

**Subsection 3.—General Analysis of Current Import and Export Trade.**

The external trade of Canada, like that of every other country in the world, declined considerably in volume and very greatly in value in the period of falling prices following the War. Thereafter it recovered and by 1929 had reached a value greater even than in the war period. The great world-wide depression which commenced in the autumn of 1929, however, was responsible for a very great reduction in the value, and a smaller reduction in the volume, of the trade of Canada and of every other country (see Subsections 1 and 11 of this chapter), the total value of our merchandise trade falling steadily from \$2,655,000,000 in the fiscal year ended Mar. 31, 1929 to \$887,000,000 in the fiscal year 1933. The fiscal year ended 1934 saw the turn of the tide with a total merchandise trade of \$1,019,000,000, further increased to \$1,190,000,000 in 1935. Thus the external trade of Canada during the fiscal year ended Mar. 31, 1935, represented a second year of expansion from the low level of 1933. There was an increase in 1935 over 1934 in both imports and exports, imports increasing in value by 20.4 p.c. and exports by 13.9 p.c. The continuation of this improvement is indicated by the figures for the calendar year 1935 in which imports exceeded in value those of the calendar year 1934 by 7.2 p.c. and exports exceeded those of the previous year by 11.6 p.c.

Imports are an indication of purchasing power in Canada and are especially influenced by the expansion or contraction of capital expenditures within Canada. The increase, therefore, of 13.9 p.c. in the volume and 20.4 p.c. in the value of imports reflects a recovery in purchasing power in Canada and probably some slight expansion in capital expenditures which were almost completely suspended during the worst years of the depression. It may be noted in Statement II that imports of iron and non-ferrous metal products, the groups chiefly influenced by capital expenditures, were much higher in 1935 than in 1933, though still much below those of the fiscal year 1927, chosen because it approximates to the calendar year 1926 taken as a representative year of the post-war prosperity period. Similarly in the latest year imports have increased from the United States which is the chief external source for machinery and structural materials.

Exports represent the sale in world markets of surplus products of Canadian farms, mines, forests, fisheries and factories and when there is a ready sale for such products at prices profitable to the producer, large exports result in prosperity in Canada. In the year 1935 exports increased in volume by 8.9 p.c., while higher prices accounted for an increase of about 5 p.c. in the value of exports, so that Canadian goods were sold abroad not only in larger volume but also at more profitable prices. (See Subsection 11, pp. 598-601, for a comparison of volume and value.) The figures of exports shown in Statement II indicate that a shift is taking place in the importance of groups in the composition of our exports. In the prosperity period 1925-29 Canadian exports were predominantly agricultural. Indeed in that period it was largely because bountiful harvests coincided with an active world demand at good prices that prosperity was widespread in Canada. In 1927 the two groups, vegetable and animal products, made up 59 p.c. of our exports, while wood products constituted 23 p.c., non-ferrous metals 6.4 p.c. and chemical products 1.3 p.c. In 1935, on the other hand, vegetable and animal products made up only 47 p.c. of exports, but wood products were 24.4 p.c., non-ferrous metals increased to 14.3 p.c. and chemical products to 2.3 p.c. The proportion of 14.3 p.c. for non-ferrous metals is exclusive of exports of nearly \$97,000,000 of gold bullion, the product of Canadian gold mines, which are not included in the figures of commodity exports.