

the cost has been just doubled, and you will wish to know the main reasons for it. As the White Paper shows, maintenance of social services (Public Health & Welfare and Education) account for \$5 millions of the increase, and maintenance of public services (Posts & Telegraphs, Customs, Justice, Natural Resources, Public Works and grants to the Newfoundland Railway) for \$4 millions. There have been increases of lesser degree under other heads.

There has, as you are aware, been a very considerable increase during the last 12 years in the scope of government services. To meet needs, which in the view of the Commission were urgent, we have increased the size of our hospitals and other public institutions including the erection of some 14 cottage hospitals; we have extended the nursing services, clinics, anti-TB services, etc. We have substantially increased the rates of assistance given to the infirm and aged. Sir John Puddester will be able to give you a fuller account of these improved social services.

Educational services have been very considerably improved, particularly the status and emoluments of teachers; the introduction of compulsory education has led to an increase in the number of children attending educational establishments. The present maintenance vote of over \$3 millions for education compares with a total of half a million dollars to which the service had been cut in the days preceding the period now under review. The increases of cost in the Departments of Posts and Telegraphs and Customs are not so large and are counterbalanced by increased revenue. In the Department of Justice the strength of the police and fire services have been considerably extended. While in the Department of Natural Resources there have been established services such as the provision of bait depots, and substantial grants to the Newfoundland Fisheries Board; this department has also introduced the Ranger Force and inaugurated numerous schemes for the encouragement of agriculture and for rural development which did not exist before. In passing I might mention that an item of \$500,000 on page 58 of the estimates for 1946-47, representing payments to the Salt Fish Marketing Fund, which are counter-balanced by similar receipts under the head of customs, will in future disappear as this Fund is now being

wound up. There have been considerable developments in the services rendered by the Department of Public Works, including the maintenance of roads, public wharves and buildings, and geological surveys.

But quite apart from the widening of the scope of government services, we have to bear in mind the increased costs for salaries, supplies and materials which are the inevitable result of reduction in the value of money through the war. Furthermore, we have to remember that in 1934 government services had been pared to the bone, as in the case of the educational service to which I have referred particularly, and a considerable increase over the levels to which expenditure had been cut in the time of severe depression could be expected in the natural course of events.

I should point out that the provision of \$23 millions in the present year for ordinary maintenance expenditure, including the service of our public debt, makes little provision for unemployment relief, although the total of over \$1,300,000 actually provided for assistance to the infirm and aged is very much greater than it was a few years ago. In 1937 we spent over \$1,600,000 on unemployment relief at the rates then current, and it is certain that, if similar unemployment conditions returned, we should require a very much larger amount to meet this need. Quite apart from the possibility of provision having to be made in the future for unemployment relief, we cannot, in my view, expect any reduction in the figure of \$23 millions at present provided for maintenance services. Savings may be effected in certain directions, but they will be more than counterbalanced by normal expansion of activities, which is the inevitable trend in any progressive community. We can, indeed, expect additional costs of well over half a million dollars a year in respect of the operation and maintenance of new institutions, such as the new sanatorium on the west coast, the extension of the sanatorium in St. John's by the incorporation of one of the naval hospitals, and the operation by the Department of Public Health and Welfare of a former military hospital at Botwood. The provision of these improved social services has undoubtedly led to a better standard of living, which I am sure you will agree was urgently needed; it would certainly lead to great hardship and probably suffering if these benefits were not maintained. A question