

The accession of Newfoundland brings to fruition the vision of the Fathers of Confederation. It assures to Canada control of its North Atlantic frontier. It enlarges Canada by more than 150,000 square miles and adds to its population some 325,000 hardy seafaring people of kindred stock and similar cultural traditions.

Economic Survey

The natural resources of Newfoundland are limited, and its population is small. Extensive agricultural development has not been possible due to the generally unfavorable soil and climatic conditions: Newfoundland, twenty times as large as Prince Edward Island, has only one-fifth of the croplands of that small province. Industrialization on a wide scale has also not been possible due to the very restricted nature of the home market. Thus, for the bulk of its food and consumer goods, Newfoundland depends upon imports -- chiefly from Canada and the United States, with Canada at present supplying almost two-thirds of Newfoundland's imports.

Trade between Canada and Newfoundland is facilitated by the fact that there is a common currency and the same banks operate in both countries. The Canadian dollar has been the accepted currency in Newfoundland since 1894. The transportation systems of the two countries are also closely linked. Total trade between Canada and Newfoundland has increased substantially in recent years -- from \$11,650,860 in 1938-39 to \$66,112,210 in 1946-47.

Canadian exports to Newfoundland in 1945 were valued at more than \$40 million, making it Canada's seventh largest export market. During the war, the range of Newfoundland's imports from Canada was greatly expanded: in addition to food and feedstuffs, fuel and oil products, Canada now supplies a variety of manufactures, including apparel and textile lines, building materials, electrical appliances and chemicals. Although the third market normally for Newfoundland exports, Canada enjoys a very favorable trade balance with Newfoundland, because Newfoundland's principal exports are mainly competitive with those of Canada.

The economy of Newfoundland rests primarily upon three industries -- fishing, pulp and paper, and mining -- which are based upon its main resources. It is a commercial economy: the production of its basic industries, which is far in excess of domestic requirements, is geared to demand in export markets. The volume of Newfoundland's exports is indicated in the following table, which gives the approximate values:

	<u>1930</u>	<u>1933</u>	<u>1945</u>
Sea Products	\$15,000,000	\$ 7,000,000	\$22,000,000
Forest Products	17,000,000	12,000,000	16,000,000
Mining Products	6,000,000	3,000,000	7,000,000
All others	1,000,000	500,000	1,000,000
Total exports	<u>\$39,000,000</u>	<u>\$22,500,000</u>	<u>\$46,000,000</u>

More recent figures for calendar years are not available (Newfoundland trade figures are computed by fiscal year). There has been, however, a very considerable increase in exports, particularly newsprint. Total exports for the fiscal year 1946-47 were valued at \$69,000,000, broken down as follows: Sea Products, \$31,000,000; Forest Products, \$22,000,000; Mining Products, \$14,000,000; All others, \$2,000,000.

One of Newfoundland's main trading difficulties is that its principal exports, dried cod, newsprint and iron ore, must be sold at a competitive price in a world market, whereas the bulk of its imports are from the protected markets of Canada and the United States, and are thus less subject to violent price fluctuations. This situation was aggravated during the 1930's by the breakdown of international exchange. In the decade before the war, Newfoundland sold about two-thirds of its exports in countries