr. M. W. Sharp, and other officials of the Department of Finance, National Revenue, Trade and Commerce, and the Bank of Canada; Newfoundland advisers—Mr. M. W. Marshall, and Mr. J. C. Thompson.

- (c) *Sub-committee on Fisheries*: The Honourable R. W. Mayhew, Minister of Fisheries (Chairman), the Honourable M. F. Gregg, Minister of Veterans Affairs, and all members of the Newfoundland delegation.

The Sub-committee was assisted by: Mr. Stewart Bates, Deputy Minister of Fisheries, and other officials of the Departments of Fisheries, Finance, Trade and Commerce, and Justice; on behalf of Newfoundland Mr. R. Gushue, Chairman of the Newfoundland Fisheries Board, Mr. H. G. Puddester, Mr. V. C. McDonald.

(d) *Sub-committee on Transport*: The Honourable Lionel Chevrier, Minister of Transport (Chairman), the Honourable A. J. Walsh, Mr. Philip Gruchy, Mr. F. G. Bradley.

The Sub-committee was assisted by: Mr. J. C. Lessard, Deputy Minister of Transport, Lieutenant Commander C. P. Edwards, Deputy Minister of Transport for Air Services, members of the Canadian Maritime Commission, the Board of Transport Commissioners, National Harbours Board, and officials of the Department of Transport and the Canadian National Railways; Newfoundland officials—Mr. W. S. Roddis, Secretary for Posts and Telegraphs, Captain M. G. Dalton, Marine Superintendent, Mr. H. J. Russell, General Manager of the Newfoundland Railway, and other officials of the Newfoundland Department of Public Works and the Newfoundland Railway.

(e) *Sub-committee on Veterans Affairs*: The Honourable M. F. Gregg, Minister of Veterans Affairs (Chairman), the Honourable A. J. Walsh, Mr. F. G. Bradley, Mr. C. A. Crosbie, Mr. Philip Gruchy, Mr. J. R. Smallwood, Mr. G. A. Winter.

The Sub-committee was assisted by: Mr. W. S. Woods, Deputy Minister of Veterans Affairs, Brigadier J. L. Melville, Chairman, Canadian Pension Commission, and officials of the Department of Veterans Affairs and Finance.

An opportunity was given by the committee to the Canadian Legion and the Great War Veterans Association of Newfoundland to express their views.

## FINAL SESSION

Negotiations between the Newfoundland delegation and the Cabinet Committee were formally concluded at a public meeting held at 12 o'clock noon in the Senate Chamber on Saturday, December 11, 1948.

The Terms of Union were signed on behalf of Canada by the Prime Minister and the Acting Secretary of State for External Affairs under authority of Order in Council P.C. 5772 of December 10, 1948 (Appendix 8) and by the following members of the Newfoundland delegation:

The Honourable A. J. Walsh  
 Mr. F. G. Bradley  
 Mr. P. Gruchy  
 Mr. J. B. McEvoy  
 Mr. J. R. Smallwood  
 Mr. G. A. Winter

The inkstand used in the signing of the agreement was that which was used by the Fathers of Confederation in 1864 and again at the 1943 Quebec Conference by Mr. Mackenzie King, President Roosevelt and Mr. Winston Churchill.

The Prime Minister also signed a memorandum, addressed to the Chairman of the Newfoundland delegation, which included a number of statements on questions raised by the Newfoundland delegation during the discussions. The memorandum does not form part of the Terms of Union but contains statements of Government policy and administrative arrangements designed to facilitate the union.

Addresses by the Prime Minister and the Chairman of the Newfoundland delegation, the full texts of which are annexed hereto, concluded the proceedings.

ADDRESS OF WELCOME BY THE ACTING PRIME MINISTER OF  
CANADA, THE RT. HON. LOUIS ST. LAURENT, TO THE OFFICIAL  
DELEGATION FROM NEWFOUNDLAND, OCTOBER 6, 1948

Mr. Walsh and members of the delegation from Newfoundland:

Today it is my pleasant duty to welcome you, the delegation from Newfoundland, appointed to negotiate the precise terms of the entry of Newfoundland into Confederation. We welcome you as representatives of a people who share with us great traditions and who with us occupy half a continent. We welcome you with a warm heart and with every good wish for an early and favourable outcome to these negotiations.

We are gathered in this Chamber on an historic occasion. I think it is not too much to say "historic," whether we are thinking of the future or of the past. The linking of the fortunes of two countries in a common destiny must always be an act of faith in the future. I need not, moreover, emphasize the uncertainties and dangers in the world at large of present times. It is our earnest hope that union will better assure the future safety and welfare of both peoples.

Twice before Newfoundland has stood on the threshold of Confederation. The Chairman of the delegation that came to Ottawa from the National Convention in June, 1947, spoke of the great dream of the founders of Confederation of a nation stretching from Victoria to St. John's, and he named two from among the people of Newfoundland—Sir Frederick Carter and Sir Ambrose Shea—who shared that dream and did what they could to see it realized. These men are honoured by Canadians as two of the Fathers of Confederation. Again there was the conference of 1895 that ended in a second unsuccessful attempt to bring about the entry of Newfoundland into Confederation. The union, the terms of which we now hope to settle, will be the realization of an old dream. Union will be based on more than a dream. Newfoundland and Canada have been closely associated not only during years of peace but also in two gigantic struggles for the preservation of a common heritage.

To turn to very recent events, the most recent approach to Confederation began when the National Convention of Newfoundland decided to explore the possibilities of Union with Canada. A delegation from the Convention was accordingly sent to Ottawa in June, 1947. Its task was to enquire what fair and equitable basis might exist for the entry of Newfoundland into Confederation. For a period of about four months a committee of our Government joined with that delegation to exchange information and to enquire into the many and complex matters that would arise should union be undertaken. Then, on October 29, 1947, Mr. Mackenzie King, as Prime Minister of Canada, sent to the Governor of Newfoundland, a statement of the terms that the Canadian Government believed would constitute a fair and equitable basis of union. These terms were made known to the people of Newfoundland and Canada. A majority of the people of Newfoundland have since indicated in a plebiscite their support of Confederation with Canada.

The Canadian Government welcomed the result of the plebiscite of last July. In a statement issued on July 30, 1948, shortly after the result was known, Mr. King said:

"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 . . . 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 . . . Together, as partners, we may look forward to the future with more confidence than if we had remained separate political communities."

For Newfoundland, entry into Confederation will not, of course, entail any loss of local identity. Provinces are well-defined units within the federal system, having complete autonomy within their constitutional jurisdiction. Included in the provincial sphere are, of course, such matters as education and property and civil rights, and these are fundamental to the preservation of what is peculiar to the local community in each part of Canada.

Mr. King's statement on July 30 went on to say:

"The Government will also be glad to receive with the least possible delay authorized representatives of Newfoundland to negotiate the terms of union on the basis of my letter of October 29, 1947, to the Governor of Newfoundland, and the document transmitted with it. In these negotiations any special problem 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 the latter connection, Mr. King recalled his statement made in the House of Commons on June 23, 1947, that "on the part of Canada no final decision would, of course, be taken without the approval of Parliament."

We are meeting here today with the authorized representatives appointed by His Excellency the Governor of Newfoundland. It is our mutual responsibility to examine and settle the final terms of union between Newfoundland and Canada.

The following members of the Government have been designated, together with myself, to meet with you, the delegation from Newfoundland:

The Minister of Trade and Commerce, Mr. Howe;  
 The Minister of National Defence, Mr. Claxton;  
 The Minister of Finance, Mr. Abbott;  
 The Minister of National Revenue, Dr. McCann;  
 The Minister of Veterans Affairs, Mr. Gregg;  
 The Minister of Fisheries, Mr. Mayhew;  
 and the Secretary of State for External Affairs, Mr. Pearson.

Our other colleagues will, of course, also be available to participate in our discussions whenever that may appear to be desirable.

It is the wish of the Government that the delegation from Newfoundland should have every possible assistance during the negotiations and a courteous and ready response to their requests for information. One of the matters to be settled is the question of procedure. That is a first joint task of the committee and the delegation.

Much exacting and painstaking work has been done here during the last few months in preparation for your coming. I am sure that the labours on your part have been equally heavy. In the forthcoming discussions the people of Canada will, I know, wish both parties God-speed. For my own part and that of all my colleagues in the Canadian Government, I would assure you of our close and lively interest, in whatever degree each of us may from time to time directly participate.

It is true that much of our discussion will relate to matters of detail; and that the representatives of Canada and Newfoundland alike have a duty to safeguard the interests of those whom they represent. But I like to think that we shall not lose sight of the fact that we are seeking to complete a union which will be one nation with an over-riding common interest and common loyalty for all its citizens. I dare to hope that the result of our labours will commend itself to the vast majority of the people of Newfoundland as well as to most of those who are already Canadians. I prefer to believe that many, if not

most, of those who, in Newfoundland, voted for Responsible Government were not thereby necessarily voting against union with Canada, but were rather expressing a preference for a different method of approach. We in Canada believe we know something of responsible government; the very phrase itself originated here; and this very year is the centenary of the achievement of responsible government in Canada. One thing is sure, the objective itself is more important than the approach, and when union is achieved it will give to the people of Newfoundland the fullest measure of responsible government, both as an autonomous province, and as a full partner in a free and self-governing nation.

REPLY BY THE CHAIRMAN OF THE NEWFOUNDLAND DELEGATION,  
THE HON. A. J. WALSH, K.C.

Right Honourable Mr. St. Laurent:

I am happy to express to you and, through you, to the Government and people of Canada the appreciation of the Newfoundland Representatives of the warm and cordial welcome which has been extended to us this afternoon and of the very practical expression of welcome which we have received since our arrival in Canada yesterday. On behalf of the Government and people of Newfoundland, I have the honour to acknowledge the generous tributes paid to our country and its people on the occasion of our arrival to discuss terms of Union between our two countries.

Our countries have for many years been closely associated, particularly in those larger undertakings which arise from common allegiance and common national interest. Our peoples have been even more closely associated as individuals by reason of personal and business relations and, in many cases, daily contacts. There exists a spirit of genuine friendship and understanding between our peoples who have been drawn closely together as they have shared common dangers and have, with improvement of communications, had the opportunity of more frequent and extended meetings.

We now meet as representatives of our countries and our peoples to consider and discuss together the question of Union of our two countries and to arrive at an agreement upon the full terms and arrangements by which they will join together within the framework of that masterpiece of political and constitutional vision—the British North America Act.

With the events leading up to the federation of the colonies in 1867 and the circumstances surrounding the union you will all be more familiar, of course, than we are. Newfoundland was invited to send delegates to the Quebec Conference in 1864 and its two representatives reported on their return that they had signed the report of the conference with the full conviction that the welfare of the Colony would be promoted by entering the union. The question was submitted to the people and a Government pledged to Confederation was returned. New terms were drafted and a delegation again came to Canada where complete agreement was reached. Upon these terms the question of Union was again submitted to the people but was decisively defeated. Whether the people of Newfoundland were wise in the final decision upon the issue at that time it is difficult now to say, as the circumstances and conditions existing in Newfoundland were greatly different from those in the case of all the other Colonies and there is no case exactly parallel which may be used for comparison. On one ground the decision cannot be questioned and that is that it was made by the people in the exercise of their democratic right. In 1895 a delegation again came to Canada but agreement could not be reached. Politically, Newfoundland has continued along with a unitary system of government.

Our people have naturally been concerned with their own history and their own problems and have not found it necessary to take more than an academic interest in the history and development of the federal system. Within the past two years, however, the question has become one of immediate interest to them and at a plebiscite held on July 22 past the majority of the electors expressed the wish that Newfoundland enter into Confederation with Canada: As a result of the vote at the plebiscite and in accordance with the assurance given to the people of Newfoundland when they were informed of the questions to be submitted to them, we were appointed by the Government of Newfoundland, following the issue by the Right Honourable the Prime Minister of Canada on July 30 past of a statement in which he said:

"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 29, 1947, to the Governor of Newfoundland, and the document transmitted with it."

Before the plebiscite the people had had the benefit of full discussion of the proposed arrangements for the entry of Newfoundland into Confederation which had been submitted by the Government of Canada to an elected National Convention which had been sitting in the Island and which had sent to Canada a delegation of its members to ascertain what fair and equitable basis of federal union between the two countries existed. As you are well aware, Sir, that delegation discussed the question with a committee of your Government. As a result of these discussions much valuable information respecting the public services of both countries was obtained by both sides. We, as representatives of Newfoundland, in the course of our examination and study of the question of Union and its implications to Newfoundland at our meetings during the past few weeks, have received great assistance from the reports of these discussions and, on behalf of the delegation which I lead, I pay tribute to those who have so fully clarified the issue.

At the first meeting between the delegates of the National Convention and representatives of the Government of Canada the Right Honourable the Prime Minister remarked:

"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 peoples it would involve some alteration in their traditional outlook".

The members of the Newfoundland delegation are deeply conscious of the changes involved for their country. When it is considered that a complete change for our people, constitutionally, administratively, and economically, will be involved in adjusting themselves to a new system, it will be realized how properly the words of the Prime Minister apply in the case of Newfoundland. A considerable change in the traditional outlook of the people will also be involved. Since 1867 great developments have taken place in both of our countries, and more complex problems arise for adjustment in the arrangements for a union which will involve such fundamental alterations in the case of Newfoundland. With understanding on both sides, however, these problems should present little difficulty.

In October, 1864, there was held at Quebec one of the most important conferences in history. There the great federation was approved by representatives of the colonies, including Newfoundland, and the majority proceeded to form the Union. Again in October representatives of Newfoundland have come to carry on discussions and to settle terms which will, we hope, be mutually

acceptable and prove to be mutually advantageous to both countries. It appears that the great vision of the Fathers of Confederation of a unified Canada extending from the United States of America far into the north and from the Pacific Ocean far into the waters of the Atlantic is about to be fully realized. I am sure that these considerations will be present in our minds and I feel confident that as a result of these discussions Newfoundland and her people will find a happy place in this Federation.

And finally, Sir, I renew my expression of appreciation of the Newfoundland representatives to you, the members of your Government and the people of Canada.

CONCLUDING PLENARY SESSION OF THE MEETINGS BETWEEN  
THE NEWFOUNDLAND DELEGATION AND REPRESENTATIVES  
OF THE GOVERNMENT OF CANADA DECEMBER 11, 1948

*Speech by Rt. Hon. Louis S. St. Laurent, Prime Minister of Canada*

Mr. Walsh and Gentlemen:

For two months the official Delegation from Newfoundland has been working out with representatives of the Government of Canada precise terms for the entry of Newfoundland into Confederation. I am sure all of us are agreed that our labours have been characterized by a spirit of mutual understanding and good-will. The representatives of the Government of Canada have endeavoured to appreciate the position and views of the delegation from Newfoundland, to be responsive to requests for information, and generally to facilitate the negotiations. I hope we have succeeded. I know I am speaking for all the Canadians who have participated in our discussions when I express warm appreciation of the broad outlook and co-operative attitude of the Newfoundland delegation.

I feel that I shall be speaking for the Newfoundland delegation, as well as for my colleagues, when I express our thanks for the hard work and efficient service of the officials and the clerical staffs on both sides, who have been associated with these arduous and complicated negotiations.

All of us in this room know it has not been a simple task to arrive at exact terms of union. At this moment, it may be appropriate to recall what had been accomplished before our labours began on October 6. Time and study were required to determine whether there was a fair and equitable basis for the entry of Newfoundland into Confederation. A delegation from the National Convention of Newfoundland spent four months here in Ottawa in 1947, exploring this question with a committee of the Canadian Government. Following that study, Mr. Mackenzie King communicated to the Governor of Newfoundland the general terms the Canadian Government would be prepared to recommend to Parliament as a basis for union. Then the people of Newfoundland were given, in a democratic manner, an opportunity to decide whether, on that basis, they wished Newfoundland to unite federally with Canada. When the people of Newfoundland, by a majority vote in a referendum on July 22, 1948, had expressed their desire to enter into Confederation, Mr. King announced that the government of Canada would be glad to receive authorized representatives of Newfoundland to work out the precise terms of an agreement for union. That agreement has now been concluded, and as Mr. King indicated, the next stage in Canada will be its submission to Parliament for approval. It will also require to be approved by the Government of Newfoundland and confirmed by an act of the British Parliament.

The agreement has required long and careful consideration. You for Newfoundland and we for Canada have had to do our respective bests to

safeguard the interests of those whom we represent. Happily, our primary concern has not been for the narrow advantage of each, but to assure our common interests in one enlarged nation. We have, it is true, had certain difficulties. But, as D'Arcy McGee once said when talking about objections that had been raised to Confederation, "I have never heard . . . of any state being founded or enlarged or delivered from danger, except by surmounting difficulties."

In many ways the problems we have surmounted have been more difficult and more complex than those faced by the Fathers of Confederation in 1867. Government then was a simpler business than government today, and the economies of the British North American colonies of that day were more alike than are the economies of Newfoundland and Canada today. In the years intervening since 1867, we have gone our separate ways; we have developed differently; and we have built up quite different administrative systems. Marriage between adults of mature years requires greater adjustment and a broader tolerance of differences between the parties than does marriage between younger folk just starting to assume the responsibilities of life. So, too, with the union of mature countries. We may, I think, congratulate ourselves that we have successfully surmounted these difficulties in such a relatively short space of time.

Now at last we have reached agreement and the terms of agreement for the entry of Newfoundland into Confederation have been signed. The date of union on which we have set our sights is March 31, 1949. Upon that day, I profoundly hope we shall see the fruition of our work. Some details in our agreement may not meet the approbation of all. But I would ask those who may not be satisfied with every detail to think of the general good which flows from this historic act. It is my sincere hope—and my belief—that the future will find the vast majority of people in what is now Canada and the vast majority of people in Newfoundland in continued and warm agreement as to the justice and wisdom of these terms of the union.

The entry of Newfoundland into Confederation will, I am confident, be of mutual advantage to both parties. When, over 81 years ago, the plans for the union of the British colonies of North America were being drafted, the problem of defence and security was in the minds of a good many people who favoured union. During two wars, Canada and Newfoundland have worked in exceedingly close co-operation for mutual defence and the achievement of victory. The question of defence and security is very much in our minds again to-day. With Newfoundland forming the tenth province of Canada, I think that both we in Canada and you in Newfoundland will feel more secure than heretofore in this troubled world.

Union will bring our two peoples much closer together. That, to my mind, will be its most important consequence. Already we have much in common. We enjoy the same heritage. We have the same political traditions. We are certainly not strangers to each other. Now we shall be able to cultivate to the full our old associations and to build new ones. As Mr. Bradley said when the delegation from the National Convention came to Ottawa in June, of 1947, "should 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." Canadians are equally "eager and determined to pull their weight."

Canada has made tremendous strides in the eighty-one years that have passed since the four original provinces joined in Confederation on July 1st, 1867. We are a united people. Our strength, both physical and economic, has increased many fold. We are prosperous. But we have not ceased working for an ever-brighter future, with increased well-being and security for our people. In Confederation, the people of Newfoundland will share all the advantages now enjoyed by the rest of the Canadian people of whom they will then form a part.

(Spoken in French)

I should like to say a word about the kind of nation Canada is, and to emphasize my point by saying it in the French language. This nation of ours, which you are about to enter, is based on an equal partnership of the two great races with whom the history of Newfoundland as well as the history of Canada is so closely associated. Our country has two official languages and two distinct though closely related cultures. But we are one people. We are ready to welcome you from Newfoundland into that nation and we are confident that you will join with us in upholding the distinctive character of the Canadian nation, of which Sir John A. Macdonald said, shortly before the close of his life nearly sixty years ago: "We have a constitution now under which all British subjects are in a position of absolute equality, having equal rights of every kind—of language, of religion, of property and of person. There is no paramount race in this country; there is no conquered race in this country."

Nowadays we are more apt to talk about Canadian citizens than British subjects; but the ideal has not changed. The foundations of our nationhood are, and will remain, mutual tolerance and equal partnership.

With the signing of the agreement by which Newfoundland is to become a province of the Canadian nation, we have concluded that part of our labours, and concluded them successfully. In another and in a much more important respect, our common task is only beginning. No nation can ever stand still. The fact that we are here is evidence of that. Newfoundland has felt the change of the times and the development of new factors in its political and economic life. Canada too has felt the force of change and development. Sir Frederick Carter, one of the original Fathers of Confederation from Newfoundland, said of Canada, on one occasion, "as you advance we must advance." With Newfoundland entering Confederation, I believe the advance towards greater unity and prosperity on the northern half of this continent will be steadier and surer.

Gentlemen, I am confident of our united future. My colleagues in the Government and I are happy and proud to have had this opportunity of working with you. We, with the people of Canada, look forward to the last great step in Confederation. We believe that, with you, we have had the privilege of completing the structure of a "Union strong and great."

#### REPLY BY HON. A. J. WALSH, CHAIRMAN OF THE NEWFOUNDLAND DELEGATION

Mr. Prime Minister and Members of the Committee of the Government of Canada—

For over two months the representatives of Newfoundland have been meeting with you to discuss the many problems—financial, economic, administrative and constitutional—which are involved in the union of Newfoundland with Canada or will arise as a result of that union. Together we have been endeavouring to work out an arrangement between our two countries which will serve to promote the welfare of both and protect the interests of each.

The Terms of Union which we have just signed on behalf of our Governments embody the agreement reached on financial, economic and constitutional matters and with the British North America Acts, will form the basis on which the constitutional edifice of the proposed new province will rest. Of less formality but great practical importance is another document which deals largely with administrative matters and records Government policy respecting them in their application to Newfoundland during the period immediately following union.

The great constitutional principles applying to this Federal system of Government were worked out prior to 1867 by the Fathers of Confederation and applied to the four original provinces when they united to form one Dominion under the name of Canada, and these principles also applied with but slight, if any, variation to provinces subsequently admitted to the union. Apart from providing for the machinery of Government in the province, because of the present constitutional position of Newfoundland, it has not been found necessary to deal to any great extent with constitutional matters.

Since 1867, however, great developments have taken place in Newfoundland and her economy has broadened considerably. The people of this new province will depend upon its economy to provide a livelihood for themselves and their families and careful consideration of economic questions was necessary at the recent discussions in order, as far as possible, to ensure the existence of conditions which would provide reasonable prosperity in its industries.

With the Government of the Province will remain the responsibility of providing the major public services which are so essential to the welfare of the people. Financial questions of great importance to the province arose for discussion, as undoubtedly they have on similar occasions in the past. After long and careful study of the services provided in Newfoundland, the costs involved in providing necessary services for a thinly scattered population, the system of raising public revenues at present applying and the sources from which revenues may within provincial powers be drawn, agreement on these important questions was reached.

In many respects and for different reasons, the policy of Newfoundland, particularly that respecting regulation of trade and commerce and promotion of industrial enterprises, has differed from the policy of Canada, and provision has in many cases been made respecting matters of importance to Newfoundland in these fields.

Our discussions have, therefore, covered a wide range of topics, because without doubt union will involve changes of great importance for Newfoundland in many directions. Many of the questions were discussed by the committee of the National Convention which in 1947 met representatives of your Government to ascertain whether a fair and equitable basis for union existed. The Proposed Arrangements submitted to the National Convention following those discussions were debated in the Convention and were before the people when in July last they, by a majority, at a referendum voted in favour of union with Canada. In accordance with the undertaking given to the people by the Government of the United Kingdom before the referendum, this delegation was appointed to discuss and settle the full terms of union. In signing the Terms of Union today we, as representatives of Newfoundland, do so with the knowledge that they make more adequate provision for the needs of the proposed new province than those before the people at the referendum, and in our opinion assure to the provincial government a period of financial stability.

The signing of this important document is one of great historic significance. The provisions of the document as a constitutional instrument will probably be examined and construed by courts on many occasions; its financial provisions will probably form the basis for claims and counter-claims. Its great importance, however, lies in recording an agreement between representatives of two countries to unite into one great country with a common citizenship for its people who will in the strength of unity stand together and face the future with confidence. The occasion is one of particular significance because of the failure of efforts to bring about union on former occasions with the result that Newfoundland stood alone on the eastern seaboard of a great country which expanded and grew in size and importance. This occasion marks a necessary and important step towards the final realization of the vision of the Fathers of Confederation, who saw a great new nation standing astride the northern half of the continent. With

approval by your Parliament and the Government of Newfoundland and confirmation by the Government of the United Kingdom, this vision will be fully realized on March 31st next.

For a large number of the people of Newfoundland the union will mean changes. While many look forward with confidence to a great future in this union, many feel that the destinies of Newfoundland could best be worked out by the people of Newfoundland themselves standing as a separate entity in the world. As in many other agreements of this kind, much depends upon the desire of both sides to make the arrangement succeed. 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.

We, representatives of Newfoundland, are proud of our participation in this great event. We assure you that Newfoundland and her people will play their part as citizens of Canada and we place great faith in the obvious desire of your Government and your people that our country and our people will find a prosperous and happy place in this great union.

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