

Newfoundland

cern within the province. Well, if it is, the provincial legislatures have a right to do about it that which may appear to them to be in the public interest. They are the ones to judge, if they have the jurisdiction, what they should do about it.

The exercise of jurisdiction is never in any instance controlled by the opinion one may hold about the wisdom of the way in which the person having the jurisdiction has exercised it. The privy council has repeatedly said that it will not concern itself with the wisdom or otherwise of the exercise of jurisdiction, if there is jurisdiction. If there is jurisdiction, the constitution says where that jurisdiction lies; and it is those who have the jurisdiction who are supposed to have the wisdom to exercise it properly.

With respect to the second point, that there is in the terms of agreement with the province of Newfoundland something which is different from the terms to be found in the tax agreements with the other provinces, I believe the leader of the opposition (Mr. Drew) has omitted to look at the last part of the clause in question. That clause provides that the government of the province of Newfoundland shall have the right to enter into a contract with the dominion government along the same lines as the contracts made with the other provinces; but that it shall also have the option of making that contract, not only for the period for which it is made with the other provinces, but for five years longer than the period made with the other provinces.

Mr. Diefenbaker: What paragraph is that?

Mr. St. Laurent: That is term 27 (2). Perhaps I should read it, so that my point may be not only asserted but proved on the record. It states:

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.

In other words we say to them: You may have your choice; first, you may place your-

selves in the same position as the other provinces. But if for greater security you wish to have at once an agreement that will go on five years beyond the agreement with the present provinces, you have to make it as a firm agreement for the whole period. And if we make a new agreement in 1952 with the other provinces, that will not entitle you to have yours revised. In other words, you cannot have it both ways. You cannot have an agreement whereby, if we make a less favourable agreement from 1952 to 1957 with the other provinces, you will keep the former advantage, whilst, if we make a more favourable agreement with the other provinces, you will get the increased benefits. You must say at the outset whether you will stand on the same level as the other provinces and get in 1952 the same kind of agreement they get, or you can at once secure for yourselves the benefit for a further period of five years on the present basis. But if you do that, you take it for the period for which you are exercising your option.

I submit that is not a principle which would prove substantially to be objectionable.

I am fully in accord with the leader of the opposition when he states that the principle we are now debating on second reading is as to whether there should be made an agreement for the union of Newfoundland with Canada on terms which will appeal to the people of both sections as fair and reasonable. We suggest that these terms are fair and reasonable. But accepting the principle of the bill does not involve acceptance of the individual terms. It involves merely the desire of parliament to look at the document to see whether or not it amounts to fair and reasonable terms.

The hon. member for Broadview (Mr. Church) raised the question of the embarrassment which might result to the people of Canada from having Newfoundland join with Canada in view of the fact that in 1941 there had been given a ninety-nine year lease for certain military bases in Newfoundland. Those leases were made on terms agreed to by the government of the United Kingdom and that of the United States at a time when the situation was a most unhappy one. The leases are in existence. The government of the United Kingdom, the government of Newfoundland and the government of Canada alone can do nothing to modify those terms. They create a condition for years in certain areas in Newfoundland; and they must be respected, unless it can be arranged with the government of the United States that they shall be varied.

There are in process at the present time negotiations looking to variation in the leases to bring them into accord with the joint declaration made by the President and the