

Importations of important raw materials used in Canadian manufacturing industries are given in Table 9 for the fiscal years ended 1911 to 1936.

### 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 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 10 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 external trade of Canada during the fiscal year ended Mar. 31, 1936, represented a third year of expansion from the low level of 1933. There was an increase in 1936 over 1935 in both imports and exports, imports increasing in value by 7.7 p.c. and exports by 12.2 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 8.1 p.c. in the volume and 7.7 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 1936 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 1935 and 1936 imports have increased from the United States which is the chief external source for machinery and other durable goods and 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 1936 exports increased in volume by 7.0 p.c., while higher prices accounted for an increase of about 5.2 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 10, pp. 578-581, 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 non-ferrous metals constituted only 6.4 p.c. In 1936, on the other hand, vegetable and animal products made up only 41 p.c. of exports, but non-ferrous metals (including gold) increased to 25 p.c. This is very suggestive of the part which the mining and exporting of non-ferrous metals (including gold) are playing in the current economic recovery of Canada.