

INTRODUCTION*

A detailed review of the post-war period up to 1949 will be found in the 1948-49 Year Book at pp. xxix-xliii, where general economic developments are discussed, and at pp. 1113-1125, where the more strictly post-war reconstruction efforts are considered. The present review is confined largely to the economic developments of 1949 and early 1950.

The outstanding developments of this period were: the union of Newfoundland and Canada on Mar. 31, 1949, devaluation and the fact that the Canadian economy was able to maintain economic stability even with a moderate recession in the United States commencing in the autumn of 1948 and reaching a low point in mid-1949, and increasing trade difficulties overseas. These and other important developments of the past year are dealt with under the following broad headings: (1) economic developments during 1948-50; (2) economic policies and administration; and (3) federal-provincial economic relations.

Economic Developments During 1948-50†

Canada's gross national product reached a new peak in 1949. The preliminary estimate is \$15,950,000,000, an increase in value terms of 3 p.c. and in volume terms of 2 p.c. over 1948. The labour force contained little over 5,100,000 persons, of whom fewer than 135,000 were unemployed and fewer than 45,000 were in the Armed Services. Compared with 1939, gross national product had increased by about 185 p.c. in value terms and 70 p.c. in volume terms while the labour force had increased by about 15 p.c. (and the employed segment of it by about 30 p.c.) and the population had increased by about 17 p.c. Roughly, this would indicate an increase in per-year output per employed person of about 30 p.c., and in real per-capita consumer expenditures of about 50 p.c.

The outlook for 1950, in the early months of the year, was for a further small increase in gross national product over the 1949 level, probably about 2 p.c. The principal factors contributing to the increase would be a higher level of private investment and of consumer and government expenditures. On the other hand, some reduction in export demand was expected, the loss occurring principally in the sterling-area market. The indicated increase in gross national product, when account is taken of increasing levels of productivity, would result in little change in the level of employment. Some increase in unemployment is, therefore, to be expected in 1950. The reduction of certain types of exports and some increase in unemployment would result in an increased number of industrial and associated area problems.

Of the various income claimants on the gross national product in 1949, the only group whose share increased substantially over 1948 was the salary- and wage-earner, an increase of about 7 p.c. Net income from unincorporated non-agricultural business was little changed. With respect to investment income, preliminary estimates indicate a moderate reduction in corporate profits and some increase in dividends, interest and rent. In agriculture, retroactive grain payments totalling over \$200,000,000 largely offset losses sustained through poorer crop yields and some

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†Newfoundland is excluded from these analyses but is dealt with briefly at p. xl.