



Royal Commission on Renewing and Strengthening Our Place in Canada

The Strategic Importance of Newfoundland and Labrador to Canada

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Newfoundlanders have rarely thought much about the strategic importance of their homeland, because they have spent their history as only one smallish part of either a world-spanning empire or a continent-wide federal state. The strategic thinking was largely done elsewhere, in London, in Ottawa and sometimes in Washington. It is still being done (though it would be untrue to say that those capitals currently devote a great deal of time to the issue), and Newfoundlanders should be aware of what the thinking is.

In the broadest sense, geopolitical importance comes in three major forms: military, economic, and national/political, and to a large extent it lies in the eye of the beholder. The question is not just whether a given place is important, but TO WHOM.

There is also the question of when. The strategic importance of a place will wax and wane as military technologies and economic modes change. To come to the specific case of Newfoundland, it was of limited military importance to Britain and its European rivals in the 18th and 19th centuries, became very important militarily to the United States and Canada in the middle decades of the 20th century, and has now receded again in its importance to those latter powers – and indeed, to all the major powers – so far as military strategy is concerned.

Economically, the pattern is almost precisely the reverse. There was an early peak in the region's importance in the 16th and 17th centuries, when the Newfoundland cod-fishery was a commercial mainstay of western England and the Labrador whale-hunt was a main source of income in north-western Spain. The largely sea-based economy of Newfoundland shrank to a relatively much smaller role as European settlement and exploitation of the North American continent moved further westward in the 18th and 19th centuries. Within the more limited context of Canada, however, Newfoundland's relative economic importance has risen steadily over the past several decades as its traditional maritime resources have been supplemented by new or newly relevant mineral and power-generating resources.

On the national-political axis, Newfoundland's status within the British empire was never very high despite the rhetoric about it being 'Britain's oldest colony' (England's oldest colony, really, as the acquisition of Newfoundland long predated the creation of the United Kingdom). Policy-makers and publicists in London never saw Newfoundland as a jewel in the imperial crown, mainly because so many larger and more lucrative places fell under British rule in the succeeding decades and centuries. By contrast, Newfoundland's political and emotional importance to Canada has generally been high since the 1940s, and was almost always greater than it was for Britain. For geographical and historical reasons, the country called Canada which grew out of the North American colonies that remained with Britain after 1783 was incomplete without Newfoundland, and although the Canadians did not spend the years after 1867 pining away for Newfoundland, the final act of Confederation in 1949 was widely felt to be a homecoming. By the conventional measures of political accountancy, this may seem trivial, but in real human terms, and therefore in real political terms, it is not. What is more important than family?

Newfoundland's recognition factor in the rest of the world is quite low, and barely extends past the four topics of seals and codfish (both bad, these days), oil (mostly good), and nature untamed (very good). This should not be regarded as an unmitigated failure – how high is the recognition factor for Manitoba or Maine? – but investment and tourism would both benefit greatly from an improvement in this area.

To consider Newfoundland's military importance in greater detail, we must begin with the implications of its geography. It is an island, far removed from all major centres of

population and wealth, and it only acquires strategic importance when the prevailing military or transportation technology makes its position relevant. Despite its striking location at the extreme north-east of North America, closest of all to Europe, that has not usually been the case.

Within half a century after the first European voyages of exploration in the late 15th century, maritime technology had improved to the point that ships crossing the Atlantic had no reason to call at Newfoundland unless they had business there. Indeed, prevailing winds made it preferable for westbound ships to drop well to the south before beginning their voyages across the Atlantic.

Eastbound voyages typically followed a more northerly route for the same reason, but the icebergs and fogs encountered south-east of Newfoundland for much of the spring and early summer every year made it desirable not to swing quite that far north on the trips back to Europe. Despite the many attractions of St. John's and other south-easterly harbours in Newfoundland, they were not normally ports of call for the many thousands of ships that travelled across the Atlantic between mainland North America and western European destinations each year during the age of sail.

The underlying technological factor that shaped this reality was the fact that sailing ships, whether merchant vessels or warships, were relatively self-sufficient over the ranges and sailing times involved in Atlantic crossings. They used no fuel, and they did not require intermediate stops to take on other supplies. Although England/Britain, the dominant power in Newfoundland for the whole of the period between 1500 and 1900, was at war with other European powers that had navies capable of operating in the open Atlantic on many occasions amounting to a total of well over a century during that time, Newfoundland never became a major British naval base nor even an area for marshalling merchant convoys (which were rarely used before the age of steam). Minor military campaigns were fought in the Avalon peninsula during the era when France still controlled Placentia, but they were mainly about control of the local fisheries and amounted to little more than skirmishes in wars that typically also saw far bigger battles on the North American mainland, in the West Indies, and in the East Indies, not to mention on the main battlefields in continental Europe.

Newfoundland's strategic importance began to rise with the advent of steamships and other power-driven vessels, for two reasons. One was that ships that no longer depended on the prevailing winds all tended to take the shortest Great Circle route between North America and Europe, which passes just south of Newfoundland. The other was that machine power made submarines possible, and submarines were able to attack merchant shipping without first establishing naval superiority on the surface. At the same time, the Atlantic sea-lanes had become vital to Britain in a way they never were before, for by the time of the First World War Britain imported a large proportion of its food and industrial raw materials.

Despite the fact that the British navy had enjoyed unchallenged dominance in the Atlantic for over a century, suddenly its shipping became vulnerable to enemy action by submarine – and Newfoundland acquired a new strategic importance.

To minimise the depredations of the U-boats, it became essential in wartime for merchant ships to travel in convoys escorted by warships – although the Royal Navy resisted this conclusion for almost three years of the First World War – and so St John's became a naval port second in importance only to Halifax on the eastern seaboard of North America. The convoy system that was reluctantly instituted in 1917 proved so effective that it was instantly

re-introduced with the outbreak of the Second World War in 1939, and throughout the six years of that conflict 'Newfie John' played a vital role as the principal western terminus and turn-around port for the escort vessels that shepherded the convoys carrying the resources of North America to Europe across the U-boat-infested North Atlantic.

Between 1941 and 1945, most months saw between 50 and 60 Canadian and British destroyers, frigates and corvettes stopping in St. John's to rest, re-stock and refuel.

If there had been a Third World War, St. John's might have played that role again – or it might just have been nuked at the start of the war, for the strategic environment was changing again. During the years of the Cold War, say 1948-1990, it was never clear whether a NATO-Warsaw Pact war in Europe would remain non-nuclear for a significant period of time, allowing for a high-speed reprise of the Battle of the Atlantic, or whether the major ports on both sides of the Atlantic would simply be destroyed by nuclear weapons in the first days of the war. In the post-Cold War environment, however, there is no prospect of a third Battle of the Atlantic, and Newfoundland and Labrador has ceased to be of much importance in naval strategy.

Newfoundland and Labrador has experienced a similar swift rise and subsequent collapse in its importance to aviation in general, and in particular to nuclear strategy. Before Alcock and Brown's flight from Newfoundland to Ireland in 1919, no aircraft had crossed the Atlantic. From then until the mid-1950s, most trans-Atlantic flights required refuelling stops at airfields in Newfoundland or Labrador, and Gander and Goose Bay – both built during the 1940s – had a significant military role as transit points for aircraft shuttling between North America and Europe. Newfoundland also served as a base for maritime reconnaissance aircraft patrolling the western North Atlantic during the Second World War and well into the 1970s, principally from the US naval air base at Argentia. But the peak of its strategic importance came in the late 1940s and 1950s, for it happened to occupy an important position on the shortest Great Circle bomber route between the Soviet Union and the main cities on the Atlantic seaboard of the United States. That was why the United States decided to hold onto the bases it had been granted in Newfoundland during the Second World War after 1945, and to expand them into bases for US interceptors. At the time, Soviet bombers carrying nuclear weapons represented the major threat to American cities in the event of war.

At the height of the US military presence in Newfoundland and Labrador, from the late 1940s to the late 1950s, the five large American bases in Stephenville, Gander, Goose Bay, Argentia and St. John's represented a significant portion of the province's economy – and even a significant social and demographic influence, because of the high rate of marriage between US servicemen and Newfoundlanders. It was a relatively short-lived phenomenon, however, because the advent of intercontinental ballistic missiles (which could not be intercepted) in the late 1950s made it pointless to go on trying to intercept Soviet bombers. The US Air Force bases were all closed by the early 1960s. The US Navy base at Argentia was drastically downsized in the late 1970s and finally closed completely in the late 1980s.

By 1990 Newfoundland had largely fallen off the military map again, and in 2003 the only remaining military activity of any importance in the province is the Royal Canadian Air Force-NATO facility at Goose Bay, whose principal role is low-level flight training over the relatively sparsely populated spaces of the Labrador interior for the air forces of European countries whose dense populations will not tolerate such flights at home. Though highly controversial in Labrador, these flights earn Canada both money and diplomatic credit abroad, but they hardly qualify as strategically important.

Nobody will ever invade North America through Newfoundland or launch attacks from here against other parts of the world, and the North Atlantic is unlikely to see any more battles so long as the major powers on either side of it remain friendly. In the early 21st century, Newfoundland has returned to its traditional position as a peripheral place in the minds of military planners. Given what has befallen some strategically important places in the course of major wars, this is not entirely a bad thing.

From an economic point of view, there are two questions to be discussed: Newfoundland and Labrador's contribution to Canada's geopolitical position in the world, and the impact that ongoing changes in the world economy may have on Newfoundland and Labrador's future role on that larger stage. In the former context, the province's strategic importance to Canada cannot be measured simply by the amount of tax revenue or the additional jobs generated for the Canadian economy because of Newfoundland's decision in 1948 to join Confederation – although it could certainly be argued that the largest single economic impact of Confederation was to shift the bulk of Newfoundland and Labrador's imports permanently from Britain and the United States to Canada.

Strategic importance is about the human and natural resources located in a given region that are of critical importance to the national or global economy, but are not widely available elsewhere. Regions that concentrate on agriculture or light manufacturing, for example, generally have low strategic importance because these activities can occur in so many different places. Scarce mineral resources or abundant hydro power, on the other hand, can make an area vitally important to an entire national economy – and so can concentrations of rare human skills, like the combination of financial and negotiating skills that makes the 'Square Mile' of the City of London the most important single asset of the British economy.

In the very earliest period of European contact with Newfoundland, there was of course no North American economic context, but Newfoundland had considerable significance in the rapidly developing economies of western Europe. The oil derived from the Basque summer whale-hunt along the southern Labrador coast in the late 16th and early 17th centuries was important all over Spanish-ruled Europe and provided a major stream of revenue both for the towns of the Iberian coast and for the Spanish crown.

The English cod-fishery on the Grand Banks financed by the Bristol merchants in the same period was a major factor in that city's rapid growth to second-largest in England. However, neither industry had any real relevance for Newfoundland, which had little resident European population at that time. Indeed, the much-touted value of the Newfoundland cod-fishery as a 'nursery for seamen' for the British navy in the 17th and 18th centuries actually depended on restricting settlement in Newfoundland, since the human resource that really interested the navy was sailors with deep-sea experience who were available in England.

It is hard to identify any resource in Newfoundland that was of key strategic significance to Britain during the entire colonial period. The fishing industry was useful, particularly in providing a cheap source of protein for the slave population of the Caribbean during the 18th and early 19th centuries, but the Grand Banks fishery was just the richest of half a dozen Atlantic fisheries that yielded essentially the same products.

Neither Newfoundland forest products nor, in a later period, the various mining ventures that sprang up on the island filled any special economic niche in the British empire; they just supplemented supplies available elsewhere. Indeed, as the old mercantilist doctrine of imperial self-sufficiency in trade fell into disrepute and the American market gradually became less

accessible to British imperial products, Newfoundland found it increasingly difficult to make a living by exporting a rather commonplace array of primary products. At no point did it enjoy the attention that British strategists once lavished on the sugar-rich islands of the West Indies, or later on the gold of southern Africa or the oil of the Persian Gulf. And the non-maritime parts of British North America had virtually no economic relationship with Newfoundland during the colonial period despite common membership in the British empire.

That situation had not changed as late as the 1940s, when Newfoundlanders were debating Confederation with Canada, with the sole exception that Canadian trade with Newfoundland grew greatly during the Second World War while its traditional sources of supply were otherwise engaged. Ottawa saw the Newfoundland cod-fishery as an asset, certainly, but only one more to add to its existing fisheries in the Maritimes, on the West Coast, and on the Great Lakes. It was aware of the significant hydro-power potential of Labrador, though the long distances the power would have to cover to market made it a problematic resource to develop, and it was wrongly persuaded that the island had a promising future as a refuelling stop for the burgeoning trans-Atlantic aviation market. But it would not be true to say that Ottawa viewed its newest province as a potential gold-mine.

The delivery and sale of Churchill Falls hydro-power to the southern Canadian and US markets marked the first major step in the physical integration of Newfoundland and Labrador resources into the national economy, and the gradually increasing exploitation of Labrador's mineral resources, from Wabush iron ore to the giant nickel deposits of Voisey's Bay, helped to shift attitudes in Ottawa further. But the biggest single factor in changing Ottawa's established view of Newfoundland's economic importance to the rest of the country was the long international negotiation about the offshore 'exclusive economic zones' of maritime states that concluded with the Law of the Sea treaty in 1982. When your fishing and seabed mineral rights suddenly jump from three miles offshore to 200 miles, the province with the longest seacoast -- Newfoundland and Labrador accounts for over a third of the total Canadian coast that is ice-free for at least six months of the year -- is bound to jump in its strategic importance too. The start of work on the first of Newfoundland's offshore platforms confirmed that the province now had a new and distinctive role to play in the national economy.

Although Atlantic offshore oil, like the Alberta tar-sands that constitute Canada's other largely unexploited reserve, is relatively expensive oil to produce, its strategic value to Canada is bound to grow in a world where the traditional sources of imported oil are becoming increasingly unstable. It is impossible to predict the availability and price of oil over the mid-term or even near-term future, given that the political uncertainties in the world's principal oil-producing region, the Middle East, grow greater with each year that passes, but the sheer uncertainty of the situation must raise the perceived value of Canadian-controlled oil reserves in the eyes of any prudent Canadian government. Other seabed mineral resources may one day come into their own, new onshore mineral reserves will doubtless be developed as well -- and if the cod-fishery should ever recover, it will be a far more valuable resource than before, for the relative value of ocean fish is climbing rapidly relative to other commodities. For the foreseeable future, however, it is the oil that gives Newfoundland and Labrador a new relevance and importance in Canada's national economic strategy.

The progressive transformation of the economies of the developed countries away from the heavy industrial pattern towards a lighter, information-rich model is also creating a new geopolitical opportunity for Newfoundland and Labrador outside the national confines of

Canada. The four main time zones of North America and the three time zones of Europe, the two most highly developed regions of the planet, are separated by a minimum of five hours time difference and a maximum of 10. The office hours of New York and Paris overlap by only two hours; Calgary and Berlin are never in the office at the same time. This is a reality that cheap and instantaneous means of communications do not erase; rather, they make it more of a nuisance. There is only one English-speaking place which is effectively a mid-Atlantic island bridging all those time zones, and that is Newfoundland and Labrador. There are bound to be opportunities here, though precisely what they will be is for (hopefully local) entrepreneurs to figure out.

One other new geopolitical reality – or at least travel reality – is also worth mentioning. The institution of direct flights from London to St. John's on most days of the week means that in practice it is now quicker and easier to get to Newfoundland and Labrador from most destinations in western Europe (all of which have early-day flights to London connecting with the trans-Atlantic flight) than it is from most parts of the United States. It is literally possible to leave Munich or Moscow at breakfast and be in Battle Harbour for supper. The major focus of the Newfoundland and Labrador tourism industry will doubtless remain oriented towards the south, but at the upper end of the market there is a major new opportunity in Europe.

Finally, the intellectual and artistic capital of the province has been growing at a faster rate than almost anywhere else in Canada. Memorial University is now generally acknowledged to be the premier English-language university east of Montreal, and Newfoundland and Labrador has become a centre of innovation in high technology almost without noticing it. The cultural visibility of the province has risen even faster: writers, painters, musicians and films are making Newfoundland's special history and character known on the national and international stage as never before, and creating an attraction that brings artists here from all over the world to attend events like the biennial choral Festival 500, or even to settle here. The term 'cultural industries' is not just a conceit: places where large numbers of people in these industries choose to live – and far more than most people artists are free to choose where they live – benefit greatly from their presence even in straight economic terms. Newfoundland and Labrador is now approaching critical mass in this area: that is, the point at which so many people in these fields already live here that they constitute in themselves an attraction for others to come and join them. This is a development to be encouraged by any means available.

The most difficult dimension of geopolitical importance to measure is the national/political element (which also embraces the mythological and the sentimental), but it is sometimes also the most important. That is probably now true in the case of Newfoundland and Labrador's relationship to the rest of Canada. It was certainly not the case in Newfoundland's traditional relationship with Great Britain. Like all empires, Britain depended on the fact that people at the periphery of the empire had an emotional attachment to the centre, but it was never much reciprocated. Successful empires are run on calculation, not on sentiment, and London's calculations never gave Newfoundland a very high rank in the list of imperial priorities. It was a useful source of raw materials and fish, and once in a while of cannon fodder, but that was all. In the 1930s London engineered the suspension of Newfoundland's self-governing status rather than let it damage the empire's credit rating by going bankrupt. In the mid-1940s, when the time came to return control to the local population, London's main concern was that Newfoundlanders not humiliate the empire by expressing a desire to join the United States.

The British decided to hand the colony to Canada in order to avert that outcome, and Ottawa's decision to take it was largely driven by the same consideration.

Canadians had been very interested in having Newfoundland join at an earlier time. Newfoundland representatives were invited to the very first of the conferences leading up to Confederation, in Quebec City in 1864, and although it soon became clear that most Newfoundlanders were not irresistibly attracted to the idea, the 'fathers of Confederation' were so persuaded of the desirability of including Newfoundland within the new country that they made sure the British North America Act provided for Newfoundland's eventual admission to the Dominion of Canada if and when it so desired. Even at that time, their motives were less economic than geopolitical and sentimental: they instinctively felt that ALL the British colonies in North America should be joined in the new country in order to give it an air of completeness from the start, and without actually knowing many Newfoundlanders, felt a certain kinship to other British subjects who had been born in North America. The Newfoundlanders of that generation, however, were not interested.

In practice, it took a number of years to bring all of continental British North America within the borders of the new dominion, and decades more before all nine provinces emerged within their present borders. During the period between Confederation and the Second World War, Canadian interest or even awareness of Newfoundland was generally low except at the time of the Labrador boundary dispute, whose settlement in Newfoundland's favour in 1927 reminded some in Ottawa of the unfinished business in the east. Canadian awareness of Newfoundland grew further during the Second World War, when many Canadian servicemen and women were based there, and then soared when the forthcoming end of the Commission of Government was announced shortly after the war. The years 1946-48 were the only time that Ottawa was ever impelled to weigh the pros and cons of having Newfoundland join Canada, and it is quite instructive to consider what counted and what didn't.

The best summary of Ottawa's view of the economic value of Newfoundland to Canada at the time of Confederation is a memorandum to the federal cabinet from the special Cabinet Committee on Newfoundland Relations dated June 16, 1947 and marked 'Secret'. The memorandum began by pointing out that in addition to increasing Canada's population by one-third of a million people "of English and Irish extraction with a relatively high birth-rate" and adding an expanse of land larger than Sweden to the Dominion's area, union with Newfoundland would substantially increase Canadian trade. (Newfoundland was at the time Canada's eighth largest foreign trading partner). "On the other hand, if Newfoundland did not become part of Canada and obtained from the United States special economic concessions in return for defence concessions, even the minimum of trade that Canada would maintain if Newfoundland remained separate would have to be revised downwards, and it is likely that Canadian trade with Newfoundland would be reduced to a small proportion of its present volume."

On the cod-fishery, Ottawa believed that "not only are the Newfoundland fisheries a potential source of wealth, but if Newfoundland became part of Canada it would be possible to avoid some of the disadvantages rising out of the present severe competition between Newfoundland and Canada in fisheries. On the other hand, should Newfoundland turn to the United States, the economic concession in which it is most interested would be entry of Newfoundland fish to the US market....If Newfoundland were successful...it would hit very hard the market for Canadian fish there...."

On other resources, Ottawa was more tentative. “The natural resources of Newfoundland and in particular of Labrador are still to a large extent undetermined although there has already been substantial development on the Newfoundland mainland [i.e. the island] in connection with pulp and paper and with iron mining....In Labrador...a very large deposit of high-grade iron ore has been found which, in view of approaching exhaustion of present US sources of supply, may in future prove to be of very great importance....In addition, a very substantial amount of waterpower is available in Labrador, the largest single undeveloped site at Grand Falls [later Churchill Falls] being capable of over one million continuous horsepower, which would compare favourably with horsepower currently developed by the Ontario Hydro Electric Commission at Niagara.”

This statement of the economic case for union between Canada and Newfoundland was not unfavourable to Confederation, but the Canadian federal cabinet was not going to be swept off its feet by the prospect of having some more fish, some more forests and a few mines. Almost any part of the planet as big as Newfoundland would have SOME interesting resources; this particular suite of resources, while attractive enough, was not overwhelmingly desirable. The trade issues were of greater immediate importance, but again were not big enough to be decisive.

Pro- and anti-Confederates came up with different balance sheets on the union of Canada and Newfoundland at the time, and continue to do so today, but it's clear that nobody in Ottawa in 1948 saw Newfoundland as either an economic bonanza or a crippling drain for Canada. The new province, economically speaking, was neither Kuwait nor Sierra Leone, but just another New Brunswick – a New Brunswick with hardly any francophones, which didn't entirely please some people in Quebec who saw the whole thing as a plot to tilt the English-French balance in Canada a little further in favour of the English-speakers. And while the perception has grown in recent years that Newfoundland and Labrador's resources are, or at least soon will be, a significant economic asset for the country as a whole, even now that is not a dominant factor in the way that other Canadians view us. So what was it that ultimately made the federal government in Ottawa so keen to have Newfoundland, and ordinary Canadians so positive about the prospect?

Ottawa's strongest motive for supporting the Confederate cause in Newfoundland and offering reasonable terms to the prospective new province was fear that a Newfoundland which regained its independence might pass into the control of the United States relatively quickly. This was not merely a question of transit rights, although there was a mistaken belief at the time that airports in Newfoundland and Labrador would be indispensable for the post-war trans-Atlantic airline traffic that was then just getting off the ground, and nobody wanted Canadian flights to Britain and Europe to have to stop in US territory. It was not a matter of military geography, either, for Canada and the United States were in the process of becoming close military allies at precisely this time. It was mostly about psychological geography.

Look at a map of Canada, and you will observe that it is entirely bordered by the United States on the south, but also largely bounded by American territory to the west. British Columbia's Pacific coast extends for only about 600 kilometres north from Vancouver, after which the Pacific coast is American all the way to the Arctic Ocean, while Canada's western frontier for the next 1,500 km. is with Alaska. Now imagine what Canada would look like if Ottawa's nightmare of Newfoundland independence rapidly giving way to US statehood had actually come to pass.

Canada's Atlantic coast would then present a similar picture to its truncated Pacific coast: 500 km. of Nova Scotia coastline from Yarmouth to Louisbourg, then the US state of Newfoundland blocking almost the entire mouth of the Gulf of St. Lawrence, followed by almost 1,500 km of international frontier between Quebec and the US all the way up to the northern tip of Labrador. The practical consequences at the time would have been small, for no doubt the Cabot Strait would have remained open to shipping of all nations, but the psychological impact on Canadians would have been huge: apart from the Arctic frontier, their country would have been virtually surrounded by American territory.

Were Ottawa's fears unrealistic? Not if you look at the evidence of contemporary Newfoundland opinion, or consider that Newfoundland had far closer traditional ties of trade and migration with the 'Boston states' than with central Canada. Add in the fact that there were US military bases all over Newfoundland and Labrador at the time, providing a huge boost to the economy and further orienting Newfoundlanders towards the United States, and it becomes clear why both Britain and Canada were determined that no form of association with the United States should be allowed to appear among the choices on the referendum ballot in 1948. That was one reason why Ottawa saw it as very important that the referendum should be held BEFORE responsible government was restored (though the likely effects of 'party politics' on Newfoundland's negotiating position over the terms of Confederation also figured in its calculations).

In the same document quoted above, the Secretary of the Cabinet Committee on Newfoundland Relations wrote in 1947: "Should Newfoundland remain outside of Canada, the present United States ascendancy in the Newfoundland-Labrador region will almost certainly increase and might very well lead to a virtual withdrawal from the area by Canada in favour of the United States. Although it may be argued that Canada would have little to lose by such a development from the point of view of defence, this would inevitably point to absorption of Newfoundland within the American orbit. This absorption might hinder Canadian air communication with the United Kingdom and Europe and would certainly make Canada's freedom of action on her north-eastern borders almost entirely dependent on the goodwill of the United States.

"The possibility, in due course, of closer affiliation of Newfoundland with the United States should not be discounted. Such affiliation might take the form of either commercial or political union and might be brought about as a result of the growing prestige of the United States in Newfoundland, the attractiveness of the United States as a free market for Newfoundland products and by a desire on the part of the United States to further strengthen its position in the Newfoundland region. Such a development would even more certainly bring about the conditions depicted in the preceding paragraph and would, as mentioned earlier, have undesirable economic consequences as well."

In a free vote in 1948, Newfoundlanders might well have chosen some kind of link with the United States leading to statehood – and Canadians both official and unofficial would have regarded that outcome as a disaster. They would not have done so for military reasons, nor for overwhelmingly powerful economic reasons either, but mainly for emotional and psychological reasons having to do with their perceptions of their own nation's future independence. When we think about the strategic value of Newfoundland and Labrador to Canada, we need to bear this in mind, because this sort of consideration can be even more important, in the real world of politics, than easily quantifiable military and economic calculations.

So Canada and Britain collaborated to ensure that the option of association with the United States was not among the choices offered to Newfoundlanders in 1948, and that the choice for or against Confederation must be made before Newfoundland regained its own government. Achieving the right outcome in the referendum was seen by both Ottawa and London as a matter of sufficient importance to justify a considerable expenditure of effort, and even perhaps a little manipulation. But it worked, and though there was some bitterness in Newfoundland at the time, half a century later solid majorities among both Newfoundlanders and Canadians are happy with the outcome. The transformation is particularly striking on the Canadian side, for while the feelings of Canadians about Newfoundland and Labrador were focussed mainly on the geopolitical picture in the late 1940s, by now they have actually got to know Newfoundlanders. On the whole, they are very pleased to have them.

Among English-Canadians, at least, Newfoundlanders have come to be seen as a slightly different breed of human beings who add interest and value to the Canadian mix. This has little to do with the tedious stage Newfoundlander' phenomenon; Newfie jokes notwithstanding, there is a clear perception among urban Canadians in particular that both the place and its people are in some sense special. If you were to press them as to what that really means, they would reply using words like 'authentic', but also words like 'articulate' – not picturesque rural idiots, but people whose ideas and values have substance, and who know how to express them. If your most important possession is your reputation, then Newfoundlanders have not done badly over the past half-century – or at least we have done well at distracting attention from what we have done badly.

In any renegotiation of Newfoundland and Labrador's relationship with the rest of Canada, legal questions would occupy the foreground, political considerations would fill most of the space behind, and geopolitical issues of the kind I have discussed here would be deep background: the scenery on the stage, so to speak. But setting the scene is important, even if the scenery is rarely mentioned directly in the play. So how important are the geopolitical assets that Newfoundland and Labrador would bring to the table in any debate or negotiation about its relationship with the federal government and the rest of Canada? Importance is always relative, so a better way to ask the question is: in what respects do these assets differ from those that the other five relatively small provinces of Canada have to offer?

The assets, or at least their relevance, may change over time, but at the moment they consist of very significant natural resources, some of which are available in only one or two other parts of Canada; a rapidly growing reputation as a centre of artistic, cultural and intellectual creativity; a geographical location which briefly had military importance, continues to be important in terms of the country's vision of itself; and might become interesting economically; and a collective place for Newfoundlanders in the Canadian national consciousness which, while impossible to quantify, is a major asset in itself: New Brunswickers and Manitobans do not have that kind of profile.

Do the other five provinces with population of one million or less have comparable assets? It would be both lengthy and tactless to do a province-by-province comparison, but it is safe to say that Newfoundland and Labrador would do well in such a comparison. On the other hand, it has done very poorly in terms of catching up with the rest of the country economically: while incomes have gone up everywhere over the 54 years since Newfoundland and Labrador joined Canada, the differential between average incomes in this province and in Canada as a whole remains virtually unchanged – and very large. Latterly there has been impressive resource-based economic growth

in the province, but it is mostly ‘jobless growth’, and the province continues to hemorrhage population. Add in the shattering effect of the closure of the cod-fishery on so many coastal communities, and the overall picture remains grimmer than in any other province.

Was this in some measure due to the specific terms of Confederation as negotiated in 1948? It is futile at this distance to engage in a debate on whether Confederation itself was a better economic choice for Newfoundland than either a restoration of its independence or association with the United States – too much water has flowed under the bridge by now, and those options are no longer open – but there is certainly a strong case for saying that the disaster that has struck the cod-fishery is largely due to the federal government’s mismanagement of the Atlantic fishery over the past 54 years. It is hard to believe that if a locally based government had had the main responsibility, the situation would have been allowed to get so bad, for the fishery always provided a large proportion of Newfoundland and Labrador’s GDP and an even bigger share of its employment. The Icelanders, who were in a very similar situation but as a sovereign state had prime responsibility for their own resources, saw the problems coming, took early and strong measures (including two ‘cod wars’) to stop the damage, and still have a thriving cod-fishery. In Canada, where the Atlantic and Pacific fisheries combined comprise just two percent of GDP, the growing threat to the cod-fishery was never given that kind of political priority by the federal government whose responsibility it was.

It is always difficult in a federal state for the central government to grant privileges or concessions to one province, however special its circumstances, without facing demands for compensation from all of the others, but if a determined government in Newfoundland and Labrador wanted to make a case for extraordinary measures by the federal government to help the province escape from its multiple disadvantages, there is now a certain window of opportunity. The province can make a legal case for seeking exceptional treatment because the terms of Confederation were negotiated between St. John’s and Ottawa at a time when Newfoundland had not recovered its sovereignty and was operating under severe disadvantages vis-à-vis both Britain and Canada. Because of Ottawa’s leading role in the destruction of its main traditional industry, it also has a moral and emotional case that is now widely recognised in the rest of the country.

There may therefore be some leeway at the moment for a special deal for this province that might not trigger the usual demands for compensation from all the other provinces.

Such a deal, however, would have to relate very specifically to Newfoundland and Labrador’s special problems and opportunities, and could not simply involve a transfer of funds. While we cannot compare directly the negative impact on the province of past federal management of the fisheries and the probable future costs to Newfoundland and Labrador of the current federal regime for off-shore oil, these are clearly similar situations, and it may be possible to persuade both the federal government and the Canadian public that a change in the latter arrangements to the benefit of Newfoundland and Labrador is necessary and appropriate. This is well worth exploring, but at the same time it is important not to focus only on the federal-provincial relationship. Most of the solutions to our problems lie in the hands of our own people.

