

countries. The world empires are an example of such groupings and especially in the case of the British Commonwealth, trade between members of the group represents an increased proportion of the total trade of the group. Another grouping consists of debtor countries with weak currencies and, among such countries, mutual clearing agreements have resulted in the trade between them becoming a much greater proportion of their total trade. This change in distribution was determined, not by prices prevailing in the import and export markets concerned, but by discrimination rendered possible by commercial policy.

Recent Factors.—In spite of the restraints upon trade outlined above, the increase in prices of primary products since 1935 and the readiness with which such products were absorbed by free currency countries were of distinct benefit even to those raw-material-producing countries exercising exchange control and there were some signs of a return of trade into more normal channels.

If comparison is made between the import figures for 1935 and 1936, it is found that the greatest increases are recorded by industrial countries. The United Kingdom and the United States alone account for almost half of the total world increase in imports and other industrial countries for another fourth. The remaining countries, which mainly export foodstuffs and raw materials and represent one-half of world imports, thus account for only one-fourth of the increase in world imports. Of the increase in the value of world exports, however, industrial countries account for only about one-third and agricultural or mining countries for the remaining two-thirds. Germany was an exception to this general trend of industrial countries, for her exports increased more than her imports, but Germany, unlike the other principal industrial countries, is a debtor country.

The principal creditor countries—the United Kingdom, the United States, and France—increased their shares in world imports but their shares in world exports were reduced. The shares of debtor countries—Germany, and the majority of non-industrial countries—in world imports and exports moved in the opposite direction.

The circumstances determining trade movements differ from country to country. The progress of internal recovery from the depression in a number of countries, especially the United Kingdom and United States, with the consequent increase of imports of these countries, was a potent factor in the further recovery of world trade. Drought in the United States and labour disputes in that country and France tended to cut down the exports of those countries. The trade of several countries around the Mediterranean was adversely affected by unfavourable climatic conditions and political disturbances. The trade of countries of the former gold bloc—especially France, Netherlands, and Switzerland—was adversely affected by the depressed conditions within these countries before they readjusted their currencies in the autumn of 1936.

Canada's Position in World Trade.—The foregoing brief outline of the course of world trade in the period since 1929, taken from the League of Nations' reports, is presented as a background against which Canada's position in world trade may be viewed. According to these figures, Canada, in 1936, stood eighth in imports, fourth in exports, and fifth in total trade, whereas in 1929 she was fifth in each category. The position of fourth in exports in 1936 was largely due to the decline in exports of France, a decline which may be temporary. During the declining phase of the depression from 1929 to 1932, Canada's share in total world trade declined from 3.68 p.c. to 3.24 p.c. due to a great decline in the share of imports more than offsetting a slight increase in the share of exports. In the