

Subsection 4.—Trade with the United States and other Foreign Countries.

Trade with the United States.—In the period immediately following Confederation the United States was Canada's chief customer, trade still following its accustomed channels in spite of the denunciation of the Reciprocity Treaty, which had expired on Mar. 17, 1866. On the other hand, we bought more from the United Kingdom than from the United States.

In the '70's, however, the proportion of our exports going to the United States, which had been over 50 p.c. in the first few years of the Dominion, declined materially, but for the most part remained at over 40 p.c. until after the enactment of the McKinley Tariff of 1890, when it fell to 35 p.c. in 1892 and as low as 27 p.c. in 1898. In the first decade of the twentieth century it averaged about 35 p.c., but fell off considerably in the war years, rising again to about 40 p.c. on the average of the nineteen-twenties.

Imports from the United States exceeded half of our total imports for the first time in the years from 1877 to 1879, while in the eighteen-eighties they were approximately equivalent to those from the United Kingdom, at from 40 to 45 p.c. from either country. By 1896, however, imports from the United States again reached half of the total, and subsequently have never fallen below that point, increasing both absolutely and relatively during the great period of expansion until 1913, when they were 65·0 p.c. of all imports. In the extraordinary circumstances of the Great War they rose as high as 82·3 p.c. in 1918, and throughout the nineteen-twenties stood at about two-thirds of the total. In the most recent year, however, to some extent as the result of the Ottawa Agreements and the premium on United States funds, the percentage of imports coming from the United States has declined to 54·9 or approximately five-ninths of the total.

Analysis of Canada's Total Trade with the United States.—Canada's total merchandise trade with the United States in the fiscal year 1934 was valued at \$437,538,613, compared with \$381,077,886 in 1933, and \$596,037,639 in 1932, the increase in 1934 over 1933 amounting to \$56,460,727 or 14·8 p.c., but a decrease of \$158,499,026 or 26·6 p.c. compared with 1932. Imports from the United States in 1934 were valued at \$238,187,681, in 1933 at \$232,548,055, and in 1932 at \$351,686,775, the increase in 1934 compared with 1933 amounting to \$5,639,626 or 2·4 p.c., but compared with 1932 the decrease was \$113,499,094 or 32·3 p.c. The total exports to the United States in 1934 amounted to \$199,350,932, in 1933 to \$148,529,831, and in 1932 to \$244,350,864, the increase in 1934 compared with 1933 amounting to \$50,821,099 or 34·2 p.c., while compared with 1932 the decrease was \$44,999,932 or 18·4 p.c. The domestic exports to the United States in 1934 amounted to \$194,443,139, in 1933 to \$143,160,400, and in 1932 to \$235,186,674, the increase in 1934 compared with 1933 amounting to \$51,282,739 or 35·8 p.c., but compared with 1932 the decrease was \$40,743,535 or 17·3 p.c. The trade balance with the United States has been unfavourable to Canada in each year since 1882. For the year ended Mar. 31, 1934, Canada's unfavourable merchandise trade balance with the United States totalled \$38,836,749, being less than for any fiscal year since 1901 (when it was \$36,971,065). In 1929 the unfavourable trade balance with the United States amounted to \$346,745,142, in 1930 to \$310,753,856, in 1931 to \$220,483,994, in 1932 to \$107,335,911 and in 1933 to \$84,018,224. If the trade in merchandise and coin and bullion are combined, the trade balance with the United States was unfavourable in 1934 to the extent of \$23,472,761, compared with an unfavourable balance in 1933 of \$27,443,575, and in 1932 of \$43,314,645.