

Another important factor influencing imports from the United States is Canadian purchasing power which is very directly affected by exports to the United States. These were seriously curtailed by the very high rates on many important Canadian products introduced by the Hawley-Smoot tariff of June, 1930, and thereafter imports from the United States showed a greater decline than Canadian exports to that country. (See the 1936 Year Book, p. 508.)

The effect of the Trade Agreement with the United States which became effective on Jan. 1, 1936, is indicated by the following figures:—

| Item. | Twelve Months Ended Dec. 31— | | Increase or Decrease. | |
|--|---------------------------------|---------|-----------------------|-------|
| | 1935. | 1936. | | |
| | \$'000 | \$'000 | \$'000 | p.c. |
| Imports from United States..... | 312,417 | 369,857 | 57,440 | 18.7 |
| Totals, domestic exports to United States..... | 358,570 | 406,665 | 48,095 | 13.4 |
| Less exports of non-monetary gold..... | 95,990 | 71,489 | 24,501 | -25.5 |
| Exports merchandise other than gold..... | 262,580 | 335,176 | 72,596 | 27.6 |

The influence of the economic recovery in both Canada and the United States should not be overlooked as a factor in the above increases of trade. However, the Trade Agreement has undoubtedly been of great benefit to producers of live stock and lumber in Canada and, in a less degree, to many other classes.

Canadian Trade via the United States.—Imports from overseas countries *via* the United States have steadily declined in recent years, especially those from the British Empire. This decrease has followed: (1) general propaganda to utilize Canadian sea and river ports; (2) additional concessions to goods imported under the preferential tariff if they come direct. Provision has been made, in trade treaties and agreements negotiated with foreign countries, that goods must be imported *via* a Canadian sea or river port in order to obtain the full benefits of special rates of duty. Between 1920 and 1936 imports *via* the United States have decreased from 9.5 p.c. to 2.58 p.c. of the total imports from overseas countries.

The proportion of exports from Canada to overseas countries going *via* the United States shows a considerable decline since 1927, the percentages by fiscal years being: 1927, 39.4; 1928, 38.7; 1929, 36.6; 1930, 33.7; 1931, 27.3; 1932, 18.7; 1933, 14.2; 1934, 14.4; 1935, 17.3; 1936, 18.4. An important factor in the decline for recent years has been the requirement of direct shipment for goods to qualify under the Empire preferences introduced in Britain. Details by countries are given in Table 21 of this chapter.

Trade with Other Foreign Countries.—The relative changes in the positions occupied by the United States and other foreign countries in Canada's trade in various years from 1886 to 1936 are shown in Statement V below. During the War and the years immediately following, when production and exports by many European countries were curtailed, imports from the United States rose to a high proportion and were 69 p.c. in 1921, while those from other foreign countries declined. With this exception the proportion of imports from other foreign countries has remained surprisingly constant over the period of nearly half a century at about one-tenth to one-eighth of total imports. Canadian exports to the United States have fluctuated between 30 p.c. and 46 p.c. of the total, while those to other foreign countries increased from 4.5 p.c. to as high as 24.0 p.c. in 1929; they declined to 10.5 p.c. in 1936.