whole of Canada. The average number of persons in a Newfoundland family is 4.6, compared with 3.8 throughout Canada. As just one of the many economic implications of this problem I might mention that the larger number of children per family places in a different perspective the application of the *per capita* wage earnings. It also has a pronounced effect on the relative proportion of income which can be applied to the cost of education and social services and it affects the taxable capacity of the population.

The development and maintenance of strictly provincial services in Newfoundland is particularly difficult because of the province's somewhat fluctuating economy. One of the measures to meet the difficulty was the imposition of a sales tax of 3 per cent on all retail sales throughout the province, applying to food and all other commodities. When we consider higher costs of goods by reason of freight from the other provinces and distributing charges, the application bears very heavily on the average wage earner.

Union of Newfoundland with Canada was not a one-sided deal by any means; it brought advantages both ways. To the Newfoundland people it brought the hopes of extension of public and welfare services, which Newfoundland as a separate entity could not possibly undertake with any assurance of continued maintenance. Some of these hopes are unquestionably in the course of being realized now.

The union brought to Canada the realization of its national hopes in the extension of its geographical boundary, as well as distinct material advantages. The established defence relationship with the United States in Newfoundland ran into hundreds of millions of dollars of capital expenditure and tens of millions of yearly expense, some part of which Canada would otherwise have had to meet. Then there is Gander airport, which at the time of Union was—as it still is—one of the greatest in the world. It was acquired by Canada without any payment to Newfoundland. The railway of over 600 miles—of narrow gauge, it is true, and a most inadequate public service—was transferred without compensation. Its revenue is less than current expenditure, but that is true of many federal public services. The great area of Labrador, consisting of 112,000 square miles, will undoubtedly bring tremendous wealth to Canada as a whole as the years roll on and as the resources of that territory with those of the island of Newfoundland, are developed. The almost complete switch of purchasing of manufactured goods from other parts of the world to the Canadian provinces is a matter of great importance to Canada. Only one-tenth of the agricultural requirements are produced locally and the secondary manufacturing industries provide jobs for no more than 3 per cent to 4 per cent of those gainfully employed.

The report of the Royal Commission has recommended that the federal Government pay the province of Newfoundland $8 million per year as from April 1957, less the transitional grants for which Canada was obligated under the terms of 1948. In other words, the amounts over the present payments which will be due if these recommendations are accepted will be $6,600,000 for 1957 and running up to $8 million in 1961 and thereafter. The Newfoundland Government had set up an investigating body for the purpose of studying the case of the province in this connection, and the recommendations were for $15 million annually.

I am not sure that I can question the recommendations of the Royal Commission, though I think that they are somewhat lacking with regard to the amounts required. I certainly could not question their recommendations from the standpoint of correct arithmetic and the dictionary interpretation of each word of the terms of reference. What I do question is the complete inadequacy of the whole approach, which it is true was beyond the responsibility of the commission, but in fairness to the whole issue I think emphasis in the report should have been placed on matters of broader significance, even though for the present the monetary recommendations might have been the same.

To focus one's mind entirely on the present in planning for the future just invites failure. In that respect the conditions of clause 29 are obviously lacking. What has to be thought into that clause, even though it could not be written into it in 1949, is provision for the public services of 1957 which in 1949 were even unplanned. Then again if the province was behind in development of those essential public services in recent years, as is the case, why should not the measure of financial assistance be extended to continuing expansion instead of ending with the established services of 1957? I know that no commission can take care of everything for the future, but here is a case where the province of Newfoundland entered into a new economic world, so to speak.

There undoubtedly should have been recommendations for future adjustments in the financial relationships, bearing in mind the varying nature of the economy of the province and the population changes.

When this report has been considered by the Government of Canada, I hope that a