

## DOCUMENT

# Confederation, 1937

MALCOLM MACLEOD

THE FIRST Newfoundland Canadian was the infamous Alfred B. Morine. Morine, born near Liverpool, Nova Scotia in 1857, grew to adulthood there. From then on he divided his energies quite evenly between a high-profile career in the legal and public life of Newfoundland, and only slightly less ambitious struggle and splashing in the bigger pond of mainland affairs. Between ages 20 and 87, when he died at Toronto, he moved easily and repeatedly between the two societies, a total of 35 years in Newfoundland and 32 in Canada. A full century after he first arrived in Newfoundland—a century which witnessed the blossoming of Newfoundland-Canada economic and political integration—there are still very few individuals who exemplify the two countries' links in their own lives and biographies to the extent that he did.<sup>1</sup>

Following a youthful stint as sessional clerk in Canada's House of Commons, Morine adopted a career as newspaper editor, first in Nova Scotia and after 1883 at St. John's. Journalism launched him into the politics of his adopted country, and politics into law. He represented Bonavista in the Newfoundland Assembly for twenty consecutive years beginning in 1886. In the 1890's he inaugurated an important tradition when he was the first student from Newfoundland to study for a degree at Dalhousie Law School, then newly-organized (Dalhousie Univ. *Calendars*). That pattern of preparation for a leadership role in Newfoundland has remained commonplace. In 1892 Morine was a candidate for election to the Canadian House of Commons from Queen's County, Nova Scotia. He lost, so it will never be known if one person could simultaneously have been a legislator in both parliaments.

Advancing to cabinet rank in Newfoundland, he held several portfolios in

the later 1890's, but went into opposition when Robert Bond swept the country (1900). In 1906 he moved his law practice from St. John's to Toronto. He lost another bid for election on the mainland and was briefly Chairman of the Public Service Commission of Canada, then in 1912 decided to try Newfoundland again. He was once more MHA for Bonavista, 1914-1919, although practising law in Toronto part of that time, then Minister of Justice, 1919, and Government Leader in the Legislative Council, 1924-1928. From age 70 (1927) he resided at Toronto.

The Newfoundland government's 1898 contract with the Reid Newfoundland Company was the pinnacle of Morine's political career. A member of the cabinet which negotiated and approved it, Morine was the contract's most articulate and forceful and, as it turned out, paid advocate. Although highly controversial, the government's side of the bargain which gave Reid all the communications and much of the forest in the island was hammered through the assembly and the contract came into effect. Within a brief period, however, the reformist Bond regime seized power and forced the Reid Company to thoroughly renegotiate the arrangement. In the meantime Morine was disgraced, or at least embarrassed, by being publicly exposed as under retainer to the Reids while piloting the contract over political shoals, apparently content to let the public interest take care of itself. Governor Sir Herbert Murray called for his resignation ("today") because of this blatant impropriety. Although the episode did not disqualify him for public life and he was back in the cabinet within six months, the stench of the Reid deal clung to him from then on, ineradicable. A dozen years later, Morine's fitness to be named to a Canadian federal commission was scathingly attacked in a powerful speech in the Ottawa House of Commons which dredged up all the old dirt from Newfoundland (House of Commons, *Debates 1911-1912* 6528-41 [29 Mar 1912]). Seven years later the same speech, by F. B. Carvell, Liberal Member of Parliament for Carleton, New Brunswick—now decked out as a tract gently titled *The menace of Morine: showing the trail of the serpent across Newfoundland politics* (Carvell 3-17)—was used to help defeat him in an election campaign in Bonavista. Another decade and a half later the same story of island corruption, from the same mainland source, was still being used against him by one of Canada's cabinet ministers (see below).

When Morine fell from grace (1900) he was stylishly denigrated by the St. John's *Evening Telegram* as:

Restless, unfixed in principles and place;  
In power unpleased, impatient in disgrace.

(Hiller 356)

Bishop M. F. Howley thought him an "unmitigated rascal and nuisance,"

and Sir James Winter the “greatest scoundrel who ever entered the Narrows” (House of Commons 6540). J. K. Hiller concluded that Morine was deflected from reaching the premiership of Newfoundland by “transparent ambition [and] talent for intrigue” (356). He was knighted in 1928, perhaps—considering all the chances he took—in celebration of his having stayed out of jail.

In 1930 Morine’s wife of 46 years, the former Alice Mason of St. John’s, died. Fourteen years of a still vigorous retirement were left to him. He assumed the role of elder statesman and spoke out on public issues. At a 1936 Masonic gathering in Toronto, for example, he very strongly attacked Mackenzie King’s policy of no peacetime commitment for Canada to fight alongside Britain in a future war. The Prime Minister, said Morine,

made a speech in Geneva, in which he served notice on the British Empire that in the event of War, Canada was not taking part without the consent of Parliament. This . . . was the declaration of studied isolation *that smells and tastes of treason*.

King’s Minister of National Defence clipped the news account and sent it to the Prime Minister’s office along with a five-page rehearsal of the low points in Morine’s public career, based upon the Carvell speech of 1912.

I beg to enclose a memorandum dealing with certain remarks made by Sir Alfred Morine, and containing a résumé of his public record, which is certainly very unsavoury.

This is only sent to you in case the matter is raised in the House. Personally, I think that on account of his advanced years, his ill-timed observations should be simply ignored.<sup>2</sup>

While Morine’s home after 1927 was in the heart of Canada (Toronto), his own heart was often off the east coast. He wrote frequently on Newfoundland affairs—for example, his biography of Sir Hugh Hoyles, Newfoundland politician who, like himself, had a Canadian education and retirement (published in St. John’s during the 1930s), and his most polished and thorough final defence of the Reid deal, *The railway contract, 1898, and afterwards: 1883-1933*. The year after Mackenzie King was apprised of his “very unsavoury” record—inauspicious introduction—Morine approached the Canadian Prime Minister on the most weighty Newfoundland issue of all, confederation.

King received a letter from Toronto lawyer Albert Matthews.

I venture to enclose for your esteemed perusal a brief prepared by Sir Alfred Morine, outlining a basis for discussion looking to the possibility of Newfoundland entering our Confederation.

Sir Alfred, who by the way, desired this memorandum to come to you anonymously, expresses the hope that you may find time to make a new study of the problem in the light of present conditions.<sup>3</sup>

In his eight-page Confidential Memorandum Morine avers that the "leading statesmen of Newfoundland have almost wholly favoured Confederation at heart, but the mass of the people have been opposed, and there has always been a strong mercantile element in St. John's itself very strongly opposed." In Morine's own case his Canadian upbringing and important ties to the Montreal-linked Reid interests certainly gave him a Canadian orientation among Newfoundland public figures; a "who's who" item he had published in 1898 boasted he had deserted Sir William Whiteway because Whiteway passed a resolution against confederation. Morine, by contrast, was a "strong believer in the future of a confederated and united Canada" (Morgan 652).

Morine's 1937 attempt to encourage a Canadian initiative towards bringing Newfoundland into confederation is a document of about 3500 words, never published before. As a whole, the memo is fascinating in its comprehensive approach to the question: product of a lifetime's intimate involvement in both countries' affairs, a state-of-the-art statement on prospects of union by the one who might know best, the first Canadian Newfoundlander—or was it the other way around?

This important memorandum closes with Morine offering to go to Ottawa and discuss the matter in greater detail. Prime Minister King wrote back to lawyer Matthews, however, that the brief was quite sufficient, no need for a personal interview. Perhaps the Canadian leader wished to spare the elderly statesman being cooped up in the same room with the *smell and taste of treason*. Ottawa continued Canada's long-standing policy of indifference towards Newfoundland for a few years longer, until the predictions in the A. B. Morine memorandum about Newfoundland's strategic importance to Canada and about St. John's as a Royal Canadian Navy base began coming true.

Following is the text of the Morine document.

*Confidential Memorandum* (Sir A. B. Morine for Mackenzie King, 19 October 1937)<sup>4</sup>

#### CONFEDERATION OF NEWFOUNDLAND

The Confederation of Newfoundland with Canada has interested the leading statesmen of Canada for many years.

Delegates from Newfoundland attended the Quebec Conference in 1864, and provision for the entrance of the Colony into the Dominion was made in the British North America Act, 1867.

In 1869 delegates from the Colony arranged with the Government of Canada the

terms of union, but at a general election in the Colony, the people decided against Confederation.

In 1888 Sir Chas. Tupper, Bart.,<sup>5</sup> visited St. John's to negotiate with the Government for union, but the negotiations failed.

In 1895 delegates from the Colony and representatives of the Canadian Government failed to agree upon terms of union.

In each case failure was chiefly due to the fact that the terms did not assure the Colony, after it became a province, sufficient income to make direct taxation in the Colony unnecessary for the discharge of provincial obligations.

There was, at that time, no such a source of income as a tax on gasoline, motor cars, income tax and succession duties now provide, and direct taxation meant a levy upon real estate in a colony where money was scarce; the prospect of such a levy was alarming.

In 1934 the representative institutions of the Colony were suspended, and it is now governed by the Governor in Commission, which is appointed by the British Government, and is composed of three local men and three Britishers, the latter really controlling affairs, by the financial authority which Downing Street exercises.

When the Commission was appointed, the funded debt of the Colony was about \$100,000,000, bearing interest at, say, 5%; it was converted into a 3% guaranteed loan, and in round figures the interest on the Colony's debt is now about \$3,000,000 per year; half or more of this amount is, in fact, contributed by the British Treasury through the obligation it has undertaken to contribute the annual deficit in the Colony; this obligation is not permanent in nature, but in reality it looks as though it would be many years before it can be abandoned.

The amount paid by the Colony, therefore, for interest out of its ordinary revenue is equivalent to 3% of \$50,000,000, the British Treasury contributing a sum equal to the interest on the other \$50,000,000.

The chief difficulty in bringing about Confederation, has been insufficiency of subsidies from the Dominion to enable the province to provide for provincial purposes; one important part of the subsidies was interest to be allowed on the difference per capita of Dominion debt and the per capita Provincial debt; at all past times when Confederation has been considered, the difference per capita of the debt was not great enough to make the allowance to the province very large, but now if the debt of the Colony could be very much reduced, the interest on the difference of debt per capita of the Dominion and the amount of debt per capita of the Colony assumed by the Dominion would be so greatly in favour of the Colony that it would go a long way to provide the province with enough subsidy for provincial purposes, and remove the question of direct taxation from the category of obligations and objections.

If the British Government would assume as a permanent obligation the payment of one half the public debt, and the other half was bearing only a 3% rate of interest, the difference in debt per capita of the Dominion and the Colony would enable the Dominion to grant flattering terms. If the British Treasury would go still further and assume as a permanent obligation the whole amount of the funded debt of Newfoundland which it has guaranteed, the Colony could enter the Dominion comparatively free of debt, and then the allowance of interest upon the Dominion debt would put the province in an excellent financial position.

There are reasons why the British Government ought to be prepared to accept the whole or a very large part of Newfoundland's public debt as a permanent obligation of Great Britain, and I suggest that if the question were put in the proper way, the answer would be yes.

First, for three hundred years after its discovery, the island was used as a fishing station for a British Ship fishery, and for the training of sailors for the British Navy; the ships were owned and operated in England, the sailors were Englishmen or Irishmen, and the very large profits made went into English pockets, and many a fortune in England today owes its inception to the Newfoundland fishery and the suppression of the development of the Colony itself. It was not until about the beginning of the last century that freedom for developing a portion of Newfoundland was granted. When France was finally cleared out of Canada, part of the price paid was the concession of French fishery rights on the west coast of Newfoundland, which, by the practices of the British Navy was turned into an exclusive fishery for the French on that coast; after the American Revolution, when terms of peace were made, the fishermen of the U.S.A. were granted fishery rights over the same coast; the French rights have been bought out, but the American rights remain, though not much used now. The rights granted the French were so interpreted that the French Treaty Coast, so-called, was not granted representation in Newfoundland Legislature until about fifty years ago, and until the same time, or later, no land was granted on the west coast because of the possible interference with French Treaty Rights. Sanford Fleming's proposal<sup>6</sup> for a railway from the east coast of Newfoundland to its west coast with a terminus on the Treaty Coast, for the purpose of rapid transit between Europe and Canada, was rejected because such a terminus would interfere with the French. It was not until 1898 that a railway across the Island reached the west coast. If the development of the Colony in the natural way had been permitted from the time of its discovery, the natural resources of the Colony would have come into use gradually, and afforded employment to the people for a great many years. When the development of the west coast became legally possible, unemployment of the people had become so general that extensive development was undertaken, and the rapid growth of the public debt is largely due to this fact.

In the Great War, Newfoundland not only contributed men to the Navy and the army in a highly creditable manner, but money also, and millions of her public debt are due to this expenditure; the whole amount of this war debt ought to be assumed by the Mother Country; the whole amount of the debt for railways ought also to be assumed; there should be a grant by way of compensation for the long suppression of development of the Island. The bonds which represent the debt are largely held in the Mother Country, and the interest goes into the pockets of the people of that country, who, in many cases, probably, are descendants of those who carried on the English Ship Fishery over the centuries, when the development of the country was suppressed by law.

In 1934 the financial conditions of and in the Colony caused a suspension of the representative institutions of the Colony, and the appointment of a commission headed by the Governor to administer the Colony's affairs; that Commission has improved financial affairs, and the civil service of the Colony is better, but in other respects the work of the Commission has not, upon the whole, been productive or much good. Employment has increased in the forests and mines through world

causes, but not through any action of the Commission. The cod fishery this year is probably poorer than ever before, or at least for many years. From the outset the Commission Government has not been popular, because people generally fret under domination from Downing Street, and many of them feel keenly the loss of any part of self government. It has been promised that representative institutions shall be restored if and when the Colony is fit for it, but no definite time has been fixed, and there are no reasons justifying any limitation of the period of suspension. The financial interests in the Colony accept the Commission form of government without complaint, and the mass of the people seem silent about the matter, because of their need of help for the unemployed, but discontent is strong and general. The British Government must be rather tired of the experiment of governing at long distance, and be ready to be relieved of responsibility; it is not pleasant to have to ask the British tax-payer every year for grants, and if the obligation could be made permanent and be disposed of by one action it would probably be pleasant to the politicians. It may be that the Dominions Office in Downing Street relish the patronage exercised through the Commission Government, but the British Government itself might be quite ready to drop this patronage for relief in other respects.

There are those who say that the British Government is anxious to exercise control over Newfoundland for the power which it gives to influence Canada, and that, therefore, it would not favour Confederation of the Colony with the Dominion. I do not entertain this opinion; it is unthinkable to me that the British Government would ever attempt to exercise any such form of influence over Canada, and I think that the consolidation of British North America would so obviously be a step in the way of consolidating the Empire that the British Government would favour it.

It is timely here, perhaps, to point out that in speaking of Newfoundland, regard must not be given to the island alone, but also to the very great area of Labrador which is included in the Colony; the development already taking place in the forests and minerals of that area indicate its growing importance, and it is not hard to imagine that the whole area east of Quebec Province might become of great importance to the Dominion.

It is also timely to point out now that in the defense of Canada as a part of the Empire, now being so much stressed, the island is of prime importance; it blocks the entrance and exit into the St. Lawrence Gulf and River; if the Cabot Strait and the Strait of Belle Isle were properly fortified, the safety of the St. Lawrence Gulf and River would be better provided for than would be possible in any other way. St. John's is the easternmost port to which the Canadian Navy could resort; it has already a dry dock and is a good harbour, capable of impregnable fortification at a relatively low cost. The construction of an air port on the east side of the island as the western terminus of the cross Atlantic air service also provides a most important point for defense. With the Colony a part of Canada, the defense policy would already have taken a long step ahead.

In negotiations about deep sea fisheries, the policy of the U.S.A. has always been to separate Newfoundland from Canada and to set one off against the other, as in the Bond-Blaine and Bond-Hay treaties of a few years ago.<sup>7</sup> Now that better trade relations between Canada and the United States have been entered upon, and extension seems possible, it is obvious that if Newfoundland became part of Canada, fishery relations with the U.S.A. could be more profitably handled than while

separation continues.

It is also obvious that in dealing with foreign nations who are consumers of fish better terms could be made for both Newfoundland and Canada if the bargaining power on this side was consolidated in the hands of the Government of Canada; France, Italy, Spain, Portugal, Greece and Brazil could all be asked for concessions in return for improved market conditions in Canada, a form of inducement which Newfoundland, being a small consumer of the goods of these countries, cannot use.

The leading statesmen of Newfoundland have almost wholly favoured Confederation at heart, but the mass of the people have been opposed, and there has always been a strong mercantile element in St. John's itself very strongly opposed, but not all of the merchants have been of this opinion; the exporters, surely, have not, as such, been anti-confederates, opposition has chiefly come from the investors in local industries, the shareholders of which unduly fear Canadian competition; it could be pointed out to these with some success that instead of being hurt by competition, wider markets would be afforded for certain classes of manufactures; arrangements could be made to guarantee that Confederation would not hurt shareholders in certain local factories, which latter could be, perhaps, absorbed by Canadian capital; this is a matter of too much detail to discuss here, but a way out is indicated.

The handling of fish for export was, at one time, concentrated largely in St. John's; in recent years this trade is showing a tendency to be scattered about the island, and St. John's has suffered; the labouring element in the city is suffering more, perhaps, than the same element in other parts of the Colony; any project, therefore, which promised relief for St. John's would be welcomed by a majority of its population, and an opposition by vested interests, if any, would not control the sentiments even of the capital city. If its people could foresee St. John's as a naval station in Canada, and its fortification, and if, at the same time it could hope for an improvement in the export trade in fish, which would probably result from Confederation, St. John's could be made enthusiastic for union.

The majority of the Roman Catholic people in the Colony, who are Liberals in politics, have been opposed to Confederation; there is reason to think that this attitude has changed; they resent the loss of representative institutions, which they were first to favour, and there are other reasons why they would welcome union with Canada. I speak with knowledge of the facts, when I say that the Liberal party, particularly its Roman Catholic section, would strongly favour Confederation if called upon to vote upon it now. I was associated with that party many years ago, but with the merchants' party for many later years, and, therefore, I know pretty well the political sentiments of the island. Contact has already been made with me by Liberal leaders, and I speak with knowledge, therefore, about the prospects.

An agitation favourable for Confederation would begin in the island automatically if it were known that the Government of Canada would be receptive of overtures, but side by side with such an agitation it ought to ascertain quietly if the British Government would be favourable and would be prepared to assume a large slice of the public debt of the island, for the possibility of making terms of union to free Newfoundland from the danger of direct taxation would have to be clearly established.

I suggest that if the Government of Canada were favourable to the idea of urging upon Great Britain at the crucial time that it should assume the Colony's public debt

to facilitate union, popular agitation in Newfoundland for Confederation, and such assumption of its debt as might make union feasible, would exercise a powerful influence upon the British Government, and, therefore, that the agitation should begin before a decision on the point of debt is essential.

I suggest that Prime Minister Chamberlain will personally favour union of Canada and Newfoundland. He is an Imperialist by conviction. He lived several years in the Bahamas under a governor born in Newfoundland—Sir Ambrose Shea. It was when he was Chancellor of the Exchequer that care of the finances of Newfoundland was assumed, a care which his own father had refused to exercise in 1898. He must be feeling the inconvenience and political unpleasantness of budgetting every year for deficits in Newfoundland, and be ready to make a large part of its debt a permanent part of Britain's debt. He will be glad, it is submitted, to aid union. He is specially qualified to deal with this question.

It is suggested that if Mr. King desires the Confederation of Newfoundland all that is necessary on his part at present is an expression of his interest, and of his readiness to press upon the British Government at the proper time Canada's desire for union, and that the debt of the Colony should be so adjusted that fear of direct taxation in the Colony in case of union should be removed.

Agitation for union should begin in Newfoundland as the desire of its people to share in self government. The press of Great Britain would favour this desire. The Labor party there would support it. If the Governments of Great Britain and Canada were favourable, the union could be brought about with the approval of the people concerned.

There are reasons why the inception of an agitation in the Colony should not be postponed. If begun now, the question of terms could fit in, perhaps, with the findings of the Rowell Commission now inquiring into Dominion-Provincial relations.<sup>8</sup> These may result in better terms for the Provinces, and, therefore, better terms for Newfoundland also.

The writer suggests that contacts should be made soon with the leaders in Newfoundland. If Mr. King desires to discuss this matter in greater detail, the writer can wait upon him at his convenience.

Toronto, October 19th, 1937.

## Notes

<sup>1</sup>The main sources for biographical details on Morine are Morgan 652, and 2nd ed., 823, Hibbs 119-20, *The Canadian Who's Who* 2: 802-03, and *The Book of Newfoundland* 5: 592.

<sup>2</sup>Public Archives of Canada (PAC), MG 26, J 2, vol. 257, file N-650, vol. 1.

<sup>3</sup>PAC, as above, vol. 2.

<sup>4</sup>PAC, as above, vol. 2. The original typescript is reprinted verbatim, except that defects in spelling have been corrected. Annotation has been supplied by M. MacL.

<sup>5</sup>Most prominent of the Nova Scotia politicians who manipulated that province into confederation, Charles Tupper was thereafter a leading member of Conservative federal governments, and himself briefly Prime Minister of Canada in 1895-96. His 1888 visit to St. John's was the first occasion when a Canadian cabinet minister canvassed island politicians, on their home territory, about the prospects of Newfoundland joining the British North American union (Tupper 312).

<sup>6</sup>Actually Sandford Fleming, extraordinary Canadian railroad engineer and the proponent of standard time. Fleming first evinced enthusiasm about a railway across Newfoundland, to cut four days off the usual travelling time between London and New York, in his 1865 report to the government of Canada about an intercolonial link-up between the Grand Trunk and the New Brunswick and Nova Scotian railroads. The 1875 survey of the route eventually followed in Newfoundland was done under his supervision (Cramm 1, 17-19; Burpee).

<sup>7</sup>Robert Bond, Newfoundland leader, made two advantageous agreements with the United States government, gaining free access to American markets for certain Newfoundland products. The 1890 deal (Bond-Blaine) fell through when the British government, responsible for foreign relations, would not ratify it because of Canadian objections. The second treaty, Bond-Hay (1902), was never ratified by the United States because of objections from New England fishing interests (Noel 36-41).

<sup>8</sup>The Royal Commission on dominion-provincial relations is now better known, after the names of both its chairpersons, as the Rowell-Sirois Commission. Appointed by the Mackenzie King government in 1937, it reported in 1940 with recommendations which were eventually very weighty in reshaping Canadian federalism—unemployment insurance, 1940; equalization payments since the 1950s (Granatstein 105, 172).

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