

At the Bell Island mines are worked one of the world's largest deposits of red hematite iron ore, of good quality, but relatively costly as a source of high-grade steel, due to its phosphorus content. There is no local processing or smelting, and the principal markets have been the steel industry at Sydney, Nova Scotia and, before the war, Germany. Since the war, substantial quantities have been marketed in the United Kingdom--where long-term prospects for Newfoundland iron remain uncertain, due to exchange difficulties.

The lead-zinc-copper deposits of the Buchans area have contributed to Newfoundland's mineral exports since the opening of the mines in 1927. The ore body now being worked is limited, and failing the discovery of new deposits in the area, will probably be exhausted during the next decade.

Fluorspar and limestone, used by the aluminum and steel industries in Canada and the United States, are produced by smaller mining developments. Much of Newfoundland has yet to be thoroughly explored for mineral deposits, and the future may disclose further important mineral wealth.

### Economic Prospects

The high wartime levels of income in Newfoundland have continued into the initial post-war period, due principally to the sustained demand abroad for the basic exports of the fishery, forests and mines. At the same time, however, the increased price of imports has contributed to a steep rise in the cost of living, and has created a considerable measure of inflationary pressure.

Future prosperity, as ever, will depend upon the level of export demand for the products of Newfoundland's basic industries. During recent years, greatly increased government revenues (over one-half of which are derived from customs duties--and thus highly dependent upon the volume of purchasing power) have permitted important advances in the fields of education and social services, particularly in public health. There have also been substantial government expenditures on reconstruction and development schemes: these include extension and improvement of roads, wharves and breakwaters; services to fishermen; housing; improved telecommunications; and agricultural assistance to both full and part-time farmers. These important government expenditures, which make for a higher standard of living and tend to reduce Newfoundland's extreme vulnerability to world trading conditions, can of course be sustained only by the continued prosperity of Newfoundland's economy.

Labrador provides an imponderable factor in any consideration of Newfoundland's economic future. Its resources have not yet been thoroughly surveyed, but there are large deposits of high-grade hematite ore in the area bordering on Northern Quebec, and huge water-power potentialities nearby at Grand Falls (which is much higher than Niagara), and substantial stands of small timber. Commercial development of these resources is still in the exploratory stage; production of iron ore within the predictable future, however, is a distinct possibility. The tourist industry, too, has possibilities of development both in Newfoundland and Labrador, especially with the growing use of air transport into their extensive game and fishing areas.

Though immediate prospects are relatively good, the historic dependence of Newfoundland upon world economic conditions suggests caution in appraising its future economic prospects. Also, the need for further public expenditures remains: especially needed are more roads and continuing measures to improve the average level of public health and education.