

and radiotelephone. The second development was with reference to the War Assets Corporation and the Crown Assets Allocation Committee. With their work of disposal of surplus equipment from the war period nearly completed, the Corporation was reconstituted as the Crown Assets Disposal Corporation, to become a continuing disposal agency for government surpluses, while the Committee was disbanded.

### **Federal-Provincial Economic Relations**

There were a number of important developments in relations between the Federal and Provincial Governments during 1949, particularly in the fields of resource development and public investment. The outstanding development, however, was the union of Newfoundland with Canada as a tenth province, on Mar. 31, 1949.

**Canada-Newfoundland Union.**—The long-term significance of the rounding out of Confederation, from the economic point of view, is the political unification of the natural maritime region that exists on Canada's eastern seaboard. For Newfoundland the question of joining or remaining outside Confederation was a serious one. Basically the problem was one of the impact of a matured federal system and an industrially developed economy on a country that had developed its economic pattern independently although the nature of the pattern had been conditioned at many points by close trading ties with the larger economy. The immediate impact of union was generally favourable. The extension of social security benefits to the new province served to augment consumer purchasing power, and the disappearance of Newfoundland tariffs brought about some reduction in the price level. On the other hand, the removal of the tariff weakened the competitive position of Newfoundland manufacturing industries, and a number of these businesses have encountered serious problems in readjusting their production to meet the new situation. In general, the level of activity in Newfoundland was maintained in 1949 at about its 1948 level, the two factors contributing most to this strength being the maintenance and probably slight improvement in the level of exports and the augmenting of personal income through social security benefits. As in other forest areas of Canada, Newfoundland witnessed some cutbacks in woods operations to reduce pulpwood inventories, with a consequent increase in unemployment among woodworkers.

**Resource Development and Public Investment Measures.**—The Federal Government has encouraged resource development by three means. It has encouraged business investment by fiscal incentives, transportation subsidies, credits through the Industrial Development Bank, the finding of new markets, research, the provision of technical services, etc. It has undertaken important joint projects with provinces, a number of which are noted below. Finally, it has influenced the level of investment by the direction and timing of its own investment programs.

A survey of the state of planning of federal works and resource development projects was undertaken. It was found that as of Mar. 31, 1949, there was approximately \$3,000,000,000 of these projects, \$2,750,000,000 of which were of the construction type and \$250,000,000 of the non-construction resource development type. Approximately \$400,000,000 were included in the 1949-50 estimates. Another \$325,000,000 were fully planned, nearly \$1,000,000,000 in various stages of planning, and \$1,300,000,000 were under preliminary examination. Joint projects represented a little over half the \$3,000,000,000 total.\* During 1949 the important items in the resource development and public investment fields were the Trans-Canada Highway, forest development and public assistance to house-building.

\* Department of Re. onstruction and Supply Annual Report, 1948-49, pp. 5-6.