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PETER NEARY

ON 16 FEBRUARY 1934 NEWFOUNDLAND switched from elective self-government to administration by a British-appointed Commission of Government. Under the Commission system there was a Governor and six commissioners, three of the latter drawn from Newfoundland and three from the United Kingdom. All these officials were appointed by London, and the Commission, which remained in office until 31 March 1949, had both executive and legislative power. Each commissioner had a portfolio, with the British commissioners occupying the economic posts (Finance, Natural Resources, and Public Utilities). The Commission was established by an Act of the United Kingdom Parliament passed, with the agreement of St. John's, following the report of the 1933 Newfoundland Royal Commission, which had recommended the suspension of self-government in the Dominion of Newfoundland. This startling turn of events had been brought on by the Great Depression, which had devastated Newfoundland's markets and public revenues while imposing a heavy burden of public relief. In the view of the Royal Commission, Newfoundland

needed economic reconstruction, which in turn required “a rest from party politics,”¹ something the Commission of Government was presumed to embody.

In its first phase, drawing on the analysis of the Royal Commission, the new administration attempted reform across a broad front. Experts were invited into the country to give advice, the civil service was made more professional, the magistracy was reformed, and a Ranger Police Force was launched. In the same spirit a cottage hospital system was established, educational administration changed (though the existing denominational system remained in place), and the dole ration (given in kind) nutritionally improved through the addition of Vitamin B to flour. Economically, the Commission took action on behalf of loggers and promoted land settlement (especially at the new community of Markland) as an alternative to overdependence on the fishing industry, Newfoundland’s main source of employment. In November 1935 a Commission of Enquiry, headed by Justice James M. Kent,² was appointed to make recommendations for lifting the fishing industry out of its current doldrums, and in April 1936 the Newfoundland Fisheries Board was established to better regulate the trade. In attempting to promote ameliorative change, the Commission of Government enjoyed limited assistance from the Colonial Development Fund, which had been established by a United Kingdom statute of 1929 “for the purpose of aiding and developing agriculture and industry.”³

These efforts notwithstanding, in the third year of the Commission’s administration Newfoundland remained mired in depression, and fear for the future of the 1934 constitutional experiment had taken hold in London and St. John’s. Against this backdrop, in a despatch to Governor Sir Humphrey Walwyn dated 22 October 1936, Dominions Secretary Malcolm MacDonald wrote that the time had come “to take stock of the position” and to “formulate and discuss ... the lines which future policy should take.”⁴ Accordingly, in paragraph 4 of his despatch, he invited the “considered views” of the Commission on a wide range of matters, including the following:

A. With regard to economic reconstruction: —

(1) What is the degree of importance which, in the judgment of the Commission, is to be attached to rehabilitation of the fishing industry, and what is the Commission’s view of the part which the fishing industry is likely to play in the future economy of the Island?

(2) What is the degree of importance which, in the judgment of the Commission, is to be attached to (a) the timber resources, (b) the mineral resources, (c) the agricultural resources of the Island; and how far are these resources capable of development?

(3) What, in the view of the Commission, is the best means of bringing about the gradual elimination of the credit system, and the substituting of a cash ba-

sis in the relations both between employer and employed and also between the producer and the supplier?

B. With regard to the question of training and equipping the people of Newfoundland so that they can ultimately administer their own affairs again unaided: —

(1) What is the policy contemplated by the Commission with regard to the improvement and extension of the educational facilities in the Island? I am sure that the Commission will feel with me the special importance attaching to the educational factor in any long-term programme for the Island's rehabilitation.

(2) Are there any further means by which the civil service in the Island can be efficiently organized and adequately equipped?⁵

In addition — to help ensure the “long period of political peace” that would be required for the Commission to “achieve its difficult task” — the government in St. John's was asked (under head C) to comment on the advisability of establishing “a nominated Advisory Council composed of prominent Newfoundlanders” whom it “might consult as occasion required and especially in matters of important legislation.”⁶ Lastly, the Commission was asked (under head D) for its views on “any other matters” it believed “should be taken into consideration in framing a long-term policy.”⁷

The Commission's response was sent to London by Governor Walwyn in an unusually lengthy despatch dated 24 December 1936. The version of this document printed below, with permission, is from the National Archives of the United Kingdom, reference DO 114/80 (Dominions Office Confidential Print 172, No. 32). In editing the document for publication I have silently corrected obvious errors, omissions, and inconsistencies in a version produced for internal British government use. Overall, the document nicely captures the outlook and thinking of the Commission at this stage of its existence and provides harrowing information about just how bad things were for some Newfoundlanders in the second half of the 1930s — a reality that should not be forgotten in analyses of the decision Newfoundlanders made in the next decade to enter the Canadian Confederation.

In his reply to the planning document submitted by the Commission, Malcolm MacDonald agreed that the needs of Newfoundland were “so manifold and urgent” and the “distress” that persisted there was “so acute” that a reconstruction program “must be pressed forward with the least possible delay.”⁸ Accordingly, he authorized the preparation of a program along the lines proposed by the Commission that would cost \$800,000 annually. In a separate — and secret and personal — despatch he told Walwyn that the existing denominational system of education in Newfoundland was “unsound in principle” and had “most unfortunate results in prac-

tice.”⁹ “It is difficult to escape the conclusion,” he wrote, “that education in Newfoundland can never be put on a wholly satisfactory footing while that framework remains... I fully realize that the existing denominational system has its roots so deep in Newfoundland tradition and is so jealously guarded by the Churches that any sudden change to a secular basis would be out of the question. I feel, however, that we ought to keep the goal before us in our long-term planning so that advantage may be taken of any opportunity that may offer of breaking down little by little the denominational barrier and preparing public opinion for the eventual taking over of education by the Government.”

DESPATCH

From

NEWFOUNDLAND GOVERNMENT.

(Confidential.)

(Received 7th January, 1937.)

Sir,

Government House, St. John's, 24th December, 1936.

I have the honour to acknowledge receipt of your confidential despatch No. 507 of 22nd October concerning the future prospects of Newfoundland. In their despatch dated 14th March 1936, the Commission of Government laid before you their views on the financial assistance that would be necessary over the next few years to secure a real and lasting improvement in the economic life of the Island. In light of your present despatch we have re-examined the position closely and, as you will see, we have modified in important respects the policy which we indicated in outline in that despatch. The statistical information at our disposal is still insufficient to justify a statement of the measures which we propose with exactitude, and in any case we desire to retain a considerable degree of latitude to meet variations in local conditions, but we have attempted to lay down quite clearly the general principles on which we propose to act, the objects at which we aim, and the methods which we propose to follow, and have summarized where necessary the grounds on which our conclusions are based.

2. A separate despatch is being sent to you concerning the Establishment of an Advisory Council.

3. We proceed now to discuss the questions raised in your despatch; first the specific questions mentioned in paragraph 4 (A) and 4 (B); next other matters, as

suggested in paragraph 4 (D). At the same time we give, as appears proper, an estimate, although as will be understood of a very provisional nature, of the expenditure involved in carrying out the Commission's plans.

FISHERY.

4. According to the Census returns of 1935, the number of persons prosecuting the codfishery were:

Heads of families	...	...	...	21,279
Others	...	...	...	<u>13,179</u>
<i>Total</i>	...	...	...	<u>34,458</u>

as against 40,511 in 1921 and 43,795 in 1911. Most of those classed as "Others" are members of fishing families. In addition, there are almost 600 families which engage in the herring and lobster fisheries alone on the west coast, and do not fish for cod. On the basis of an average family of five persons, this means the number of actually producing fishermen, with their dependents, is about 110,000. There are, in addition to these, considerable classes which are also dependent on the fisheries, viz., (1) the fish exporters and their families and employees, (2) all output fishery supplying merchants and their families and employees, (3) truck drivers and crews of coastal freighting schooners, (4) coopers and most of the saw mill workers, (5) persons engaged in the manufacture of lines and twines, boat-building and minor equipment. It would probably be correct to say that about 150,000 persons are depending on the fisheries as their main means of livelihood.

5. It is very difficult to form a trustworthy estimate of the total value, f.o.b. in Newfoundland, of the annual fishery production. The following figures given in five year periods beginning 1890-1895 give the average annual value of the codfish exported, on the basis of the figures supplied by the Customs Department: —

				\$
1890-1895	...	...	...	3,717,589
1896-1900	...	...	...	3,949,277
1901-1905	...	...	...	5,673,278
1906-1910	...	...	...	7,652,859
1911-1915	...	...	...	7,937,872
1916-1920	...	...	...	17,817,780
1921-1925	...	...	...	10,619,058
1926-1930	...	...	...	11,803,610
1931-1935	...	...	...	5,927,481

The total value of the whole fishery export in recent years has been estimated as follows:—

				\$
1932-33	...	...	...	6,596,802
1933-34	...	...	...	7,663,650
1934-35	...	...	...	8,287,546
1935-36	...	...	...	7,338,271

This is on the basis of the declared prices. The realized prices might easily be much higher. If it be assumed that the average annual gross total value of the fish exported is \$7,000,000, and the number of families dependent on the fisheries is 30,000, the total gross dividend per family works out at \$233.00. If only producing families are taken into account, then the dividend is \$318.00 per family. From this must be deducted the cost of gear, salt, petrol, repairs and replacements, local freight and insurance. The result shows that, at the best, the fisheries at present produce only a wretched livelihood. The merchants engaged in the fishery business obtain a relatively higher share of the proceeds than the producing fishermen. Also catches, of course, are not equally divided, and in some cases they fail altogether. The averages quoted do not, therefore, reveal fully the extreme poverty of many families which have been unlucky over a period of years.

6. The past season has been a bad one. While the catch of the bank fishery is above the normal, that of Labrador is below it. On the south coast the shore fishery has been a failure for the seventh year in succession. Elsewhere the shore fishery has been about average — good in parts and poor in parts. The total catch of codfish this year is estimated at about 950,000 quintals only, the lowest amount recorded since 1895. Fewer fishermen put to sea this year, particularly for the Labrador fishery, the market for which has been severely hit by the closure of the Italian market.¹⁰

7. The fishery not only provides the fishermen with a marketable product, but it also provides most of the population with a food, the value of which is sometimes not taken into account. The Census of 1935 shows that quantities of various kinds of fish consumed by the population in 1934 were as follows: —

Cod, quintals	...	...	...	59,063
Herring, barrels	...	...	...	6,836
Haddock, quintals	...	...	...	672
Salmon, pounds	...	...	...	648,688
Trout, pounds	...	...	...	66,645
Lobsters, number	...	...	...	35,887
Caplin, barrels	...	...	...	16,474
Smelts, pounds	...	...	...	12,348
Halibut, pounds	...	...	...	93,469
Flatfish, pounds	...	...	...	18,787
Turbot, pounds	...	...	...	223,594

8. The general position is that, while the population of the Island is increasing and emigration to Canada and the United States is almost entirely stopped, the fisheries are not expanding to meet the additional call upon them. On the contrary, under existing conditions neither the quantity nor the value of the catch shows any steady tendency to increase and now, as often in the past, the fisheries are not able to afford a decent livelihood to all that depend upon them. In certain places, for instance on the south-west coast, the position of the fishermen is desperate. They have become accustomed to depending on the dole for so long that poverty and dependence have led to demoralization. They are losing their skill and hardihood, and in many cases their gear and boats have deteriorated beyond the point at which they can successfully carry on any fishery. One of the causes of the reduction in the number of producing fishermen is the growing difficulty in finding merchants to advance supplies. It is feared that this difficulty may be intensified next Spring. The main markets for salt fish are the British West Indies, Brazil, Porto Rico, Greece, Italy, Portugal and Spain. The recent opening of the Italian market has had a cheering effect, and may result in an improvement in morale. But with world conditions so uncertain, with competition for markets so keen, with constant difficulties arising in connection with tariffs, quotas and exchanges, and most other countries keeping their fisheries going by heavy subsidies, it is impossible to forecast what the position may be next year or in the more remote future.

9. It will be clear, from the remainder of our report, that the prospects of diverting any considerable proportion of our population from the fisheries to more remunerative lines of employment within any measurable period of time are small. We must, therefore, face the position that a large percentage of the population must continue to depend for their livelihood to a great extent on the fisheries. This being

so, it is imperative to examine the whole industry from top to bottom in order to ascertain at what points improvements of organization or methods might produce satisfactory results. The Fisheries Commission, under Mr. Justice Kent, is at present in session, and its report is not expected for some weeks. It is not yet known what recommendations they will make, and some time must necessarily elapse before it will be possible to address you with regard to them. For this reason we are not yet in a position to outline our plans for the reorganization of the fisheries, which must necessarily form almost the most important element in any scheme of reconstruction. We confine ourselves to indicating, in broad outline, the general problems that arise, and the possibilities of the position so far as we can appreciate them at present, and subject to reconsideration in light of their recommendations: —

(a) Improvements in the methods of fishing. It is possible that the type of boats, or traps or of nets might be improved in various ways, or steam trawlers brought into use. Trap fishing has been adopted as the most effective way of catching cod, but involves special difficulties which are now being more widely understood. The trade are well aware of the methods of their competitors and are alive to the need of keeping abreast of developments. This is not a matter in which the Commission of Government propose to take any lead unless it is proved to demonstration that their intervention is necessary. But there are two points on which the Government cannot afford to take up a passive attitude. In the first place experience has proved that the fisherman who is able to follow the fish is in a far better position than the one who waits for the fish to come to him. All steps possible, including the proposed reduction as from the 1st January 1937 in the duty on petrol used in fishing craft, as circumstances permit, will be taken to encourage fishermen to become more mobile. Secondly, although Newfoundlanders are admirable builders of boats and schooners, the number who can afford to build suitable craft are very limited. By our ship-building programme and system of bounties, we have done a great deal to encourage the building and repairing of schooners, etc., and since we regard it as a matter of importance, not only to Newfoundland but the Empire generally, to keep the very skilful and practical sailor population of this country on the sea, we propose to take from time to time such measures as circumstances suggest to help the fishermen to build new craft or recondition other craft.

(b) Improvement in the grading and classification of the products of the fisheries, In the case of salt codfish it is difficult to attain uniformity of cure because the process depends to a great extent on weather conditions, and also because different markets vary in requirements regarding splitting, salting, etc. Modern central curing stations have been suggested as the best means of securing more uniformity of cure, and some of the larger firms maintain limited stations of this kind at St. John's and elsewhere. It has been suggested

also that fish should be brought to certain favourable localities for cure, and that the process of curing should be handled quite independently of that of catching. The grading and inspection of other fishery products also calls for attention. It appears probable that efforts should be concentrated on grading at the point of export. The whole subject is under investigation, but no conclusion will be reached until the report of the Fisheries Enquiry Commission has established the essential facts.

(c) There are many kinds of fish in Newfoundland waters which are not at present exploited; for instance scallops, caplin, small herring, bream and varieties of flat fish. At present we see no way of making use of these reserve resources, but if market conditions alter, they might become of value.

(d) At present our chief overseas market is for salt fish, and there is no definite evidence that that demand for it in Latin countries is waning, but public taste is liable to change, and many experienced observers believe that new markets can be found if this country produces fresh fillets or frozen fish, or tinned, pickled or smoked fish. Recent developments in the Maritime Provinces of Canada seem to confirm this view, and one of the results of this change would be to make fishing feasible all the year round from ice-free ports. Some use too is being made of the by-products as, for instance, cod tongues, cod liver oil, and so forth, but several other similar developments seem commercially feasible, e.g., the production of fishmeal and extracts of various oils, etc. In our despatch regarding the future of the Bay Bulls Laboratory (No. 237 of 27th November)¹¹ we have made proposals regarding the extension of experimental work of this class, and the pioneering of various processes in connexion with the fisheries which may, at a later stage, be transferred to private enterprise. We attach importance to any measures which may widen our markets and reduce our excessive dependence on the salt fish market. We propose to consider sympathetically any requests from private merchants for facilities to enable them to embark on processes which promise, in time, to have this effect as, for instance, in the extension of cold storage plants at strategic points.

(e) The organization of the marketing is more important than ever before, and the Fisheries Board has been constituted largely to assist in dealing with this problem. The day has passed when individual firms can hope successfully to maintain their footing in foreign markets. Fish is now bought on a national basis, viz., as from Iceland, Norway, Newfoundland, etc., and the organization of the Fisheries Board has, since it came into existence six months ago, done a great deal to relate demand and supply, and prevent ruinous competition. We have sent separately (our despatch No. 227 of 16th November, 1936) a summary of the work which it has already done, and do not propose to discuss it here. It is possible that, in light of the Report of the Fisheries Commission, some change in its organization or methods may be indicated, but

we have no doubt that in modern conditions some authority to guide and control the export trade is required.

(f) The relations between the fishermen and the merchants require revision and in some respects the intervention of Government may be necessary. The evils of the truck system have already been fully set forth by the Royal Commission and we deal with this subject later. We are not satisfied that the fishermen usually obtain supplies at reasonable rates, or get the best prices market conditions permit for their products. We have under our consideration proposals from the Fisheries Board for the compulsory inspection and culling of fish, but there are many other points which we propose to study in light of the Fishery Commission's Report and on which we are not yet able to express any opinion.

10. It would be outside the scheme of this report to deal with minor branches of the fishery such as whaling, swordfishery, etc., but a few words are called for on the seal-fishery which was once so important to this country and still represents a substantial industry. Last year's catch was 183,689 as against a maximum some years ago of about 550,000. The total value was set at \$224,495, and the number of men employed were 1,461, with an average net earnings of \$51.00. The industry depends so much on weather and ice conditions that it is necessarily very speculative, and its overhead charges are high. In former days the fat of the seal was the most valuable part of the product, and the men were paid on the basis of the skins and fat weighed together. The skins used to have little or no value, but latterly their value has risen sharply while the basis of payment remains the same. It is thought that the time has come for the seal-fishers to receive a share in the proceeds from the skins, but in view of the decline of an industry which gives valuable employment at a time of year when the codfishermen in the northern parts of the Island are idle, it will be necessary to proceed with caution. The Fisheries Board are being requested to discuss with the operating firms before the next season begins the question of an increase of remuneration to the men employed.

11. Even when the whole industry has been re-examined and defects as far as possible been removed, it remains true that, as the Royal Commission¹² pointed out in paragraph 212 of their Report, fishing is and must always be a precarious occupation for the individual. In some parts of the Island, for instance the south coast, it is apparent to us that the fishery can no longer support the population dependent upon it, and that it will be necessary to provide many families with the means of migrating elsewhere. On most of our coasts it is essential to assist fishermen to develop subsidiary means of livelihood; indeed there can be few countries in the world that suffice as a result of efforts spread over four or five months only to support a family throughout the year. We explain below that we cannot hope for any great development in the direction of either logging or mines, and we are, therefore, driven to the

conclusion that if the fishing industry is to be rehabilitated, it can only be in conjunction with an active policy of agricultural and general rural improvement. The number of "fishermen and others" who cultivated land in 1921 (the latest census figures available, pending compilation of the relevant statistics in accordance with the Census of 1935, which will not be ready for several weeks) was returned at 34,979. The great bulk of these men were undoubtedly fishermen and it is therefore nothing new for them to seek from the land means of supplementing their earnings from the sea.

12. Fisherman fall into three main classes: (a) those who by their skill and industry, combined in many cases with some subsidiary occupation, are able, even under existing conditions, to earn a fair livelihood; (b) those who at present are unable to earn a fair livelihood and who, at the end of the fishing season, have to resort to the dole. Many of these do not attempt to supplement their incomes by gardening on a small scale or engaging in seasonal labour, but, owing to their lack of skill and of capital, and of the means to make the most of their opportunities, cannot get out of debt or maintain their families throughout the year; (c) those who depend solely on the fishery, and owing to the short season, the precariousness of the catch, the low range of prices, and the lack of alternative occupation, have no hope of making a regular livelihood without resort to relief. We regret that it is impossible to state with any precision what numbers of fishermen fall under each category, but we can say with confidence that the second is much the largest, and it is their position which we believe it is possible to improve with a good hope of success. The average Newfoundlander is a seaman by birth and choice, and will not willingly leave the sea for another occupation, so long as he can earn a fair living from it. One of the risks of a policy which involves a secondary occupation is that if the fisheries are good for a cycle of years and prices are high, the fishing population will be very liable to abandon all other occupations and once more to concentrate on the fisheries. Even if an unlimited market existed for agricultural produce — and this is far from being the case — it would take generations to convert a fishing into an agricultural population, and we do not contemplate such a course.

13. What in our opinion is required is a reasoned programme of rural improvement which will make it possible for fishermen to escape from the present position of dependence on the dole. Fishing during the season is an exacting occupation and it is not every fisherman who will be able to undertake agriculture. But most of them can grow enough vegetables to supplement their fish diet and keep themselves and their families through the winter. In some places it will be necessary to help them keep livestock, and in others to go in for cottage industries such as jam-making, weaving, fish and beery-preservation, the raising of fur animals, etc. It is essential that they should have some surplus produce which they can sell, and from which they can realize a certain amount of cash.

14. The last class presents our most difficult problem. Experiments have been made in the last three years in creating settlements at which selected persons might maintain themselves and their families from the land. The results have been instructive and have shown us both what to avoid and in what directions a measure of success is possible. We do not contemplate any immediate heroic measures, but we do intend, where good land is available, to make it possible for those who are now stranded in hopeless positions gradually to migrate to sites where a subsistence can be obtained from the land, and where some subsidiary occupation such as fishing or logging is available. We revert to this subject below.

FORESTS.

15. We are still not fully acquainted with the extent of our forest resources. In particular we possess practically no information about the forests of Labrador. A reconnaissance has been made of about 5,000 square miles in the Island in order to ascertain generally where timber is in existence, and of what type. One survey party has been at work and has surveyed in detail about seven hundred square miles in Bonavista and Notre Dame Bays. It is desirable to form at least two more survey parties next season; and if it were possible to arrange for an aerial reconnaissance of both Labrador and the Island, its results would be of great assistance in shaping forest policy. It would supplement such work as has already been done by the International Power and Paper Company (of Newfoundland) Limited., the Anglo-Newfoundland Development Company, and the Labrador Mining and Exploration Company. The forests are in charge of an experienced forest officer,¹³ with training in Canada and Newfoundland. When more data are available it is thought that the advice of an outside officer of high scientific attainments in forestry would be of great value. The staff of the Forest Division consists of one forest officer, one assistant, seven inspectors, of whom two are employed in forest survey and two in logging operations, and an officer in charge of the Fire Patrol. It is very desirable, in order to conserve timber resources, that a certain number of administrative divisions should be created in charge of trained men. It is proposed during the year 1937, to take the first step by arranging for the training abroad in forestry of selected candidates, and by proceeding more energetically with the survey. It is thought that the ground will be sufficiently prepared to justify our asking for an expert in scientific forestry to come out and give his advice in the year 1938.

16. We see no prospect of developing our forest resources in such a way as greatly to increase their economic importance in the near future. The International Power and Paper Company and the Anglo-Newfoundland Development Company, which control between them about 15,000 square miles of forest, are working to capacity, and are employing in the forests, apart from the staff employed in the mills, about 3,000 men. There is thought to be room for one more mill for the manufacture of pulpwood on the Gander River, and about 4,000 square miles of forest are avail-

able for the use of a mill in this section. The erection of such a mill would be of very great value to the country, and we shall do all we can to facilitate its establishment as opportunity offers. An area of 3,640 square miles is held under timber licence by the Labrador Development Company near Port Hope Simpson on the Labrador, from which it is exporting annually an increasing number of pitprops. The figure for 1936 is approximately 21,000 cords. At present between 300 and 600 persons are employed there.

17. We have considered on several occasions the possibility of expediting forest development by imposing a Wild Land Tax on undeveloped forests in private hands, as recommended in paragraph 425 of the Royal Commission's Report. There are, however, difficulties in the way of this course and we are not yet satisfied that such action would have the desired result.

18. During recent years, in order to relieve the situation, we have been granting permits for the export of unmanufactured timber from Crown Lands as well as from lands in private hands. The demand for pulpwood and, to a lesser extent, for pitprops, is growing more keen. During the 1935 shipping season, 71,000 cords, and during the 1936 shipping season approximately 100,000 cords were exported from Newfoundland and Labrador. At \$5.50 per cord, the price in Newfoundland, the value would be \$390,500 and \$550,000 respectively. The value of the export during 1937 when Messrs. Edward Lloyd and Bowaters together have given contracts for pulpwood totalling about 80,000 cords, is estimated at about \$520,000 on a basis of \$6.50 per cord in Newfoundland.

19. Partly in order to obtain first-hand knowledge of the conditions of the industry, and to pioneer to some extent more modern and efficient logging methods, and partly in order to train young loggers, we have instituted two Government logging schemes at Salmonier and Port Blandford, with satisfactory results. But we are very doubtful if it is in the interests of the country to continue to allow the export of unmanufactured wood from Crown Lands, since in some areas the timber resources have already been gravely depleted, and since it is necessary to conserve timber for the fuel of the maritime population, for house-building and boat-building, and for the use of the small saw mills of which about seven hundred are in existence. In certain sections forests have already been so depleted that fuel is not available to meet the needs of the inhabitants. We propose to exercise great caution in this matter and anticipate that the exports from Crown Lands will hereafter fall rather sharply, but it is probable that an increased volume of timber may be exported from areas held under timber licence.

20. Something has been done in the direction of improving labour conditions. The two big mills now pay the loggers on a piece-work basis subject to a minimum

of \$25.00 a month in cash. Contractors, other than those employed by the two companies, cutting for export on Crown or private lands, pay a minimum of \$1.60 per cord at the stump, and the price at which they issue supplies is now subject to official control which it is hoped to make more effective by the employment of itinerant inspectors. The balance due to the loggers is payable in cash, and not more than fifty percent can be deducted on account of old debts not time barred. Much remains to be done to improve the conditions of life to the loggers, and we hope, if the more active demand for wood persists, to effect a further improvement in wages and conditions next year.

21. Certain areas are rich in wild berries which are used both in manufacturing jam for local consumption and for sale to exporters. The export figures for the last three years are: —

	<i>Quantity (gallons)</i>			<i>Value</i>		
	1934	1935	1936	1934	1935	1936
Berries:						
Blue-berries...	590,093	562,379	601,125	\$144,415	\$155,435	\$176,352
March-berries...	62	55	328	25	21	57
Lingon-berries...	138,780	66,440	156,662	26,732	14,037	41,957
Bakeapples...	728	96	275	534	98	209

Measures to improve game resources have been undertaken. A staff of game wardens has been created, and the number of rangers who are responsible, among other things, for the enforcement of the game laws, now amounts to fifty-two of all ranks. Five game reserves have been established. The herds of caribou and moose are reported to be gradually increasing. Colonies of beavers have been re-established in two places, and are doing well. There are signs that fur and game animals are already increasing. We propose to consider whether, by amendment of the game laws or otherwise, we can do more to preserve and increase game in certain areas in order to attract sportsmen without, at the same time, restricting a legitimate means of livelihood for the poorer classes. A scheme for importing reindeer on a large scale into Labrador has been approved. Schemes for developing fur-farming, under official guidance, with special reference to silver foxes and muskrat, and for improving the salmon rivers, are under consideration. Along some of the less accessible salmon rivers log cabins for accommodating visiting fishermen have been put up, and their number is being gradually extended. The number of tourists who visited the Island in the last three years is as follows: —

1934	...	...	...	...	6,001
1935	...	...	...	...	7,791
1936	...	...	...	...	6,139 (to 1st November)

22. It will be seen from the foregoing that the forests are providing a useful field for regular or seasonal employment to considerable numbers of men, estimated as follows: —

Average number of loggers.

International Power & Paper Company, and Anglo-Newfoundland Development Co.	...	...	...	...	3,000
Other forest lands	...	...	...	...	1,500
Labrador	...	...	...	...	<u>400</u>
<i>Total</i>	...	...	...	...	<u>4,900</u>

These figures are subject to seasonal variation. At the peak of the cutting season the paper companies, for instance, employ about 6,000 men in logging operations. Minor products, which are useful to the poorer classes both in providing a variety of diet and a marketable commodity, are being developed. The chief needs of the situation are a better knowledge of our forest resources, closer administration and fuller utilization of the forest generally, and a new mill on the Gander River. Apart from the possibilities of the new mill, there is not much chance that the forests, in the near future, will contribute largely to the solution of our economic problem. They afford hard and ill-paid labour to a section of the population, and are valuable to the country as a whole as the source of an important export. The value of the forest exports from Newfoundland during the last three years is as follows: —

	<i>Value</i>		
	1934	1935	1936
Newsprint	\$11,580,435	\$12,496,662	\$13,952,707
Pulpwood	68,824	56,913	79,801
Pitprops	182,948	276,190	161,330
Miscellaneous Timber ...	<u>9,378</u>	<u>40,344</u>	<u>10,587</u>
<i>Total</i>	<u>\$11,841,585</u>	<u>\$12,870,089</u>	<u>\$14,204,425</u>

MINERAL RESOURCES.

23. There has been little change in the situation of the mines now in operation since the report of the Royal Commission. At Bell Island only two mines are operating at present, and the total average of the men employed amounts to 1,300. At the beginning of the year three mines were in operation, and the men employed totalled 1,600. Several contracts were withdrawn later, however, and one mine was closed. During the Calendar year 1935, 726,335 tons of ore were exported, valued at \$2,004,674.96. If it were possible for the company owning this mine to develop a substantial demand for this ore in the United Kingdom, it would result in a vast improvement of conditions in the Conception Bay area. At Buchans the mines have been operating at full capacity, and the returns from the ore have been much greater owing to the rise in market prices. In 1935, 140,773 tons of zinc were exported, valued at \$1,869,624. Lead exports were 40,120 tons, valued at \$1,607,405. Other ores from this mine exported amounted to 930 tons, valued at \$72,600. The further life of this mine is now estimated at about seventeen years. Exports of iron ore for year 1936, from January up to date, were 607,057 tons, valued at \$1,570,134. Exports of lead, zinc and table concentrates between 1st January and 16th December were:

				<i>Tons.</i>	<i>Value.</i>
Lead	...	...	...	36,398.49	\$1,583,593.64
Zinc	...	...	...	121,918.53	1,488,184.19
Table Concentrates	...	...	...	419.30	40,030.57

24. There has been no important development of metallic ores within the past three years, but considerable prospecting and preliminary investigations are being carried on throughout the Island. Since 1932, a fluorspar deposit at St. Lawrence has been worked on a small scale and shows promise of developing into a sizeable mine with a maximum output of 25,000 tons annually. At the present time 96 men are employed, and should the mine reach its maximum production, the total employment would be 200. The total export from this mine within the past two years has been 20,700 tons, valued at \$85,470. A lead property at Bay du Nord, La Poile Bay, has been discovered this autumn and preliminary geological investigation has shown that in its present stage its possibilities are impressive. Work has also begun on opening up galena and molybdenite deposits at Fleur-de-Lys.

25. During the past three years investigations by private firms have been, and are being, made into areas where there are prospects of gold, molybdenite, copper and sulphur. The efforts to find economic deposits of gold and molybdenite are being continued intensively. At the present time extensive prospecting for gold is being undertaken in the Sops Arm area in Green Bay, and on the north-east coast. We

have lately been advised that at Cinq Cerf¹⁴ a copper-gold prospect appearing to have distinct possibilities is to undergo a diamond drilling investigation this coming spring. The molybdenite areas are located on the south-west coast, principally at Rencontre. Local enterprise is taking an interest in the possibilities of a coal deposit at St. George's but further investigation is needed before any practical development can be contemplated. A company is being formed locally to exploit the possibilities, on a small scale, of a marble deposit on the north-east coast. A Canadian firm¹⁵ has been negotiating for extensive mining and mineral rights in Labrador, and for the past year has been carrying out a preliminary geological survey. On this subject we have already addressed you, and a copy of the Agreement made with the firm was sent you under cover of Confidential Despatch of the 17th December.

26. The Commission of Government, on their part, have been undertaking an aggressive survey of economic mineral resources. This year twenty-six geologists were in the field investigating nickel, marble, gold, coal, gypsum, pyrophyllite, garnet, fluorspar, pyrite, molybdenite, fossils, and general geology. The areas covered were Hare Bay, Canada Bay, Port Saunders, Sops Arm, Bay St. George, Manuels, St. Lawrence, Pilley's Island and Rencontre. Detailed reports on the findings will be published in the New Year and steps have been taken to secure wide distribution. It is proposed that this survey should be continued from year to year until the mineral areas have been thoroughly investigated, and we hope to be able to increase the number of parties gradually up to the extent to which results can be fully examined and digested by our headquarters staff. The survey entails geological mapping and determination of the conditions under which our metallic and non-metallic ores occur. Outcrops of ore are being sampled systematically to obtain as accurately as possible by this means a knowledge of the average grade and quality of ore available, and samples are being subjected to modern laboratory study. The Department possesses one diamond drill which is lent to any prospectors that require it free of charge.

27. The past record of this country in mining matters had made outside capitalists somewhat shy of embarking on new ventures. We are of opinion that at present our chief object should be to obtain and disseminate accurate information regarding mineral resources, and to establish confidence in our general policy and administration. With this object in view, we propose shortly to overhaul and bring up to date the section of the Crown Lands Act that relates to Mineral Lands. Once confidence has been established we anticipate that mining will be undertaken in several places, and will increase the public revenue and demand for labour. But we cannot forecast when these developments will take place, and to what extent they will contribute to the general economic betterment of the country.

SURVEYS.

28. While the Island has been surveyed topographically and geologically in a general way, and maps are available, it cannot be said that the surveys are accurate to any great degree. Since the advent of the Commission of Government, a Survey Division of the Department of Natural Resources has been created. This division is responsible for all surveys and records, and in time it is felt that the system adopted will meet requirements of the Forestry, Agricultural and Geological Divisions. For the past two summers topographical surveys have been made in St. Lawrence, Placentia Bay; Sops Arm; White Bay; Canada Bay, Recontre East; Fortune Bay; Blow-me-Down, Bay of Islands; Port Saunders to Harbour Deep, Northern Peninsula; Manuels, Conception Bay; Thwart Island, Notre Dame Bay. It is proposed to carry on these surveys in conjunction with the mineral investigation work of the Geological Division. Similarly, all timber surveys are corrected and filed in this Division. General cadastral surveys in connexion with applications for land grants, etc., are also carried out, and plans are being made to accelerate this work.

29. In order that we may have an accurate control system for all future surveys, a geodetic triangulation of the Island is being made, and it is expected that within three years the greater part of the Island will have been surveyed. Existing surveys will be then tied in with the points established as a result of this triangulation.

AGRICULTURAL AND LAND RECLAMATION.

30. In approaching this, the most difficult portion of our reply to your questions, we have to keep two main objects steadily in view. In the first place the fundamental purpose of our programme must be to put fresh heart in people who are depressed by a long succession of years of poverty and failure, the result of economic forces which they can neither comprehend nor control, and who, in many parts of the country, are inclined fatalistically to throw themselves on the dole and allow themselves to drift. No scheme of reconstruction can succeed, unless it evokes from the people concerned a real effort, and not only affords them an opportunity of retrieving their position through Government assistance, but is based on the principle of self-help. It is an essential condition of Government help that there shall be an answering effort on the part of those concerned who take advantage of the opportunity and to reclaim the independence which they have lost. Some of them, perhaps, have still the outlook of the frontiersman in whose life periods of intense effort and hardship alternate with periods of repose. But the great bulk of the people in this country are naturally hardy, industrious and independent, and we find it difficult to believe that, if our policy is a right one, it will fail to secure the response at which we aim.

31. The second object towards which our efforts must be mainly directed, is to provide people depending on the precarious occupation of fishing with substantial subsidiary means of livelihood which will enable them to tide themselves over bad years. As we have said, there are places where the fishery, undertaken in an era of rising world prices, is now in most years incapable of yielding a livelihood, and where no subsidiary means of livelihood are in sight. There are other places where the present population is greater than the fishery and the existing area of cultivatable land together can ordinarily support or where the land does not hold out any possibilities whatever. In both these cases gradual transfer of either part or whole of the population seems the only solution, but for the great majority the question of transfer does not arise. For them our primary problem is to find a subsidiary means of subsistence.

32. Before we go on to outline our proposals, it may be explained that we have been alive to this problem since the early days of Commission of Government, and we have undertaken a number of experiments in order to ascertain the most promising line of procedure. A summary of the results of these experiments is therefore of particular interest. The main group of experiments were carried out by the Honourable T. Lodge,¹⁶ with the co-operation of a small body of enthusiasts, unofficial gentlemen known as the Land Settlement Board and have, up to 30th June, 1936, cost in all \$434,604.

(a) The first experiment to be undertaken was at Markland where an area of thirty-nine square miles of Crown Land were set aside for the creation of a planned settlement in which destitute people could be enabled to maintain themselves on the land, and to enjoy a form of corporate life based on a suitable system of education and common effort. The first ten settlers went to Markland on 30th April, 1934. The total expenditure up to 30th June, 1936, has been \$327,993, out of which \$33,000 have been spent on tools and implements, \$89,000 on buildings and \$88,000 on food and human supplies. Of this sum \$162,193 are debited to the Colonial Development Fund. Roads, schools, medical facilities, livestock, implements, seed, fertilizers, fuel, houses, furniture, outhouses and clothing have been provided. No cash wages are paid but settlers are given supplies up to a fixed figure from the village store. There are now in Markland 111 families comprising about 600 persons. Some of these did not, from the outset form very suitable material. Most householders have a stead in their individual occupation of which they have cleared, on an average, about half an acre each. Sixty acres have been cleared and are cultivated communally, and 120 acres are partially cleared. Crops of potatoes, turnips, cabbage, carrots and fodder are being raised. There is an official staff of one manager and ten men.

(b) At Haricot twenty-five families have been settled, and sixty acres of flat, alluvial land reclaimed since September, 1935, at a total cost of \$38,000. The settlement is on the same lines as Markland, but it is questionable if the site has been well chosen. There is a paid staff of three persons.

(c) At Midland twenty-five settlers have been housed since June, 1936, at a cost of \$25,471. Reclamation work started in September last. There is a staff of three paid officials.

(d) At Brown's Arm twenty-five settlers have been in residence since June, 1936. Five acres of cleared land and twelve acres of partially cleared land were acquired from the later owner, and vegetables have been raised. The expenditure up to the end of September was \$34,128. There is a paid staff of three persons.

(e) At Lourdes, conditions are somewhat different since there is good cod and lobster fishing. The soil is excellent and needs little clearing, and there is an abundance of wild fruit. There are twenty-seven settlers and individual steads of about fifteen acres are being cultivated and good crops raised. The expenditure totals \$20,804, and the paid staff number three.

(f) At Harbour Grace an experiment in the reclamation of marshland has been undertaken. This is not a settlement but a managed farm employing between twenty and twenty-seven persons at twenty cents per hour. Work was begun in November, 1935, and twenty-one acres have been reclaimed, and fifty more are being drained. The cost of reclamation has been \$17,402, including livestock \$1,105, and there is a paid staff of three persons.

33. While much valuable experience has been gained in these experimental settlements, we are inclined to think that in some respects they are on the wrong lines: —

(a) The scheme at Markland which was intended from the outset to be a pioneer and experimental station has involved very heavy expenditure and cannot be repeated elsewhere on a similar scale. Unless radical changes are made, and land clearance pushed on much more rapidly, it is impossible to forecast the date at which Government expenditure will cease.

(b) While joint effort is necessary for large scale reclamation, it is considered that the joint possession and working of communal land tries the idealism of the settlers too highly, and is contrary to their traditions which are highly individualistic. The results would be better if at a definite and early stage land were transferred to individual occupation, subject possibly to rent or mortgage.

(c) The paid staff is too large and has too much power. Its existence in its present form stifles the spirit of self-help and initiative in the individual.

(d) The Harbour Grace experiment is on different lines, but the results appear to indicate that the outlay on reclamation is much larger than the reclaimed land is likely to be worth.

34. In addition to these experiments in Land Settlement, a few experiments on different lines have been made under the Commission for Natural Resources: —

(a) A Committee of public-spirited citizens have been working since 1935 at Heart's Desire, which was selected for their operations because of the extreme poverty of the people who are dependent partly on very poor fishing grounds and partly on agriculture. The Committee have improved the fishing facilities by providing a curing plant and wharf, three fishing skiffs with engines, boats, etc. They have also provided a piggery with thirty-eight pigs. They have got the villagers to clear three acres of land and have acquired a horse and cart. The total expenditure to date has been \$11,782 and the saving on poor relief for the same period is estimated at \$5,700. A library, weaving facilities, girls' clubs, etc., have been established and medical attention and social welfare generally have been improved. The population affected is 187 persons only. The Committee have just reported that they see no hope of the people of Heart's Desire ever becoming self-supporting on the resources available. They recommend that means should be found for employing a percentage of young men elsewhere and encouraging young married people to migrate. The experiment has, therefore, demonstrated that, at the present prices of fish, work on general rural improvement will not serve to put a population on its feet again unless the natural conditions of their location are advantageous.

(b) An experiment has been undertaken by another unofficial committee at St. Bride's, Cuslett and Branch dealing with about 900 people. An average acreage has already been cleared of 3.5 to 4.5 per family. This committee's primary idea was to develop and modernize farming, theretofore carried on without ploughs and on very primitive lines. The area formerly depended much more upon agriculture and cattle-raising than it does now, the last two generations having apparently been weaned away from agriculture by undue prosperity in the fisheries during the early decades of this century. Returns from the fisheries having decreased, owing to the fall in prices, the prevalence of dogfish and like reasons, the people have tended to dispose of their cattle in order to buy food, and some eighty per cent of them are on the dole. The Committee has, at a total cost of \$20,928, lent the people, who are organized into groups, the simpler farming implements, advanced them lime and seed and sought to modernize their agricultural methods, It has also urged upon the people the necessity of land clearing and has succeeded in adding some seventy acres to the cleared and cultivable land. As a side issue, an ex-

perimental communal fishery has been conducted at Branch, about 100 men and 50 boats working under a single manager. During the one season this experiment has been tried, there has been a satisfactory improvement in the cure, but the season's catch, owing to bait and weather conditions, has, unfortunately, been small. The people have also been encouraged to make looms and take up weaving. A small experimental cannery has been started, primarily with a view to the putting up of food in summer for domestic consumption in winter and, secondarily, in the hope of developing at a later stage marketable products. Notwithstanding a poor fishery and an attack of potato blight, a considerable improvement has taken place in these villages, but the committee are of the opinion that several years at least must elapse before any local organization can be built up under whose control the movement may retain any impetus when the stimulus provided by the organizers is withdrawn. Individual advances to the people have been made on the basis that repayment will be demanded when, in the committee's opinion, the people have so far found their feet as to be able to repay. The Branch Committee think that, in the present state of the people, a period of one to three years of more or less regimentation is necessary before local apathy can be overcome, local leaders discovered, and the useless weeded out.

(c) The last experiment to which we need refer has been undertaken at three places in the Fortune Bay area, and arises out of our scheme to pay a bonus of \$25.00 per acre, for land newly reclaimed, in the form of implements, seed, and fertilizer. At these places a group of men on the dole have been granted the concession of a ration and a half in order to fit them for the labour of land reclamation. They are working jointly with great determination, and, according to our latest reports, have cleared fifteen acres of fair soil at the three sites. In the Spring it is proposed to provide them out of the bonus due with whatever is necessary to enable them to raise crops jointly, and after one or two years it is expected that they will own the land severally. During the initial period their work is supervised by the District Agriculturalist and also by local committees and by the local magistrate. The method has the merit of being very economical and promises some measure of success in suitable neighbourhoods.

35. Our statistics regarding agriculture are very imperfect. The Census returns of 1935 show that, apart from fishermen-farmers, there were 4,226 classed as farmers against 3,227 in 1921, and that the total engaged in the industry of agriculture was 4,312. We do not know what area of cleared land in private occupation is at present cultivated or uncultivated, nor how much additional land in the neighbourhood of existing villages is suitable for reclamation and capable of reclamation at an economic figure. Immediately on receipt of your despatch we sent out three survey parties to Fortune Bay, Burin Peninsula and the north coast of Bonavista Bay to

ascertain in detail the present economic position of the people, the numbers who require some help in bringing additional land into cultivation, the areas available and the measures that can be taken. These figures will afford the basis of carefully considered regional plans which we intend to prepare and execute gradually.

36. One of the greatest difficulties is the lack of local leadership and enterprise. We are most reluctant to create an army of officials *ad hoc*, and intend to enlist the aid of such public-spirited individuals or local bodies as can be formed to participate in the work. Wherever possible we propose to take from the outset steps to train people in the ideas of co-operation and of conducting their own affairs. We have just sent a party of twenty picked young men from various places to Antigonish¹⁷ to attend classes in village welfare and local leadership. At the outset we shall probably have to rely mainly on the initiative and supervision of officers of the Agriculture and Co-operative Divisions, and to employ locally selected foremen, but we intend gradually to withdraw direct official control at an early stage, as soon as we are satisfied that the villagers mean business and will themselves make a real effort to hold the ground gained, but cannot forecast how soon this will be.

37. The first item in our policy will be Land Reclamation. We proposed to take measures to enable the people to reclaim and cultivate land which they already possess but do not cultivate by helping them with limes, fertilizers and seed on the basis of the work done, and by the loan of tools, etc., and by expert advice and guidance. We also propose to arrange for the reclamation of suitable Crown Land in the neighbourhood of existing villages by joint effort under official and unofficial supervision. In certain areas, such as that surrounding St. John's, or north-east of Port-aux-Basques, agriculture has been carried on for years on a commercial footing, and fair progress has been made. Outside these two areas the problem facing the people and Government to whom they look for a lead, is the economic utilization of land at present cleared, and the clearing of more land to supplement that already available. From the fishery they will obtain a useful food and, from the proceeds of the sale of surplus fish, money with which to buy flour, kerosene, salt, etc., and the other necessaries which they are unable to produce for themselves. The farming contemplated is subsistence farming intended primarily, not so much to produce foodstuffs for marketing, as to supplement their food supply by home production to an extent which will render it possible for the meagre cash returns from sea or forest occupations to be diverted to the purchase of necessaries other than foodstuffs, and of such foodstuffs (mainly tea, flour and sugar) as cannot be produced in the Island.

38. Land on which reclamation is possible can be divided roughly into two classes (*a*) bog land, (*b*) upland or mineral soil. We are advised that the difficulties and cost of reclaiming deep bog land make it improbable that any progress can be

made in such areas. There are a few shallow bogs or marshes which can be drained and reclaimed more easily and at a smaller cost. If the estimates are not excessive, it is possible that a few such areas may be reclaimed. But it is mainly on mineral soils, which can be cleared more easily and at less cost, that we rely. The cost will depend on the amount of timber growing on the land, and the amount of rock, if any, which has to be removed. The wood cleared from the land will be useful for buildings or for sale. The work will be carried out as a joint undertaking by the villagers under official supervision. It will be necessary for Government to co-operate by the loan of tools and a pair of horses for haulage. Tractors already bought for some of the settlements will be utilized where possible, but it is thought that horse power will be cheaper and more satisfactory. Tools, apparatus and animals lent will, of course, remain Government property and be moved about as may be found expedient.

39. On the land reclaimed it is necessary to grow both vegetables for the use of the family, and fodder or food stuffs for the use of livestock. Before livestock can be supplied it is essential that sufficient fodder should be assured to keep them alive during the long winter. Livestock is essential because (a) milk, butter, cheese, wool, meat, bacon and hides are necessary to healthy life; (b) a compost of bog, kelp, and fish offal will keep most land in condition, but a supply of natural manure is invaluable especially for newly reclaimed land; (c) summer grazing is available free of charge in many places, and is at present largely wasted. Livestock will be selected under expert advice according to local conditions, and will be issued on terms that ensure that, at any rate, part of the cost will be recoverable. We have already made certain experiments in this direction. During 1935 some 700 ewes and 90 rams were imported from Canada and distributed to sheep clubs. These clubs meet regularly and hear addresses on the care of sheep, with special reference to sanitary conditions, dipping, docking, castrating and so forth, and they hold annual shows for their members. Literature is distributed and some success has been obtained. As, however, the imported ewes have not done as well as they should have, during the current year Government confined their importation to 85 rams, and are at present inclined to think that the improvement of local sheep by the use of imported rams is likely to give the best results. We have already taken steps, by legislation, to diminish the number of dogs which make the maintenance of sheep impossible. The improvement in the local supply of wool is a necessary preliminary to the establishment of a cottage-weaving industry. We are experimenting to discover on what lines we can most successfully tackle the improvement of cattle and pigs. We have imported and loaned to various communities eighteen purebred bulls for the improvement of their stock. This policy promises very well indeed. In addition to this, we have three Junior Calf Clubs, through which thirty well-bred heifer calves have been distributed. During the past Spring we organized eleven swine clubs, through which 190 pigs were distributed. These can be returned in kind from their first litter. This is the first year for this work, and it will be doubled or trebled

during 1937 as the people are very responsive to it. We hope shortly to examine the possibilities of milch goats.

40. Poultry is most important and its increase probably offers less difficulty than any other subsidiary industry. Geese, ducks and hens will flourish in this country and are at present quite insufficient in number. We have already an expert specially trained in poultry work and we contemplate a considerable development at our Demonstration and Experimental Farm at Mount Pearl, or elsewhere, which will enable us to breed poultry and issue pullets on easy terms to selected men in suitable villages, provided that they first themselves erect sheds and satisfy us that they have grown enough winter food for them. Here, as elsewhere, our policy will be that effort on the part of the villagers must precede Government assistance and be a necessary condition to it.

41. There are a variety of ways in which we hope that it may be possible to contribute generally towards the welfare of villages. We propose, from the outset, to start co-operate study clubs with the aim of establishing credit societies, co-operative purchase of fertilizers, supplies, etc., and possibly co-operative sale of produce. Thirty-five agricultural societies have already been established and have undertaken, in some cases, collective purchase and sale. We expect that in places where suitable food supplies exist, the breeding of fur-bearing animals might become a profitable side industry. Where wool is available looms can be built and the women have already shown themselves apt at weaving. We should like to do something to improve their knowledge of cooking and domestic economy. It is not necessary, at this stage, to do more than indicate broadly that our object is to create a call of fishermen-farmer and that, in order to do so, we propose to stimulate, by welfare work, all phases of village life and activity, so far as we can, and not to confine ourselves to strictly agricultural methods.

42. This broad programme, which has still to be implemented by detailed schemes, will, we hope, make it possible for the great majority of the fisher population to maintain themselves in their present positions but, as we have already said, there will be a large residue who cannot maintain themselves in an average year on the natural resources available within their reach. We can see no alternative but to transfer a portion of such population to more promising sites. There are some persons who have become so slack and demoralized that it is not worth while spending considerable sums on giving them a fresh chance. We propose, therefore, to leave such persons out of our schemes, merely taking such steps as we can to see that they work for their dole. To the children of such persons we return below. There are some existing settlements at which the cultivable land available can maintain more than the present population. We hope to be able to draft a certain number of people into such outports and to provide them with houses and land. In such cases we

should ordinarily leave the family on the dole, while the man works at providing lumber for the creation of his house and on plowing up the land. It may be that such men will have to live apart from their families in temporary cabins for a considerable period before the house and land are ready. But in this country, to a special degree, what is easily come by is not valued, and what is given by Government without a corresponding sacrifice on the part of the people is wasted. It is therefore essential to the success of such experiments that hardship and strain should be undergone before a new home is acquired.

43. We do not know yet to what extent precisely suitable land is available for settlement in unpopulated areas, whether on the coast or in the interior, and we cannot, therefore, say at what rate transference might take place, or to what extent. We contemplate two stages in a new settlement: The first in which the men go in advance and build, or help in building, their own houses and clear a certain amount of land. We do not contemplate wholesale compulsory transfer, but rather the selection of younger men of good character who apply voluntarily for transfer, and will develop our plans gradually over a period of time. The second when they are joined by their families. The capital expenditure will be considerable, and may be as much as \$1,500 per family, inclusive of the dole payments. We think that in all cases credit should be given for work done on a piece-work basis in order to get the best results, and that it is necessary from the outset that a man should know what land he may ultimately hope to possess, and subject to what debt or rent. But we cannot yet say what proportion of the original outlay it may be possible to recover. Reclamation will be done jointly, but the ownership will be transferred to the individual as soon as possible. The conditions of life during the initial period should not be made so easy that the men will prefer to remain in tutelage rather than acquire their own property. Sites should be selected where a subsidiary occupation such as fishing or logging is available, in addition to agriculture. Pending further experience, we are unable to describe more precisely the methods of settlement which we shall adopt.

44. As we have said, the primary object of our agricultural operations will be the subsistence of farmers. We regard marketing as a secondary problem except in settlements where there is no fishery. The difficulties in the way of marketing in this country are, firstly, that the short summer season renders continuity of supply impossible, and this can only be achieved by the provision of extensive storage facilities. It will probably be necessary to provide a central market in St. John's and to improve storage facilities both there and in the outports, to disseminate the use of cheap hay presses, and to consider carefully the best methods of preserving vegetables during the winter.

Secondly, difficulties of transport. Transport by sea is comparatively cheap during the open season. Transport by road might be possible arranged in suitable localities on a co-operative basis. On the railways we should propose to re-examine

the rates applicable to agricultural produce, particularly hay, and to consider whether any facility can be arranged. Thirdly, there is the lack of large markets. St. John's is the only fair-sized town, and its population is only about 40,000. In spite of the limited markets, and in spite of the high protective tariff, we are, at present, importing a considerable volume of agricultural products. A list is appended to this report. It is evident that, for many of these, local products could be substituted. The two paper companies, for instance, are importing about 6,000 short tons of hay per year at an estimated cost on delivery of \$24.00 per ton, of which \$8.00 go to the Canadian Producer, and \$4.75 to the Customs. The market is, of course, to some extent restricted by the high prices that result from the high tariff and by the shortage of local supplies. If local supplies can be sufficiently increased and storage provided, there is little doubt not only that they would largely take the place of imports, but that, as prices fall, the market demand would gradually increase. We are already taking measures to grade potatoes and turnips, and hope gradually to improve their market value in this way. We do not anticipate making plans on the assumption that this country will become an exporter of agricultural produce, but we do not think that for some time our markets will be glutted with local supplies, especially when it is remembered how much cultivable land must be reserved for providing food stuffs for cattle, pigs and so forth.

45. We do not think that this ambitious programme can be carried out without a considerable increase in the official staff both at headquarters and in the outports. The problems of reconstruction are so closely associated with those of fisheries, forests, agriculture, surveys, co-operation, etc., that we have come to the conclusion that the Commissioner primarily responsible for the reconstruction programme must be the Commissioner for Natural Resources. We propose to relieve him of Mines, of which the development cannot be made to follow any prearranged programme, and also of Tourists, which is a subject no more closely connected with Natural Resources than with Public Utilities. The existing Secretary of the Department of Natural Resources¹⁸ will have his hands very full with the reorganization of the fishing industry, which will follow, we anticipate, on the receipt to the Report of the Fisheries Enquiry Commission. He is an able officer, but it would be beyond his power to deal with all the additional work which we now propose. We, therefore, with your approval selected from our Civil Service a man of outstanding energy and ability as Secretary in the Department of Natural Resources for the subjects of agriculture, co-operation, village welfare, and rural reconstruction.¹⁹ He will be provided with the necessary assistance at headquarters, and will at once devote himself to the preparation of the regional and other schemes which will be necessary to implement the plans which we lay before you. When the schemes take shape, we shall require some additional staff, both permanent and temporary to carry them out.

46. We referred above to the possibility of giving special training to the sons of unsatisfactory parents who are not themselves amenable to improvement. This is a special case, the precise magnitude of which can hardly be known until practical experiment has determined what proportion, if any, of the present generation has sunk into apathy beyond hope of recovery. We doubt if the proportions of this problem are great, nor can we contemplate treating as hopeless even the most unfortunate sections of the population. We have thought, therefore, of the possibility of some sort of industrial boarding schools of a cottage type in outport areas, at which selected sons of fishermen either of the class mentioned or of any other class, may be placed at suitable ages and kept at State expense for such periods as our means permit. The endeavour will be to give them there a severe practical training in all matters likely to make them efficient in village life, and such general educational treatment at hands more capable than those usually to be found in the village school, as may perhaps widen their horizons and give them a new intellectual and emotional impetus to bring them out of the rut. Some such scheme, which we have not yet considered in any detailed way, may serve not only for the ultimate reclamation of deteriorated families, but for the raising up from the population at large, of leaders in the village life of the rising generation.

CREDIT SYSTEM.

47. A full statement of the extent of the credit system was supplied to you in my despatch No. 96 of 28th March last. As appears from that despatch, there are numerous industries in the Island in which payment of services rendered or supplies produced is paid in cash; and these have been extended recently by a new system of permits for the export of forest products which it is hoped will, within the next few years gradually eliminate the present credit system so far as pitprops, pulp wood, saw logs, etc., are concerned. The arrangements made include provision that the price of supplies shall be subject to the approval of the government; that the balance due to the producer is paid in cash and that not more than half of such balance may be deducted for past debts. Next year, owing to the prospective price improvements, it is hoped that the rates of wages will be raised, and that the proceeds of the producers will be increased.

48. Apart from the fishermen, therefore, there is a fair prospect that the credit system may come to an end within a reasonable period. Generally speaking, it is unfortunately the case that the fishermen are much more sunk in the routine of past years and less likely to take the initiative of ridding themselves, even with governmental assistance, of this pernicious system than are other producing members of the community. For generations past they have been accustomed to receiving supplies on credit, and even if it were possible to assume that payment in cash could be immediately introduced, it would be asking too much of them to save such an amount from their earnings as would enable them to fit themselves out for the fish-

ery in the following spring. Either they (or their women folk on their behalf) will dissipate their earnings, or the credit coming to them, on unnecessary expenditure, and under the paternal administration which dates back for the last twenty-five years, they will undoubtedly go on the able-bodied relief lists.

49. The system is accentuated by the geographical distribution of the population in the Island. In the small settlements into which the fishing population is distributed there is normally only one mercantile firm which fits out the fisherman, buys his fish, and out of the surplus (if any) supplies him for the winter and the following fishery, What advantage to the fisherman under this system would be payment in cash for his fish? He would merely have to disburse this cash again to the same merchant for his future supplies. Why, he considers, should he be troubled with this intermediate stage? Even if he had the facilities to buy elsewhere and did so, the local merchant would not be very willing to advance him supplies for the next year's fishery. The outport fishermen as a whole have very little knowledge of the value of money (which is a matter of some education) and have lived for so long under the conditions described that they are inclined to resent any radical interference with existing habits. Their reluctance is fostered by the merchant who foresees the loss of his double profit.

50. It is true that two firms from St. John's are now paying cash for processed fish bought over the ship's side on stretches of the south-west coast; but to produce such fish requires less equipment and fewer supplies from the merchant than does the ordinary cured codfish. The process of breaking down the credit system would be accelerated by (a) a series of good fishing seasons which would put the fishermen in credit, and/or (b) an alteration of the type of fish produced, e.g., particularly an increased market for green fish²⁰ and a smaller production of the cured article. New markets of this nature are being actively pursued. It could be assisted by reduction of the period of statute-barred debts from six to, say, three years, although it would be hardly possible to give this privilege to fishermen and exclude the rest of the community; and it can be argued that such action would encourage existing improvidence. Above all it can be obtained, and probably only obtained, by development of the co-operative system under which credit might be given for suitable purposes on moderate terms, and fish might be consigned by the fishermen in common to a merchant dealing on a large scale; who not being dependent for part of his profit on the sale of supplies, would pay cash and enable the co-operative community to purchase their joint requirements in the cheapest market, and not individually from the merchant to whom their individual catches had been sold. You will understand that this result cannot be achieved in a short time. Even if it were administratively possible, and it is not, the Commission of Government could hardly face the opposition involved in the immediate adoption of a 100 per cent co-operative policy throughout the Island, with the fishermen uneducated and bewildered and

the merchants in full opposition. A number of more or less co-operative undertakings are now being fostered, and they are being extended as opportunity allows. But if they are extended prematurely, and with insufficient education in the communities concerned, the money spent will be wasted and the undertaking will disintegrate.

EDUCATION.

51. It has already been implied that the problem of Newfoundland is, at least, as much a moral as a material one, and the Commission of Government certainly concur that the utmost importance is to be attached to Education as an essential and integral part of any long term programme for reconstruction. The Educational system of Newfoundland is now at the beginning of a long period of transition. It was referred to only very briefly in the Report of the Royal Commission, but you will have seen the report upon it by Mr. C.A. Richardson²¹ of the Board of Education, in the Autumn of 1933, and also my despatch, No. 94, of 27th March last. A still clearer picture of certain phases of the present situation is revealed through a report of a general survey of conditions prosecuted in the Autumn of 1935 by the newly appointed inspectorial staff. This report discloses that of 1,225 school buildings outside the City of St. John's serving 1,076 settlements, forty-one per cent were in good condition, forty per cent only fair, and the remainder really unfit for use. Nearly half of the schools visited had no sanitary toilet facilities of any kind, while in a large number of cases the toilet facilities present were altogether unsatisfactory. More than half the schools were lacking in the ordinary school equipment, and no less than eighty-five per cent had not a single book of any kind for reference or general reading. It was found too, that owing to unfavourable economic conditions, parental indifference, insufficient accommodation and the excessively academic nature of the curriculum, the peak age of school attendance is nine plus. Coupled with all this the scattered population to be served, and the fact that the great majority of teachers are poorly trained and inadequately paid, and there is presented the picture of an average school outside of the City of St. John's which has been and now is far below what might be considered a normal one.

52. In the past, as suggested above, the curriculum of the Elementary schools at least, has been of an excessively academic character, and the tendency has been that the majority of school children in the fishing settlements were anxious, however little they might be qualified, not to remain in the fishery, but to become clerks or stenographers, or to aim at already overcrowded professions. This false emphasis on one type of Education only has had its effect on the whole economy of the Island. This was not the only defect in the system. Children from the age of 11 upwards were subjected to an annual examination of an academic type, prescribed from headquarters, and teachers were judged from the point of view of efficiency and promotion on the marks which the children under their supervision obtained. This has resulted in wooden and unenlightened teaching, and the children being

crammed with information (rather than knowledge) which is superficial and of no real use to them in their future lives. It has resulted too in the over-worked teachers in the many miscellaneous schools neglecting the younger and slower children for the few who by doing well in the external examinations would bring credit and perhaps promotion to the teacher.

53. A glance at the costs for Education in Newfoundland as compared with certain other parts of the Empire will reveal the chief cause for this extremely low standard of Educational service. Newfoundland is spending \$3.60 per annum per head of its population, and \$17.70 per child enrolled in the Primary and Secondary Schools. A comparison of these figures with the expenditure in other countries already possessing well functioning systems, such as the neighbouring Dominion of Canada, which spends \$11.00 per head of population and \$53.00 per pupil enrolled in the Primary and Secondary Schools, will lead to the conclusion that Education in its present status in the country, limited by present expenditure and forced to serve a steadily increasing population, cannot make any worthwhile contribution to a programme of reconstruction. On the other hand, as stated above, it is difficult to see how any such programme can be permanently successful if not based upon Education.

54. Leaving aside for the moment the financial aspects of the situation, the remedy lies in the following proposed improvements and extensions. It is not suggested, of course, that all these proposals should be introduced in their entirety at the beginning.

55. Following on changes made in the set up of the Department of Education, a new Curriculum has been introduced which provides for Education of a less formal kind, emphasis being given, in addition to the fundamental subjects, to Health, Social Education, and Industrial Training. Further, this last year the annual examinations for children of twelve and thirteen years of age were abolished. It is proposed to continue the gradual elimination of external examinations for children below Matriculation standing.

56. There can be little improvement in the system without improvement in the type of teacher. Present training facilities, which showing a great advance over those provided in the former Normal School, are still altogether inadequate. It is proposed, therefore, to extend training facilities in the Memorial University College and in the Summer School, to the end that all promising teachers now in the service may receive additional training, and that ultimately an adequate supply of properly trained persons may be available to off-set the wastage from the profession, and the demands for increased attendance.

57. The present average salary of teachers, outside of St. John's, is \$450.00. This amount is so small that the proper type of young person cannot be induced to prepare himself for the work. To many already in the profession their present salaries scarcely provide a livelihood, and they turn to other vocations whenever an opening can be found. As the qualifications for teachers' certificates are raised, salaries must be increased to conform therewith.

58. Isolated and separated from each other as the teachers are around the coastline of Newfoundland, and facing a new Educational Programme, close and frequent supervision will be absolutely essential. A good beginning has been made by the twelve Supervisors lately appointed. In the near future additional men will be required to carry on the work effectively.

59. Further, in any programme for improvement and extension, it is essential that free and compulsory Education should be introduced as soon as possible. According to the Census taken in 1935, there are 14,000 children in the Island between the ages of six and fourteen who are not at school. In this connexion it must be borne in mind that were these 14,000 children to be brought into school, the country at present has neither the accommodation nor the teaching staff to care for such a large influx. The survey mentioned above has revealed that the parents of many children are not financially able to provide the necessary books. Partial provision of the basic texts has been undertaken this year. This service should be continued and extended. Extension must, of course, be gradual.

60. Many of the people now beyond school age are illiterate, or nearly so. In addition to this there is great need for training in Health, Community Welfare, Domestic Activities, and Co-operation. Adult Education must, therefore, have a place in any long-term programme. Considerable work has been accomplished in this direction already. It is proposed to enlarge and extend the scope of this branch of the service. In this connexion it should be noted that, providing the Public School Teacher is properly trained and adequately paid for his work, his (or her) influence can and must extend far beyond the four walls of the classroom. The teacher should, along with the Clergyman, the Magistrate and the Doctor, make their influence felt throughout the whole community. Unfortunately with their present low scale salaries this is scarcely possible.

61. With the extensions and improvements mentioned, and with others which would come in due course, a new type of school, having sound health citizenship the centre of all its activities, would develop, and an efficient Educational Programme be evolved. Without such a programme no permanent recovery seems possible. The people must be educated, in the broad sense of the term, if they are ever to become self-supporting and self-governing.

62. As pointed out above, the present Educational Programme is meagre and insufficient, largely because of lack of funds. The proposals submitted are entirely dependent upon increased financial aid, and in this connexion it might not be out of place to refer to a statement given in the course of a review in "The Annuaire International de l'Education et l'Enseignement 1936," published by the International Bureau of Education at Geneva. It is as follows: —

"Taking the 'normal' country as one in which the expenses of public instruction amount to not less than 15 per cent of the total expenditure of central and local bodies"....

Omitting for the purpose of calculation the grant from the Colonial Development Fund, the total estimated expenditure in Newfoundland for this year is \$11,824,990, and 15 per cent of this would be \$1,692,750. The estimated expenditure for Education for this year is about \$1,040,000, and this to provide for a service which, as has already been pointed out, is to-day far below normal.

CIVIL SERVICE.

63. At the beginning of 1934 the Civil Service was described in the opening paragraphs of Chapter X in the Report of the Royal Commission. Since then it has been reorganized and regraded, with uniformity as between Department and Department, with incremental scales of salary and with security of tenure, given satisfactory service; a retiring age of sixty-five years has been fixed; disciplinary rules have been introduced; lectures out of office hours on general subjects and on Civil Service procedure have been instituted and are largely attended; and above all a corporate spirit, which did not formerly exist, is now really in evidence. As you know, a new Civil Service Act, superseding that of 1926, will shortly be passed which will put into statutory form, or will enable regulations to be issued embodying a state of affairs which is now generally, *de facto*, in existence.

64. Apart from the above there is not much to be done except to await, foster and guide normal development. The age-grouping in the Service is reasonably satisfactory except that it would be desirable, if the right men could be found, to appoint a few members of the age of, say, thirty-five to forty years. As to the younger generation, there are a number of promising young men, about twenty-five years old, who have been educated at Canadian Universities and now look upon the Civil Service as a career in a way which they never previously would have done. They are very good material and steps are being taken to transfer them from Department to Department when the time is opportune so that in the first ten years or so of their service, they may become familiar with the work of the Civil Service as a whole. It cannot, however, be expected that there are at the moment any Newfoundland offi-

cials who could take positions requiring a great deal of specialized training such as Chairman of the Customs Board and Secretary of the Department of Posts and Telegraphs. Young men are being trained with that end in view, but it is doubtful whether there will be any adequate candidates for these positions for some ten years.

65. In one or two Departments some reorganization is still required. The general tendency, which has to be combated, is for the Secretaries of Departments²² to take too many direct references to themselves with the result that the machinery of the Department is likely to be clogged and work delayed by reluctance to delegate authority. The responsibility of the subordinates is accordingly less than it should be. This particular defect is being remedied, and I take the point of view that it is desirable that officials should sometimes make mistakes, rather than abdicate responsibility by referring trivial problems to a superior. In general, you may be satisfied that the Civil Service has now a corporate character and a co-operative spirit which did not exist three years ago, and that its efficiency is not only considerably greater now than then, but is increasing as time goes on.

66. Having now dealt with reconstruction from the points of view raised in paragraphs 4 A and 4 B of your despatch. I go now to paragraph 4 D and draw to your attention the following matters on which a long term policy is desirable and is being prepared.

PUBLIC HEALTH AND WELFARE.

67. In Newfoundland “public health” and “public welfare” undertakings are usually and generally confounded with those associated with medical and hospital relief undertakings and the provision of food and other necessities for the destitute. Preventive work in the field of health has only recently been begun and is therefore conducted on a very limited scale. The population offers a fertile field for the spread of such epidemic and preventable diseases as diphtheria, typhoid fever and smallpox. An immunization campaign of country-wide scope is indicated as an imperative and immediate necessity. A severe outbreak of diphtheria is St. John’s recently occurred. The public health authorities used this as an opportunity to induce parents to submit their children for immunization and fifteen thousand injections of toxoid were given. Fairly numerous cases of the disease are reported every year from sections of the country unserved by doctors or nurses. To permit the school population to continue unprotected will be to expose them to the risk of epidemics on a dangerous scale.

68. The general health of the pre-school population is bad, as is indicated by the infantile mortality rate of the country. This is 102.8 per 1,000 living births, as compared with a rate of 73.1 for the Dominion of Canada, and one of 64.0 for England and

Wales. Two obvious necessities are indicated. One is for the speedy amplification of midwife training activities. The majority of births are attended by midwives. In a country so sparsely settled as Newfoundland and so inadequately provided with doctors and nurses this must long continue to be the case. The present situation is most unsatisfactory and the high infantile mortality must be to a large extent ascribed to the inefficiency of untrained and unsupervised midwives. That is one inference to be drawn from the results of a health survey conducted by the Rotary Club of St. John's a little over a year ago. The second requirement for the protection of the pre-school child is the development of child welfare activities on a scale commensurate with the needs of the country generally. So far, the only local organization of this kind is one that operates in St. John's under voluntary auspices, though largely with government assistance. A country-wide organization is indicated as an outstanding necessity. Diseases of malnutrition and under-nourishment of children can be avoided if parents are taught proper dietary principles and the full utilization of resources available to them.

69. Equally important is health work in the schools. Up to the present this has been totally unprovided for, except in the city of St. John's. There are no requirements as to health examinations before a pupil enters school, or is readmitted year after year. Vaccination against smallpox is not required. Even school teachers are not subject to a health examination as a preliminary to their engagement. In such schools as have been surveyed it has been found that over fifty per cent of the children examined are suffering from defects of varying degrees of gravity. The health of many of the teachers who have presented themselves to the Department of Public Health and Welfare for examination has been found to be below average and in some instances the conditions discovered render inadvisable their intimate association with school children.

70. The requirements, then, are for: —

- (a) Regular examination of school children;
- (b) Provision for the early correction of defects discovered;
- (c) Regular health teaching in schools;
- (d) Training of teachers in personal health and in the efficient conduct of classes in schools;
- (e) Health examinations preliminary to engagement and annually, to weed out of the teaching profession those who are physically or mentally unfit.

As the commonest defects discovered in school children are (a) those of the eyes, ear, nose and throat, (b) those of the teeth, and (c) those attributable to under-nourishment,

the means of correction indicated are: —

- (1) Services of specialists to deal with cases coming under (a) and (b) and
- (2) Provision in schools of supplies of cocoa and milk and of codliver oil, or other form of food and bodybuilders for children coming from the homes of the destitute.

71. The Rotary Club report already referred to reveals the fact that there are in Newfoundland approximately four hundred crippled children. In the returns these are listed as “crippled from birth” or “crippled as a result of infantile paralysis”; while it is also known that many suffer from tuberculous bone conditions and from tubercular adenitis. There are no institutional facilities available for treatment of such cases. The medical register does not include a single orthopedic surgeon. One officer of the Department of Public Health and Welfare is at present taking a post-graduate course to enable him to give a measure of specialized attention to cases of the kind herein referred to.

72. The problem of tuberculosis is general. The death rate in Newfoundland from this disease is 18.0 per 10,000 of population as compared with a mortality from this cause of 8.2 for England and Wales. The main explanation is threefold:

- (1) Extremely bad housing conditions
- (2) An extremely unbalanced dietary and
- (3) Ignorance of the cause and means of spread of infection and inadequate facilities for coping with the disease.

Estimating on the basis of the mortality stated, the Sanatorium requirements of the country are for the provision of a total of one thousand beds. When the single existing institution is improved and enlarged in accordance with plans already prepared and financed in part in the current year's budget, it will accommodate less than one-third of the number of patients stated. It is very urgent that this undertaking be completed at the earliest possible date. Thereafter, other additions to the institution should be made so that, over a period of about five years, its accommodation may be increased to take care of five hundred patients. In the meantime, and as a continuing service, field activities against tuberculosis will have to be organized carefully and conducted efficiently. In the first instance, a survey is needed to discover the exact incidence of the disease. As this progresses, antituberculosis activities can be commenced, beginning with sections where the disease is found to be most prevalent.

73. The requirements as to (a) child welfare work, (b) school health undertaking and (c) antituberculosis field activities can be met, in large part, through an adequate nursing service. Where doctors are in practice, they can be retained on a part-time basis as supervisors of such services. These medical facilities require to be supplemented by the employment of the full-time services of at least two doctors to visit the schools of the country for health inspection purposes, to check the findings of the nurses and refer cases for hospital and other special treatment. Nose and throat conditions and dental work require the attention of specialists. It is suggested that travelling clinics be organized for this phase of school health work. The difficulty will be to secure the services of specialists for attention to eye, ear, nose and throat conditions. There are only three available at present for retainer on even a part-time basis. The nursing provision will involve:

- (1) Engagement of at least twenty district nurses additional. They will require specialized training for this work. In view of their greatly increased responsibilities nurses will have to be assigned smaller territories than usual. It is anticipated that this part of the nursing service will be at least thirty per cent self supporting.
- (2) For the tuberculosis service, a special force of ten nurses to supplement the activities of the general district staff in this connexion and to pay particular attention to conditions of tuberculosis in sections where the disease is particularly prevalent.

74. Newfoundland is at present much under-hospitalized. The requirements of the population are for at least one thousand beds. Less than half that number is available. The General Hospital, the only institution of its class under official control and management, accommodates only one hundred and sixty-five beds. Four hundred beds are needed to serve the population of the territory in which it is situated. Beds available for this purpose in all existing institutions are one hundred and thirty less than ordinary requirements demand. The General Hospital should be enlarged to meet not only this deficit but also to accommodate serious surgical cases sent in from sections beyond the territory it ordinarily serves. In addition, extra provision is required for orthopedic and other special cases. It is estimated, therefore, that the General Hospital should be enlarged to a total capacity of three hundred and fifty-five beds.

75. The buildings of the General Hospital are old, in bad repair and are inadequately equipped. To re-condition them, provide very essential services, operating and laboratory quarters and equipment, and to ensure accommodation for seventy patients additional would involve a very considerable expenditure. This step, enabling the greatest possible use of existing buildings together with the necessary enlargement of quarters for medical, nursing and other staff, is the first to be taken.

Ultimately it would be desirable to undertake entirely new construction, bringing the accommodation for patients up to the total of 355 beds required. Full plans and specifications, with estimates of costs, were prepared some months ago and forwarded to the Dominions Office for consideration. It is very desirable that provision be made in the near future for commencement of this programme of remodelling and enlargement of this institution, so that the great and growing need of hospitalization may be met, in part at least.

76. A very undesirable condition of congestion exists at the Hospital for Mental Diseases. Because of lack of accommodation, cases are constantly being refused admission. A large number of the present inmates should be in a different type of institution, such as a home for the feeble-minded, for epileptics or for the aged and infirm. Accommodation and equipment for cases susceptible of specialized treatment and possible early recovery are very inadequate. The institution, therefore, is far too custodial in character. It is hoped that during the next few years such additional provisions can be made for the care of those who are mentally ill, that cases not properly belonging in such an institution can be evacuated to suitable quarters, that those remaining can be segregated according to proper classification and that prompt, continuous and efficient hospital treatment can be given patients wherever indicated.

77. The General Hospital, the Mental Hospital and the Hospital for Communicable Diseases are at present without reasonably adequate laundry facilities. This constitutes a very grave drawback in institutions of the type mentioned and there is reason to conclude that it has on occasion been responsible for outbreaks of cross-infection within the institutions mentioned. There are two ways in which this defect can be remedied. One involves the provision of adequate accommodation and equipment at each of the institutions. The second would take the form of a central laundry, to serve the purposes of all the institutions mentioned and of the Poor Infirmary and Home for Aged and Infirm as well. The capital expenditure under the first method would be somewhat smaller than that involved under the second, but the annual cost of maintenance of a central laundry would be the more economical. In addition, a central laundry situated near the Mental Hospital would provide much needed occupational therapy for one class of inmates. It is hoped that this undertaking, partially financed in current estimates, can be completed during the period of the next year. A separate despatch deals with this subject in some detail.

78. Three more Cottage Hospitals should be provided in country districts. These institutions ensure services of vital importance to scattered and isolated populations, and provide headquarters for health and welfare undertaking that meet outstanding needs. They house district nursing staff in comfort and provide adequate facilities for professional activities. In them are conducted classes for training

midwives, for teaching home nursing, and for instruction in weaving and other practical home handicrafts. They constitute community and district centres for rehabilitation activities of signal benefit to the people. It is important, too, that suitable quarters be provided for all district nurses, though not on a scale as elaborate and expensive as those at the Cottage Hospitals. Most of the nurses work and live under pioneering conditions. The weight of their responsibilities and the scope of their activities tend to increase. To secure and retain the services of fully qualified women, reasonable comforts and adequate working facilities are a proven necessity. It is impossible to overestimate the value of the work done and the leadership provided by district nurses of the right type, stationed in the fishing villages of Newfoundland. By example, by effort and by precept they can contribute more than almost any other factor to the rehabilitation of the people and particularly to the raising of the standard of home life and comfort.

79. Available medical services are inadequate to the needs of the population. Judging from vital Statistics returns, sixty per cent of the people are unable to secure medical or nursing attention when ill. To some extent, this is due to lack of means but it is to a greater degree ascribable to the small number of doctors in practice in country districts. The following considerations make the latter observation plain. In St. John's with a population of 40,000, there are in practice 27 doctors, or one to every 1,500 persons. Twelve are located in the Conception Bay area where the population is 48,000 and the ratio is one doctor to 4,000 persons. In most of the other sections of the country the proportion is one doctor to 7,000 persons. Outside St. John's the population is divided amongst more than fourteen hundred settlements, of which 526 have less than fifty residents, and a thousand villages have populations of two hundred and under. These small settlements are very much scattered along the seaboard where conditions of travel are slow and extremely difficult, often hazardous. At present fifty per cent of doctors in practice outside St. John's are under contract to the Department of Public Health and Welfare as Medical Health Officers. Retainers paid average \$1,200.00 per year. The amount of paying practice now done is inconsiderable, and most of the outport doctors have very little income in addition to their official retainers. As doctors cease practice in outports it is almost impossible to replace them. Greater provision should be made in the future for this branch of the public service, and particularly to ensure adequate supervision of Cottage Hospitals and of district nursing and other allied undertakings. The services of some doctors can be retained on a part-time basis, but it is obvious that only by a higher type of payment than heretofore is it possible to ensure continuation of doctors in practice in country districts, or their prompt replacement when a practice is vacated through death or some other cause. Out of the experience of the past few months with the operation of existing Cottage Hospitals has arisen the conclusion that the surgical requirements of such institutions can be met in two

ways. One group can be served by a single itinerant surgeon. In other cases a surgeon is required to be attached to each institution.

80. There is a pressing necessity for the provision of adequate public health laboratory services. A capable director was engaged in Canada a few weeks ago, but he lacks accommodation and equipment for his activities. The needs of our hospitals, public health undertakings and requirements of the general medical profession are very great. Early action in this connexion would materially aid progress along certain vitally important lines.

81. Amongst the social service problems hitherto neglected is that of custody and treatment of delinquent females, particularly those who are diseased. There exists no institutional provision for such cases. The situation threatens to get out of hand altogether. It is at present found extremely difficult to cope with the needs of treatment for venereal diseases. The increase noted in the number of cases of this kind will most assuredly continue until the major source of infection is removed.

82. Communicable diseases are not satisfactorily hospitalized. The sole existing institution is very old, quite outmoded and of a type that makes efficient and economical treatment of such cases almost impossible. Its adequate improvement and equipment would involve a relatively small outlay of money. This has been, in part, provided in current estimates. It is very desirable that the undertaking be fully completed within the next year. If this be done, the space in the building required for communicable diseases would be greatly reduced and the spare accommodation thus made available could be utilized for other and very necessary purposes.

83. General welfare services require organization and establishment. Their main concern will be fostering of self-help activities, such as weaving and other home industries and general handicrafts. Initial steps have already been undertaken in this connexion. The necessity now is for a programme more far-reaching in scope. Cost of equipment and supplies will not be particularly great, but a considerable number of instructors will be required. The organization contemplated will give general leadership in communities or groups of communities, and will make a special effort to foster the spirit of thrift, of self-support and of co-operative effort. Outport residents are largely and noticeably lacking in these characteristics.

84. From the foregoing paragraphs it will be appreciated that the proposed programme represents a long step in advance of the present situation and would take some years to complete. In the meantime we can only express the hope that in the general scheme of reconstruction adequate facilities for improvement in public health and welfare will be provided.

ROADS.

85. As you know, two loans have already been made from the Colonial Development Fund, (1) of \$500,000 for general improvements, which has now been spent, and (2) of \$2,000,000, of which half has already been approved and the other half approved in principle, for a highroad across the Island from Port aux Basques to Botwood. Improvement in the existing roads and any extension of the highroad from Botwood or Grand Falls to the nearest point to St. John's at which there is now a road available, should be met from revenue as and when it is possible to do so; but a certain amount of additional road-building will almost certainly be required in connexion with general reconstruction which cannot be met from the revenue ordinarily available for road purposes, say about \$400,000 a year, or substituted for other items included in the present road programme. As you are being informed in another despatch sent by this mail, a very serious situation has arisen concerning the latter project, and it is a question whether it would be justifiable to ask the Colonial Development Advisory Committee for the second instalment of \$1,000,000 for the continued construction of the road. Apart from any application which it may be decided to make in this connexion, it is not proposed to borrow further for road purposes.

RAILWAY.

86. (1) In accordance with your approval, a new steamer the *Northern Ranger* has recently been constructed and put into operation. From the point of view of economical working, it would be desirable that, in addition, certainly one, and possibly two, new steamers should be provided. The existing boats are old and in poor condition, and cost a considerable amount annually for repairs to keep them in running order. The new steamers would cost about \$300,000 each and expenditure on them, owing to decreased maintenance expenses, would be recovered in about ten years. But it is not possible to contemplate an expenditure of \$600,000 under this head at the present time. Apart from this, capital expenditure on the Railway over the next few years to come will probably not be large.

87. (2) It being assumed that the Railway must be continued, a rather larger subsidy than at present, the increase being of the order of \$50,000 a year, will have to be provided from the Finance Department's vote. A deduction of \$75,000 a year which was recently made from the subsidy paid to the organization has proved to be too large. A separate despatch is being sent to you on this subject.

CITY OF ST. JOHN'S.

88. Correspondence has been exchanged with your Department on this subject and you are aware of the general position. To improve the lay-out of the City and to remove the existing slum areas is a matter not only of time and money, but of co-operation with the Municipal Council, which is not very easy at the present time;

in this connexion I have to refer to my Confidential despatch of the 27th November. Ultimately, the sum of not less than \$1,000,000 will be required to set the City in order; but (as was brought to your notice some two years ago) no amount should be placed at the City's disposal without a sufficient measure of Treasury control or by the establishment of a City Manager on the United States model. It is certain that such control would not be accepted at present; but if on a long view it is necessary (as the Commission think it is) to provide for expenditure on improving present conditions in St. John's, such control must be laid down as a condition precedent.

GOVERNMENT.

89. This is, in principle, much to be desired and can be authorized under existing statutes; but it is a question whether at present the population of the outpost settlements generally would be prepared to tax themselves for local purposes. A small beginning has been made with the community situated near Grand Falls Station from the point of view mainly of sanitation and restriction of unauthorized building; and will be extended in other areas where possible, but with caution. In particular, local taxation could only be authorized in the case of an authority which shows it is sufficiently enlightened both to levy such taxation impartially and to expend the proceeds for the good of the community as a whole. In selected outports committees consisting, e.g., of the Magistrate, Doctor and Nurse quartered in the district and one or two indigenous members might be constituted for special purposes, and such committees might well form the nucleus of local administration in some districts under the reconstruction schemes. It is not possible, however, at the moment to contemplate a comprehensive scheme of local government as part of the administrative fabric of the Island.

ROYAL NAVAL RESERVE AND ROYAL NAVAL VOUNTEER RESERVE.

90. The Commission would appreciate a reply to my Confidential despatch of 20th April last concerning the Royal Naval Reserve and Royal Naval Volunteer Reserve. It would have an important effect upon the morale of the people and tend to produce that leadership which is so badly needed. This is a subject to which reference is often made in the local Press and on which many representations have been received. The proposals made in my despatch would alleviate unemployment and would afford an outlet for the undoubted loyalty of Newfoundlanders. If arrangements could be made for the enlistment of suitable young men for the Army and Air Force it would also be most advantageous.

BROADCASTING.

91. An efficient service throughout the Island is much to be desired, but you will remember that following on reports by Mr. Graves²³ and Mr. Kirke,²⁴ of the

British Broadcasting Corporation in 1934, further consideration of establishing it had to be deferred in view of the expense involved. It now appears probable that a reasonably adequate service could be set up for a capital expenditure of \$32,000 and an annual expenditure of \$17,000, which would be offset by receipts of at least \$6,000 from advertisements and about \$18,000 from licence fees. A detailed despatch on the subject will be sent to you at an early date.

FINANCE.

92. Newfoundland like one of the "distressed areas" in England needs a long term programme and the finance to carry it through. An attempt has been made in the preceding paragraphs to sketch out the heads of such a programme; and some of them will be filled in with greater detail when your approval is received to the policies we advocate. The programme as now put forward is likely to extend as a whole over something between seven and ten years at least and a number of financial questions arise as the result of it. In the existing financial conditions of the Island, it is in the Commission's view, impossible to raise further taxation, whether direct or indirect, for the present at least; and it is, therefore, necessary to proceed on the assumption that the expenditure required in connexion with the programme cannot be met from the Island's own resources.

93. First, it appears undesirable from the financial point of view that the Commission of Government should borrow further from the Colonial Development Fund (except possibly on projects which will quickly liquidate themselves.) The loans already raised or approved in principle from the Fund amount to \$4,000,000, supposing that an additional £195,000 is borrowed for the high road across the Island; see paragraph 85. Under the terms on which they have to be repaid, the sums required for principal and interest together will reach a maximum of nearly \$350,000 annually in the years 1942 and 1943; a sum which according to all present indications it would appear impossible for Newfoundland to find by herself and which would, therefore, have to be added to the annual Grant-in-Aid (or loan) made by the Government of the United Kingdom. Moreover, as from 1st July, 1938, at latest, a sinking fund of \$1,000,000 a year must be raised for amortization of the public debt; and, as is known, the present annual deficit on the budget for current administration is over \$2,000,000 a year; although this deficit includes say, \$1,600,000 for able-bodied relief, which will diminish when the reconstruction programme is in effective operation. Even though, however, it will diminish, it will not cease; for it is probable that of the seventy thousand persons on relief, about twenty thousand are irreclaimable, and their support on present standards, which are on the low side, is equivalent to an expenditure of about \$500,000 a year.

94. The future problem of finance is, therefore, a serious one, in view of (a) the undesirability of further borrowing from the Colonial Development Fund, and

(b) the extra finance required for the future, not merely for sinking fund purposes, but for the adequate administration on normal lines and as well the reconstruction of the country. You will understand that it is impossible to give hard and fast figures for, say, seven to ten years ahead for a programme such as that outlined in this despatch. In our Confidential telegram No. 132 of 13th November last, it was foreshadowed that \$60,000 would be required for reconstruction purposes in the latter part of the current financial year and \$450,000 in the financial year 1937-38. The utmost care will be taken that expenditure does not outrun organization; but it must be expected that if we embark upon the economic programme outlined and, in addition, make a steady advance towards the objectives in the Educational and Public Health and Welfare sections, our special expenditure will be at least \$800,000 for some years, and the total expenditure on the programme will not be far short of a figure between \$7,000,000 and \$8,000,000 and might even exceed this.

95. There is yet another factor to be considered. Obviously, it cannot be expected that as soon as the reconstruction programme is begun, expenditure on able-bodied relief will either cease or be immediately reduced to the figure of \$500,000 mentioned above, or indeed will be very much below its present annual total. There will, therefore, be a period of overlap, lasting for a few years, during which a double expenditure will have to be met, i.e., on continued large relief expenditure and on reconstruction. And that is not all. In past years, before 1934, the people of Newfoundland were deceived by the illusion of prosperity based on excessive borrowing; they were brought down to harsh reality in the lean years of 1931 and 1932 when borrowing was no longer possible; and they expected miracles from the new constitution of 1934 which have not been realized. From the political point of view, it will hardly be practicable (and in fact it is probably out of the question) to keep the people contented or even acquiescent, still on the dole, during the two or three years which must pass before the reconstruction programme has had visible effect. It is true that conditions have improved since February 1934 (except in so far as the fishermen are concerned) — largely, but by no means exclusively, owing to the Grant-in-Aid by the United Kingdom Government. It is true also that further gradual improvement will take place in the next few years; but for the ordinary man in the street, living continuously in the country and viewing the situation as it appears to him from day to day, the improvement is hardly perceptible, although it has definitely taken place. In these circumstances, it appears to the Commission inevitable that during the interval before the results of reconstruction become manifest, a certain amount of expenditure on what may be only semi-productive employment in order to prevent political agitators exploiting the hardships of the people will have to be incurred in order to ensure political quietude and to enable an economically sound programme of reconstruction to be carried through without undue complaint and indeed disturbance. It goes without saying that all steps will be taken to see that such expenditure fits in, to the greatest extent possible, with that on reconstruction.

This outlay will cause a decreased expenditure on able-bodied relief, but for every dollar saved on relief it may be that nearly two dollars may have to be spent on such employment. There is accordingly likely to be a period of peak expenditure comprising outlay on (a) able-bodied relief, (b) semi-productive work and (c) reconstruction.

96. As has already been said, there is reason to believe that, excepting the Fishing Industry, a general improvement is gradually taking place. It is certain, however, that the effects of such improvement have hardly touched the less fortunate section of the people, most of whom are fishermen or their dependents. Of the poorer people, a large number exist below the normal level of subsistence. Even so, in many cases they have begun to prefer the diet supplied to them on relief, to that which they might earn for themselves. This "exploitation" of the Dole has a detrimental effect on the morale of the people which it is increasingly hard to counter, and which will gravely prejudice the future. Many others eke out an existence of misery and squalor which is pitiable to see and which if exploited would call forth the severest criticism of the Government. No improvement in these conditions can be permanent unless it is part of a general recovery throughout the Island bringing with it increased trade and greater private enterprise with resultant employment. On the present normal expenditure of the Island (as assisted by the Grant-in-Aid from the Government of the United Kingdom) we have still a long way to go before we have recovered sufficiently to alter these conditions of poverty and destitution. We may as well face the fact that it will be many years before Newfoundland is self-supporting, and as you stated in the House of Commons, on the 17th of November, 1936, it is intended that the administration of the Island on the lines now in force should continue until such time as it might become self-supporting again. Unless economic conditions fundamentally alter in some way which we cannot now foresee, we think that we have reached the limit of the improvements which we can make on our existing resources. If we are to be placed in a position to intensify our efforts and to undertake a long range policy of reconstruction, we shall have to rely on the British Government for substantial further financial support. As His Majesty's Government dictate the financial limitations, the Commission of Government is dependent on them for the rate of progress which can be achieved. In this we must give it as our considered opinion that any hope of substantial recovery is a long way off under present circumstances, and that if the premature withdrawal of United Kingdom control is not contemplated, it is essential that we shall be enabled to implement the long range programme of reconstruction outlined in this despatch.

97. The map²⁵ which accompanies this despatch will, it is hoped, prove useful for the purpose of illustrating, to some extent, prevailing conditions; particularly from the standpoint of public health and welfare. The location of Magistrates, Po-

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lice, Rangers, private Doctors, Medical Health Officers, Cottage Hospitals, and Nursing Centres is also shown.

I have, &c.,

HUMPHREY WALWYN
Governor.

APPENDIX

<i>Statement of Agricultural Products imported into Newfoundland</i>				
	Quantity.	Value.	Duty.	Rate.
(1) Hay	5,980 tons (2,000 lb.)	\$62,030	\$28,438	\$4.75 per 2,000 lb.
(2) Oats	370,902 bushels	143,039	18,545	5c. per bushel.
(3) Vegetables, Beet-Carrots	5,373 bushels	6,780	2,149	40c. per bushel.
(4) Cabbage –				
1st May to 15th July	257,094 lb.	8,579	3,856	1½c. per lb.
16th July to 30th April	405,169 lb.	11,059	10,129	2½c. per lb.
(5) Potatoes	50,050 bushels (60 lb.)	33,757	14,514	29c. per bushel
(6) Turnips	6,146 bushels	4,038	2,765	45c. per bushel
(7) Oxen and Bulls	1,560 number	59,337	17,801	30 per cent
(8) Cows	1,487 number	56,581	16,974	30 per cent
(9) Calves	164 number	1,271	328	\$2.00 each
(10) Sheep	168 number	678	336	\$2.00 each
(11) Pigs (under 3 months)	5,029 number	21,591	—	Free
(12) Pigs	410 number	4,790	1,025	\$2.50 each
(13) Fresh Meat	626,324 lb.	166,905	65,052	1½c. per lb
(14) Beef, salted in barrels	43,436 barrels	733,094	89,492	\$2.05 barrel
(15) Port, salted in barrels	20,098 barrels	444,468	41,612	\$2.05 barrel
(16) Hams, etc. (T.I. 40) ²⁶	167,952 lb.	40,525	10,077	6c. per lb.
(17) Hams, etc. (T.I. 41), salted or pickled	429,129 lb.	75,392	17,165	4c. per lb.
(18) Meats, etc. T.I. 42)	199,971 lb.	34,445	4,066	2c. per lb.
(19) Butter	359,411 lb.	85,634	28,752	8c. per lb.
(20) Butterine (imported)	107,952 lb.	7,999	7,556	7c. per lb.
(21) Butterine (local)	6,570,693 lb.	—	289,110	4.4c. per lb.
(22) Lard and Lard Compound (imported)	—	14,236	7,047	50 per cent
(23) Compound Lard (local)	26,397	—	580	2.2c. per lb.
(24) Milk (preserved)	3,318,000 lb.	230,721	82,856	2½c. per lb.
(25) Cheese	551,898 lb.	69,673	16,592	3c. per lb.
(26) Eggs in shell	97,749 dozen	27,556	9,774	10c. per dozen
(27) Wool	—	3,523	—	Free

Acknowledgements

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Notes

¹United Kingdom, *Newfoundland Royal Commission 1933 Report*, Cmd. 4480, 1933, 223.

²The other members of the commission were Herbert R. Brookes, Ernest R. Watson, and James L. Little. The Commission reported in 1937. See *Report of the Commission of Enquiry Investigating the Seafisheries of Newfoundland and Labrador other than the Seafishery 1937* (St. John's: Newfoundland Government, 1937).

³United Kingdom, *The Public General Acts, 1929-30* (London: King's Printer), ch. 5, 15

⁴United Kingdom National Archives, DO 114/59, No. 388, 286.

⁵*Ibid.*, 286-7.

⁶*Ibid.*, 287.

⁷*Ibid.*

⁸DO 114/80, No. 33.

⁹DO 114/80, No. 34.

¹⁰In 1935 the League of Nations had imposed sanctions on Italy in response to its aggression in Ethiopia.

¹¹The Bay Bulls fishing laboratory had been opened following a survey undertaken in Newfoundland in 1930 by Dr. Harold Thompson of the Scottish Fishery Board. The facility was destroyed by fire on 19 April 1937.

¹²The 1933 Newfoundland Royal Commission.

¹³Captain Jack Turner.

¹⁴On the southwest coast.

¹⁵Weaver (Minerals) Limited. In 1937 this company was taken over by the Labrador Mining and Exploration Company.

¹⁶Thomas Lodge, one of the British members of the government, was Commissioner for Public Utilities.

¹⁷The populist Antigonish Movement, based at St. Francis Xavier University, Antigonish, Nova Scotia, was well known for its promotion of co-operatives.

¹⁸Claude Fraser.

¹⁹Brian Dunfield.

²⁰Codfish split and salted but not dried.

²¹A British official.

²²Under the Commission system, the senior public servant in a department was known as the secretary. This was the Commission equivalent of deputy minister.

²³Captain C.G. Graves, the first head of the Empire Service of the BBC.

²⁴H.L. Kirke, Senior Research Engineer with the BBC.

²⁵Not reproduced in DO 114/80.

²⁶Possibly Tariff Index or Tariff Impost/Imposition.