

## TOPIC 5.4

# The Amulree Report

Royal Commissions are appointed by federal or provincial governments to investigate specific issues. How does this process benefit citizens?

Frequently Royal Commissions are headed by judges. Why might this be the case?

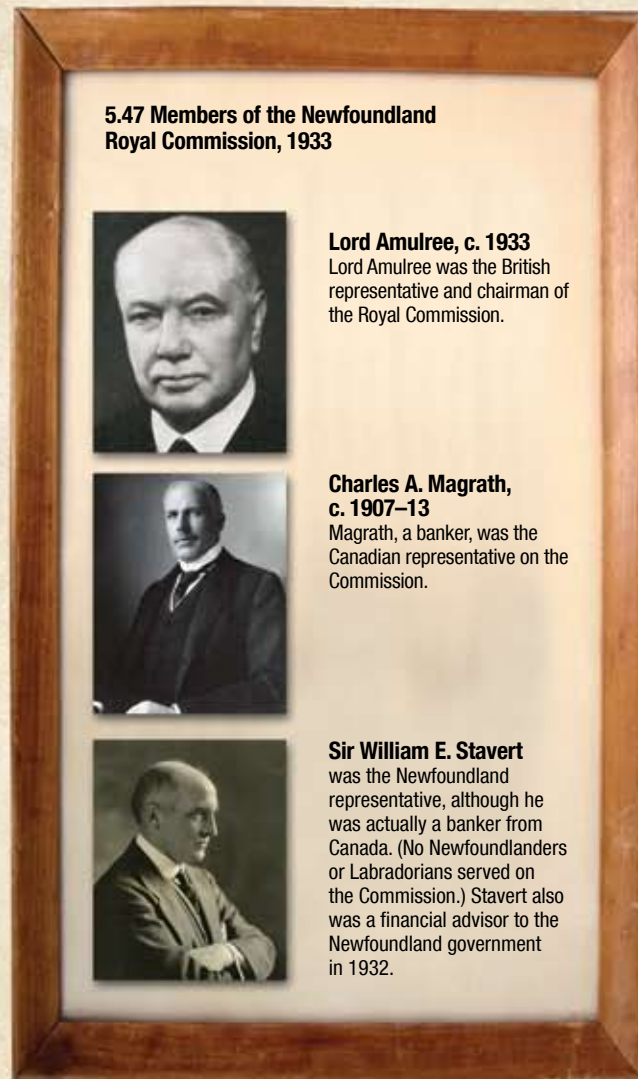
## Turning to Britain

Newfoundland's financial problems, high unemployment, and poverty during the Great Depression\* were not unique. Countries worldwide faced the same difficulties, and those that relied on the export of primary products were often the hardest hit.\* The end of the Squires scandal-filled administration in 1932 did nothing to improve the country's financial situation. By 1933, Newfoundland was on the verge of bankruptcy. When Squires' successor, Prime Minister Frederick Alderdice, announced that Newfoundland would have to partially default on its debts, the British government reacted with alarm. Driven by larger global concerns, it told Alderdice that this was unacceptable. A default would have a negative impact on the financial markets and on the credit of Canada and the other British dominions, and set a dangerous precedent.

To prevent Newfoundland from defaulting on its debt, Britain and Canada paid two-thirds of the country's interest payment for January 1, 1933. This payment was made on condition that the Newfoundland government accept the appointment of a Royal Commission to examine the country's future. Newfoundland also had to promise to support the Commission's recommendations in the Legislature.

## The Newfoundland Royal Commission 1933

On February 17, 1933, an Imperial Royal Commission was appointed by the British government "to examine into the future of Newfoundland and, in particular, to report on the financial situation and prospects therein." This effectively put Newfoundland's future into the hands of three non-Newfoundlanders – a British peer, Lord Amulree, and two Canadian bankers (See fig. 5.47.) The commissioners held 100 formal hearings and conducted 260 interviews in St. John's and across the island.\*\* They also gathered evidence through written testimony and informal visits to people in their



homes and workplaces. In their final report, known as the Amulree Report, the commissioners noted: "It was our special object at every place we visited to see and talk with fishermen and workpeople in their natural setting, as well as merchants, doctors, clergymen and others ..." The commissioners ended their hearings in July 1933 and published their report three months later.

While the Commission was conducting its research, officials in London were having their own discussions on the Newfoundland crisis on the other side of the Atlantic.

\*Although the effects of the Great Depression were felt worldwide for several years, the hard times in Newfoundland and Labrador lasted a full decade.

\*\*The commissioners did not travel to the Northern Peninsula or to Labrador, but they collected evidence from these areas.

They produced their own plan for Newfoundland, which Lord Amulree was expected to recommend. Newfoundland's public debt would be rescheduled at a lower rate of interest and guaranteed by the British government. This was essentially a disguised default, but would satisfy bondholders and prevent panic in the global markets. However, financial intervention and assistance of this type were incompatible with responsible government. Thus Newfoundland would have to agree to give up that system of government temporarily, and allow Britain to administer the country through an appointed commission.

This became the central recommendation of the Newfoundland Royal Commission, whose report was published in October 1933. The Commission's report argued that Newfoundland's financial crisis was the result of government mismanagement, inefficiency, corruption, and financial irresponsibility. It described the average Newfoundlander as "simple-minded" and easily exploited by corrupt politicians. According to the Report, the people had lost faith in their political leaders and in the system of responsible government. They wanted

assistance from Britain, and they wanted change.

Citing the political corruption of successive Newfoundland governments, the Amulree Report called for the temporary suspension of responsible government and tighter British controls through the establishment of a Commission of Government. The Commission of Government would consist of six commissioners (three from Britain and three from Newfoundland) and would be led by a British Governor answerable to the Secretary of State for Dominion Affairs in London. If this was established, Britain would guarantee and reschedule Newfoundland's debt, which was still to be paid by the Newfoundland government.

The Amulree Report was well-received by the press and most members of the public at the time. At the British government's request, Alderdice did not hold an election or a referendum on the issue. Instead it was brought to the legislature in November, where an address to the Crown was passed asking for the suspension of the constitution. In February 1934 the Commission of Government took office.

## Britain to Govern Newfoundland; First Dominion to Lose Status

Reverts to the Rank of a Crown Colony During Financial Crisis  
—Royal Commission Reports 'Desperate Condition'—  
Debts Will Be Funded by London.

Wireless to THE NEW YORK TIMES.

LONDON, Nov. 21.—Newfoundland will lose her status as a self-governing dominion for a time under sweeping emergency measures which the government submitted to the House of Commons today.

The proposals were made on the recommendation of a Royal Commission of Inquiry, headed by Lord Amulree, which found financial and political conditions in Newfoundland "desperate" and the islanders facing utter ruin. This is the first time in the history of the British Empire that any dominion has had to hand its sovereignty back to the mother country.

Strictly speaking, Britain cannot force any dominion to surrender its self-government, but a formal request for British help is expected to come in a few days from Premier Frederick C. Alderdice and the Newfoundland Government.

Direct British rule in the island is expected to last until its affairs have been pulled out of the morass in which the commission found them. The colony will be ruled in the next few years or longer by a British Governor assisted by a com-

mission of three Britons and three Newfoundlanders. Their immediate task will be to reduce the island's debt burden and the first move, announced today, is the conversion of the existing Newfoundland obligations into a 3 per cent sterling issue redeemable in ten years.

The report of the commission of inquiry constitutes a scathing indictment of financial mismanagement and political corruption in Newfoundland ever since the war. It declares that Newfoundland has been living hopelessly beyond her means and that her scattered fishing communities have been demoralized by a vicious credit system under which they have become virtual serfs of the merchants of St. John's.

Moreover, the people have been victimized by politicians, according to the report, and by "a continuing process of greed, graft and corruption which has left few classes of the community untouched by its insidious influence."

Among the recommendations

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The New York Times  
Published: November 22, 1933  
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5.48 Excerpt from *The New York Times*, Nov. 22, 1933

Summary.

562. Our proposals, in brief, are that it should be frankly recognized that it is impossible for the Island to surmount unaided the unprecedented difficulties that now confront it, and that the Newfoundland Government should make an immediate appeal for the sympathetic co-operation of Your Majesty's Government in the United Kingdom in the execution of a joint plan of reconstruction of which the following would be the main features:—

(1) The suspension of the existing form of government until such time as the Island may become self-supporting again.

(2) The creation of a special Commission of Government, which would be presided over by the Governor, would be vested with full legislative and executive authority, and would take the place of the existing Legislature and Executive Council.

(3) The Commission of Government would be composed of six members, exclusive of the Governor, three of whom would be drawn from Newfoundland and three from the United Kingdom.

(4) The Government Departments in the Island would be divided into six groups. Each group would be placed in the charge of a Member of the Commission of Government, who would be responsible for the efficient working of the Departments in the group, and the Commission would be collectively responsible for the several Departments.

(5) The proceedings of the Commission of Government would be subject to supervisory control by Your Majesty's Government in the United Kingdom, and the Governor-in-Commission would be responsible to the Secretary of State for Dominion Affairs in the United Kingdom for the good government of the Island.

(6) Your Majesty's Government in the United Kingdom would, for their part, assume general responsibility for the finances of the Island until such time as it may become self-supporting again, and would, in particular, make such arrangements as may be deemed just and practicable with a view to securing to Newfoundland a reduction in the present burden of the public debt.

5.49 Summary from the Amulree Report for a "joint plan of reconstruction"

## Questions:

1. Why was a Royal Commission appointed in Newfoundland in 1933?
2. How did the Commission gather information? Was this an effective approach?
3. What was the main recommendation of the Amulree Report? What else could the Royal Commission have recommended as a solution to Newfoundland's problems?

# DIMENSIONS OF THINKING PERSPECTIVE

## –Was the Amulree Report objective?–

*The Amulree Report of 1933 presented a version of Newfoundland and Labrador's history that has influenced future generations' understanding of events.*

The report used Newfoundland's political history to justify the suspension of responsible government and the establishment of the Commission of Government. It did this by emphasizing widespread corruption and inefficiency in Newfoundland politics. Because of the official nature of the document, its narrative of our history remained relatively unchallenged for decades. However, it is important to keep in mind that the report was not written as an unbiased text.

When reading and interpreting a historical document, it is crucial to keep in mind the following factors:

- 1) Authorship: Who wrote the document and for what audience? Was the author qualified to comment on what he or she wrote about? What was the author's purpose or agenda? Is there a conflict of interest that might prejudice the portrayal of the content?

- 2) Context: What were the social, political, and economic circumstances of the time in which the document was written?
- 3) Information: Did the author of the report have access to accurate information from a variety of sources? Is the report consistent with other accounts of the time?

Today most historians agree that the Amulree Report's historical analysis and its conclusions about the financial crisis in Newfoundland and Labrador were both flawed: its criticisms of politicians and of the political system here were unfair and exaggerated; it did not give enough credit to the impact of the First World War and the Great Depression on Newfoundland and Labrador's financial situation; and the creators of the report had a conflict of interest in that Britain did not want to consider Newfoundland's default\* as a serious option.

*\*Of course, in the end, Britain did choose default for Newfoundland's debt - but that default was disguised in the suspension of responsible government.*

### 5.50 Excerpts from the Amulree Report

(1) The Island is in extreme financial difficulties. These have been intensified by the world depression, but they are due primarily to persistent extravagance and neglect of proper financial principles on the part of successive Governments during the years 1920-31.

210. Shrewd and suspicious in their business dealings, the people exhibit a child-like simplicity when confronted with matters outside their own immediate horizon. This simplicity political candidates have not been slow to exploit. There is no system of compulsory

*“The characterizations of our past that the Royal Commission members heard from Newfoundlanders were accepted as true, since they were useful in justifying the political recommendations the British had in mind. The false objectivity of outsiders and the official nature of the Royal Commission lent credence to these interpretations, raising them to the status of scientific truth – and over the next six decades many authors have uncritically accepted these conclusions about the nature of Newfoundland’s economy and society.”*

– Jeff Webb, historian

219. As a general statement, it is not too much to say that the present generation of Newfoundlanders have never known enlightened government. The process of deterioration, once started, could not be controlled. The simple-minded electorate were visited

228. It should be appreciated, in the first place, that there is now no real distinction of principle between the political parties of Newfoundland. The names of Liberal, Conservative or Tory and Labour are in use but the division is rather one of persons. Secondly, the population of the Island is so small, and its financial resources are so restricted, that the choice of political candidates is severely limited. There is no leisured class, and the great majority of the people are quite unfitted to play a part in public life. As a rule

229. The spoils system has for years been in full force in Newfoundland. Given the conception that it is quite fair, whilst one’s party is in power, to make what one can for oneself and one’s friends, it is natural that in the minds of many people politics should be regarded simply as job-farming. It has been the practice for each incoming Government to side-track or sweep away all Government employees who were either appointed by or were suspected of any connection, direct or indirect, with their predecessors, and to replace them with their own nominees, irrespective of the qualifications of the latter for the particular appointments assigned to them. St. John’s is a small city of some 40,000 inhabitants.

## Questions:

1. What evidence is there that the Amulree Report was biased?
2. Why was the Amulree Report so easily accepted?
3. What alternatives to the establishment of Commission of Government were suggested by Charles Magrath? Which alternative would most benefit Newfoundland?

## DID NEWFOUNDLAND AND LABRADOR HAVE ANY OTHER OPTIONS?

Newfoundland’s strongest defender on the Commission was actually the Canadian nominee, Charles A. Magrath. He felt there were other options for the Newfoundland Government besides giving up responsible government. He argued that the banks were forcing Newfoundland to pay interest at rates that were excessive during a global economic depression and supported Alderdice’s original proposal for default, which would have decreased Newfoundland’s interest rates to three per cent. However, the British government refused to let Newfoundland default on its debt.

Magrath criticized the Royal Commission for its faulty analysis of Newfoundland’s financial crisis and suggested that Newfoundland needed practical financial assistance which could be provided in two ways: 1) Britain could cancel Newfoundland’s war debt – something that had been done for several European nations in the aftermath of the First World War; and 2) Canada could purchase Labrador, on condition that Newfoundland could re-purchase the territory in the future. However, neither of these solutions was seriously considered.

Believing that Newfoundland was eventually going to join confederation, Magrath also advocated for increased Canadian activity in Newfoundland. However, many Canadian politicians, including Prime Minister R.B. Bennett, were hesitant to assist Newfoundland when much of Canada was in similar economic distress. Although the lack of Canadian financial assistance weakened Magrath’s position on the Commission, he continued to defend the best interests of Newfoundland (with a view to confederation) until the end.