

# Introduction

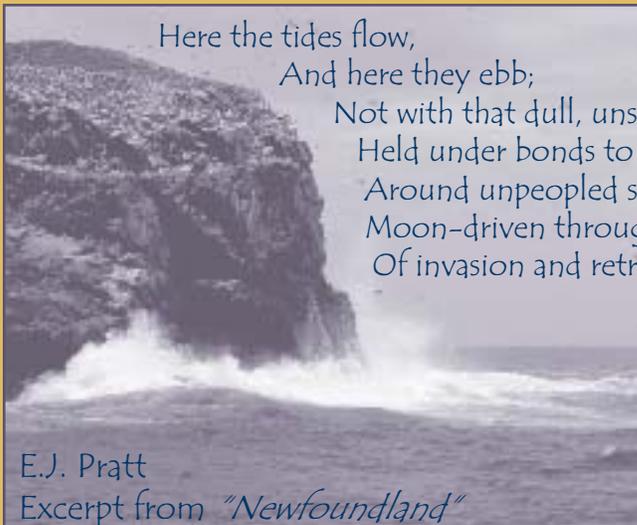


When, after a popular referendum with a slim majority, the Dominion of Newfoundland joined the Dominion of Canada in 1949, it brought vast new riches into Confederation. It added the diversity of its Aboriginal and non-Aboriginal cultures, the openness and warmth of the people, the beauty of its geography and landscape, and the skills of a workforce of talented women and men. Confederation was a moment of historic significance for Canada and of unprecedented opportunity for Newfoundland. In joining, this province became a partner with nine others, an equal in a growing and prosperous nation.

Although the people were few in number, only 350,000 at the time of Confederation, they entered with much to contribute. The new province had strategic airspace and geographic location, rich land resources and vast offshore waters. Its global position had attracted four American military bases, and the Island provided inherent security for the Gulf of St. Lawrence. It had a history of commercial trade, both with the United States and in Canada itself, and the fishing resources around its coastline and on the Grand Banks were globally renowned. Newfoundland brought forest resources on the Island and in Labrador, powerful hydroelectric resources, particularly on the Churchill River, offshore resources that would eventually encompass significant oil and gas reserves, and mineral resources, including the currently developing nickel deposit at Voisey's Bay. In total, it was a magnificent contribution.

The people of Newfoundland and Labrador are also fully cognizant of the contributions Canada has made to the well-being of this province. Since Confederation, Newfoundland and Labrador's economy has become more diversified, real personal incomes are higher and the overall level of education has risen. Important public infrastructure, including roads, schools and hospitals, has been expanded and improved. Newfoundlanders and Labradorians are benefiting from medicare, Canada Pension, employment insurance and other Canadian social benefit programs. Other large contributions to economic progress have come from the Government of Canada's significant development expenditures, including funding from the Atlantic Canada Opportunities Agency (ACOA) and its predecessor organizations, and from its investment in the Hibernia oil development. In total, Canada has made a magnificent contribution to Newfoundland and Labrador.

Nonetheless, while Newfoundlanders and Labradorians are proud to be Canadian, think the decision to join Canada was a good one and talk little of separation, the Commission has reached the fundamental conclusion that our participation in Canada has come nowhere close to reaching its full potential. There is a stark reality about our relative position in the country, which underlies much of the current discontent in our province. Newfoundland and Labrador has been on the end of a powerful set of circumstances, unique in the country, that places it in a very disadvantageous position. Since Confederation, its hydroelectric resources in Labrador have been developed for the benefit of Québec; its oil resources have been developed in a manner that makes Canada the primary beneficiary; its fishery has all but disappeared under the stewardship of the federal government; double-digit unemployment has persisted for the last 35 years; and, in the last decade, 12 per cent of its population has been lost to out-migration. All of this



Here the tides flow,  
And here they ebb;  
Not with that dull, unsinewed tread of waters  
Held under bonds to move  
Around unpeopled shores –  
Moon-driven through a timeless circuit  
Of invasion and retreat;

E.J. Pratt

Excerpt from "Newfoundland"

But with a lusty stroke of life  
Pounding at stubborn gates,  
That they might run  
Within the sluices of men's hearts,  
Leap under the throb of pulse and nerve,  
And teach the sea's strong voice  
To learn the harmonies of new floods

## Introduction

has manifested itself in a province which has the nation's highest unemployment rate, lowest per capita income, highest rate of out-migration, fastest declining population, some of the highest rates of taxation, highest per capita debt and weakest financial position. The Commission asks: How many alarm bells need to be sounded? How many arguments need to be made that Canada is not meeting the expectations of Newfoundlanders and Labradorians? How many pleas need to be made that something has to be done, that something has to change, that something has to give if Newfoundland and Labrador is ever to renew and strengthen its place in Canada?

Fifty-four years after Confederation, it is abundantly clear that our relationship with the Government of Canada is under considerable and understandable strain. Newfoundlanders and Labradorians feel ignored, misunderstood and unappreciated by their federal government and, to a lesser extent, by other Canadians. There is a deep concern that a future of prosperity and self-reliance is not achievable within the Canada of today. This concern, however, should not be mistaken for regret or loss of hope. The vast majority of people believe in the underlying premise of this Commission – that change, both in our circumstances and in our relationship with Canada, is possible.

The people have reported to this Commission that they want their aspirations affirmed within Canada by a change in the actions and attitudes of their provincial and federal governments. They are aware that some decisions will be difficult, but no more difficult than much of what has happened in the last decade. They want to find a pathway to renewal that will strengthen their place in Canada. They want to know that they are, as they deserve to be, respected partners in Confederation.

It is in this context that this Report has been developed and is presented. The Commission was given the mandate to undertake a critical analysis of our province's strengths and weaknesses, and to make recommendations as to how best to achieve prosperity and self-reliance, with the final goal of renewing and strengthening our place in Canada (see Appendix A). In carrying out that mandate, the Commission listened to Newfoundlanders and Labradorians of all ages and backgrounds within and outside the province.

More than 2,500 Newfoundlanders and Labradorians met personally with the Commissioners as they traveled across the Island and Labrador and as they visited expatriates in Fort McMurray and Toronto. They met people in urban and rural settings, in schools and women's centres and public meeting places, in coastal and inland communities. The Commission brought together representatives from the length and breadth of the province in roundtables focused on specific issues and in dialogues centered on our future. It received written submissions from nearly 250 individuals and organizations. Appendices B and C summarize the outcomes of all these processes. The Commission also developed a research program that produced twenty-eight research papers and two polls, one national and one provincial (see Appendix D for a listing of the papers and a description of the polls). The research papers and the polls are published in their entirety in separate volumes and are also available at [www.gov.nl.ca/royalcomm](http://www.gov.nl.ca/royalcomm).

The Commission, in reflecting on the outcomes of its many meetings, written submissions, dialogues and research papers, identified six principles that permeated almost every conversation or written text. These principles flow from the Newfoundland and Labrador experiences of life from earliest times and are seen by Newfoundlanders and Labradorians today as the fundamental building blocks of a stronger future. The principles can be expressed as follows:

- ***a passion for this place*** – From the Aboriginal people who are bonded to the land and the sea to the expatriate Newfoundlanders and Labradorians in Fort McMurray who long for home; from the men and women from Europe who first settled this “marvellous terrible place”<sup>1</sup> to the recent immigrants who are now making it home; from the artists who paint the barren landscapes to the writers who tell the story of our struggle against all odds; from the athletes who carry our flags with pride to the young students who see themselves first as Newfoundlanders and Labradorians, there is a deep love for this place we call home. Our shared story of struggle and hardship, our distinctive spoken dialects, our feelings for the “rugged sea” and “the big land,” and our creative folk arts speak about our sense of place, our spirit, and our love for our culture and tradition. The passion for Newfoundland and Labrador is the source of the energy we will need to renew and strengthen our place in Canada.
- ***a new way of thinking*** – Everyone with whom the Commission spoke called for a new way of thinking about ourselves, our kinds of work and our place in Canada. Newfoundlanders and Labradorians resent our own feelings of dependence and the stereotypes of others about us. We want to see our strengths celebrated throughout Canada. We realize that, in this twenty-first century, we are living in a whole new world of ideas and relationships and possibilities. We know instinctively that the strengths of our proud history can be the sources of a new way of seeing ourselves and of reshaping our society and our economy.
- ***a new kind of relating*** – In a world of instant communications and new forms of democratic participation, we see the possibilities of building on our traditional spirit of community and generosity. We believe that, in a province as small as ours, we have a unique opportunity to build cohesive linkages among responsive municipal and provincial governments, dynamic unions, innovative businesses and an energetic voluntary sector. All would then work toward the same vision of an inclusive society respecting the rights, and benefitting from the strengths, of all persons and respecting the natural environment. We further believe that we can work to create new alliances and partnerships with the federal government, other provinces and other Canadians. In this new age, the image of “the fighting Newfoundlander” differs not in its passion or energy, but in its way of creating change.
- ***a belief in ourselves*** – Our traditional sense of our uniqueness, courage and creativity has been weakened by our fears of inferiority and stereotypes. Just as we experienced a cultural revival in the 1970s that has blossomed into a vibrant, internationally renowned artistic expression today, we are now ready for a reclaiming of our spirit that commits us to “do it ourselves,” to take responsibility for our own destiny, to have the courage to make hard choices for a better future. Our history of surviving innumerable harsh realities gives us the confidence to go forward; our hope for a different future gives us the reason to go forward.
- ***a time for action*** – The Commission was told time and again that we no longer have the luxury of waiting for more studies and more consultation. The threat to rural Newfoundland and Labrador, the fears of further out-migration, the growth of our provincial debt and the small window of opportunity open to us are all reasons why we must act now. Although that action must be rooted in a new way of thinking and relating, it cannot be delayed or lacking in focus. The survival of our province is the cost of not acting. The creation of a new, vibrant province that offers hope to its residents is the outcome of deliberate decisions and sustained action.

- ***a determined hope for the future*** – The greatest barrier to a renewed and strengthened Newfoundland and Labrador in Canada is the belief that no one will listen, that the people of the province will not pull together, or that the province is too small to cause the federal government to care or respond. Breaking down that barrier is the key task of leaders throughout the province. Without the vision for a renewed place and the hope that it can be attained, people will not be able to build on the strengths that the Commission saw everywhere it traveled and in everyone it met. The sources of hope are everywhere in this province. Leaders have to help draw out that hope and help us see how much we can and must achieve together.

These underlying principles were threaded throughout the Commission’s work. Each one is positive in itself, but each one alone can achieve little. All six linked together can become the foundation on which our future will be built. The intent of this Report is to assess the realities of the present moment in our province and to suggest a direction that has the security of being grounded in the integration of these six principles.

The Commission’s report, which begins with a reflection on our sense of place, is structured around seven sections:

- the need for a new partnership and a pathway to renewal (Section 1)
- the expectations of Newfoundlanders and Labradorians as we entered Confederation (Section 2)
- the extent to which our expectations have been met over the past 54 years (Section 3)
- the opportunities within our federation that are key in determining our success in realizing the expectations (Section 4)
- a summary of the key elements of the pathway to renewal and the challenges inherent in taking this pathway (Section 5)
- appendices (Section 6)
- notes (Section 7)

A summary report for easier access accompanies this Report and is written in the languages of the early Aboriginal and original European settlers of Newfoundland and Labrador – Inuktitut, Innu-aimun, Mi’kmaq, English, and French – as well as Braille.

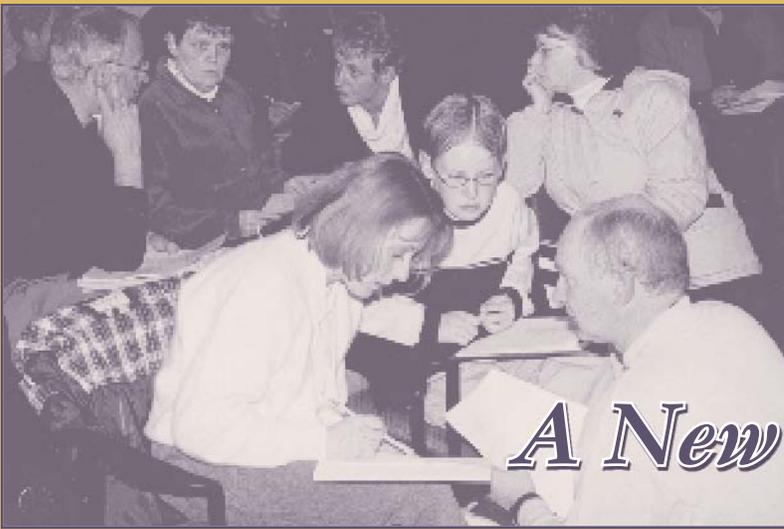
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“Getting rid of the “poor cousin” myth must start at home. It must start with a new mindset and vision for our future that is not simply held by government, but by all of us Newfoundlanders and Labradorians.”

*Excerpt from the Public Consultations*



# Chapter 1



## *A New Partnership*

Newfoundland and Labrador is a province in the best country in the world. Yet Newfoundlanders and Labradorians fear they are losing their place in this country; indeed some wonder if they have ever found it in the 54 years they have been in the federation. They have a strong desire not only to remain in Canada, but to find ways in which their province can become a more respected and fully contributing member of the federation. Newfoundlanders and Labradorians want a renewed and strengthened place in Canada.

The people of Newfoundland and Labrador want a change to a mind-set that embraces the concept of being relentlessly present-minded in analyzing our challenges, and relentlessly future-minded in tackling them. This new state of mind means looking to the future and not dwelling on the past, taking more responsibility for ourselves, and working cooperatively while promoting a culture of excellence. A poll carried out for the Commission found that 58 per cent of a representative group of people from Newfoundland and Labrador believe that it is neither the federal government, nor the provincial government, but the people themselves who need to take most responsibility for the future prosperity of this province.<sup>1</sup>

### *A New Relationship*

If seeing themselves through a new lens is the first step in renewing and strengthening their place, then developing a new relationship with the Government of Canada must be the second step. The challenge is how to forge a pathway to renewal, how to ensure that the people of a small province with little apparent influence can envisage, and then create, a new relationship between their provincial government and their federal government. This was the challenge presented to the Commission as it deliberated on the information it had received.

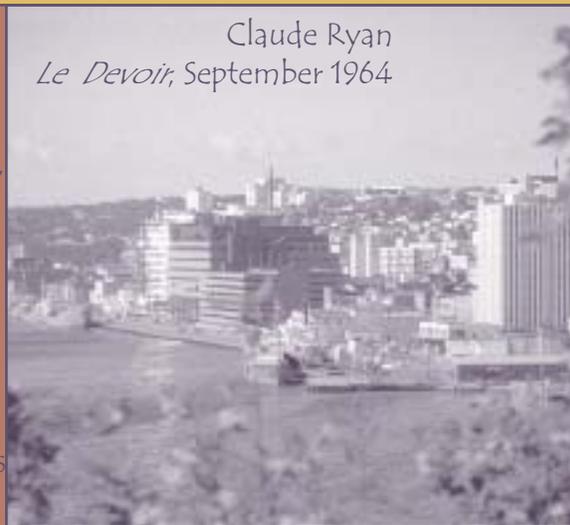
Certain key qualities would have to characterize any new, effective relationship between the provincial government and the federal government. A true partnership would be based on collaboration between the governments and between their senior officials, with an ongoing commitment to understanding each other's challenges, concerns and capacities. Their working relationships would transcend partisan interests, and would be marked by respect and an absence of dismissive or condescending attitudes. Such a partnership would be firm enough to withstand major crises, flexible enough to accommodate special circumstances, and creative enough to find solutions to unique needs. Both governments would have to be transparent in their dealings with each other, and to be resolute if either feels that the other has violated values or agreements. Building on the values which have marked the history of Canada and the history of Newfoundland and Labrador, the partnership would operate within the framework of the federation while influencing the ongoing evolution of the federation. This kind of relationship does not exist today.

Many would suggest that seeking such a relationship would be futile, a waste of time and energy. Such a view is understandable, especially given the fact that the relationship to date has not resulted in a sufficient narrowing of the gaps we experience in unemployment rates, per capita income, taxation, per capita debt,

Ils envisagent cette réforme comme devant être le fruit de conversations et d'accords loyaux entre les deux groupes. Ils veulent atteindre l'objectif par le cheminement du dialogue plutôt que par la méthode des ultimatum. Mais ils reconnaissent, au départ, que le cadre politique canadien est celui à l'intérieur duquel ils cherchent une solution.

They see that this reform ought to be made up of conversations and faithful agreements between the two groups. They wish to obtain this objective by the road of dialogue rather than by the method of ultimatum. But they recognize at the outset that it is within the Canadian body politic that they look for a solution.

Claude Ryan  
*Le Devoir*, September 1964



## A New Partnership

and rate of out-migration. It has not enabled us to effectively use the strengths of our natural resources to help us break out of our cycle of dependency. It has not given us the sense that we are respected as a fully constituted province in this federation of ten provinces. Those holding this view believe it is unrealistic to expect that the federation will change or, indeed, that the federation is capable of changing. During the course of the Commission's deliberations, public anger manifested itself in voices calling for a strident approach in the Commission's final report. There were calls for: (i) a referendum under the Clarity Act, (ii) a constitutional challenge of the adequacy of the current equalization program, and (iii) a negligence action against the federal government for its mismanagement of the fishery.

The Commission understands both the intellectual and emotional basis for arguments in favour of a more militant approach, but it is also strongly of the view that militancy is not a basis for a successful long term relationship with the federal government. It is entirely unrealistic to think that we could ever renew and strengthen this province without a positive relationship between our two elected governments. That is not to say that a respectful relationship between both governments rules out the need for strong actions from time to time. Indeed, inherent in a collaborative relationship in a federation like Canada is the inevitability of conflict and disagreement. Such conflict, however, cannot form the basis of an ongoing relationship. The Commission concludes that the building of a new relationship, rooted in the Canadian way of governance, is a risk worth taking.

More importantly, the Commission is of the view that Canada is capable of and ready for the change in approach that Newfoundland and Labrador requires. Canada has a history of constantly renewing and adapting itself to new times and new circumstances. From 1867 when the first four provinces came together to constitute the foundation of this country, to 1982 when Canada's Constitution was patriated, to 1985 when the Atlantic Accord was signed, to 1999 when Nunavut became the newest Territory, Canada has always been open to, accepting of and growing through change. Today, many Canadians believe it is time for yet another transformation. As Ross Reid, senior consultant to the National Institute of Intergovernmental Affairs and former Cabinet minister from Newfoundland and Labrador told the Commission: "We know as we start the new millennium that the country is not working as well as it could, more importantly, not working as well as it should."<sup>22</sup>

At the same time, as many people in Canada are asking for significant change in the federation, there is an unusual coming together of new governments and new leaders, both federally and provincially. At the federal level, three of the party leaders are relatively new in their mandates, and the fourth party will have named its new leader in November 2003. A new prime minister will be in office in February 2004. Québec, Manitoba and New Brunswick have recently elected new governments. It is likely that the provinces of Saskatchewan, Ontario, Nova Scotia, and Newfoundland and Labrador will go to their respective electorates within the coming year. Never, in recent memory, has there been such an opportunity for this country to renew its way of being to better respond to the hopes and dreams of Canadians and

ensure that Canada remains “the best country in the world.” This is an opportune time for the people of this province to reflect with other Canadians on the kind of Canada we want and need. It is a time which offers exciting possibilities for a new relationship between governments as the first step in creating this new kind of Canada.

### *Commitment to the Pathway*

The new relationship cannot be simply a theory or an idea. Governments will have to change what they do and how they do it. The commitment to create a new partnership and a pathway to renewal would mean the following:

1. The province’s commitment would be reflected in its own new partnership, based on social inclusion, with the people of this province.
2. The provincial government’s readiness to follow the pathway would be evident in its renewed commitment to the prudent management of its financial affairs.
3. The new pathway would attempt to mitigate the vulnerability of rural Newfoundland and Labrador reflected in the loss of the fishery and the painful out-migration of so many people.
4. The pathway would seek new ways to address the collapse of the groundfish fishery and the sustainability of the shellfish fishery with their implications for the future of this province.
5. Renewed efforts would be made to readjust the equalization arrangements and other federal/provincial transfer programs.
6. The province would build on the potential strengths of the wealth of its natural resources. This would mean new approaches to sharing offshore oil revenues in a way consistent with past promises, and to securing future economic benefits from the hydroelectric potential of the Churchill River.
7. The provincial government would focus on ways to strengthen the partnership through improved federal institutions, and a new provincial approach to intergovernmental affairs and alliances with other provinces and other Canadians.

As it envisages this new partnership and pathway to renewal, the Commission is not suggesting that Newfoundland and Labrador can become an Alberta of the East, or that it can rapidly progress leaving other provinces in its wake. On the contrary, the provincial government must work hand in hand with the federal government not only to ensure that the province does not fall further behind, but that it progresses at a reasonable pace. The unacceptable alternative is the status quo, entrenched by a federal system unable or unwilling to respond seriously and respectfully to the unique circumstances facing Newfoundland and Labrador. The cost of doing nothing is high, not just for Newfoundland and Labrador but for Canada as well.

### *Conclusions*

As it begins the process of considering ways of renewing and strengthening Newfoundland and Labrador’s place in Canada, the Commission believes that the foundation must be a new relationship between the federal and provincial governments. This relationship would be framed within collaborative federalism, and would be characterized by cooperation, mutual understanding, respect and flexibility. Our two elected governments would be committed to creating a partnership that would forge a pathway to renewal addressing the major concerns and challenges facing this province. While many would suggest that such an approach will be dismissed as impossible to achieve, the Commission believes that the time

is right to advocate for such an approach, the country is capable of change, and therefore that the risk is worth taking.

The chapters that follow build on the intent of this new partnership by assessing in more detail the need for such an approach, determining the potential in the federation for the creation of such a partnership, and identifying the key elements along the pathway. It will be the provincial government's success in reshaping that different relationship with the federal government that will be a determining factor in whether a renewed and strengthened place in Canada is possible for Newfoundland and Labrador.

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“The challenge is not to get out of Confederation but to get into it.”

*Excerpt from the Public Consultations*

“I believe that Newfoundland and Labrador is at a crossroad in its history, and it is at this point that our government and its people must endorse a new approach in our relations with the federal government.”

*Excerpt from the Public Consultations*

“Without any doubt, I believe the next five to ten years will be a watershed for the province in all aspects of society. Analyzing our role within Confederation will serve as the genesis of a greater plan towards greater prosperity.”

*Excerpt from the Public Consultations*

