

vulnerable. The tendency of a decline in specialization is therefore most obvious in the trade of non-industrial countries. In the case of 37 out of 45 principal raw-material producing countries for which comparable statistics of exports are available for 1929 and 1936 the share of the most important article of export in 1929 had declined in the later year, but in the case of a few of these countries there appears only to have been a shift in specialization from one article to another. However, in the great majority of cases there is evidence of an almost universal lessening in specialization of production of primary products. This tendency must not be assumed to result from restrictive or discriminatory measures alone; other important factors in the change are recent improvements in production, the enterprise shown by certain countries in starting and developing new activities, and the inevitable and ever-active shifts in world demand.

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 1937, stood eighth in imports, fourth in exports, and sixth in total trade, whereas in 1929 she was fifth in each category. The position of fourth in exports in recent years was due largely 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 recovery phase of the depression since 1932, Canada's share in total world trade has increased to 3.6 in 1937. The share of imports was still very low although it has recovered considerably since a low point of 2.3 p.c. in 1933. Canada's share of exports has been well maintained and, with increases since 1932, is now considerably larger than in 1929. The position is shown in the first section of Statement V.

The section of Statement V showing the index of gold prices is significant as an indication of changes in the barter terms of trade for the countries shown. Canada, as a country whose imports are chiefly manufactured goods and whose exports are chiefly primary materials, experienced a greater decline from 1927 to 1932 in the average price of exports which dropped to 47.8 p.c. of the 1927 level, than of imports which were 50.8 p.c. Since 1932, export prices have become slightly higher than import prices but in this comparison it should be borne in mind that Canadian exports in the statement include domestic gold, so that the remainder of Canadian exports are under poorer barter terms than the figures indicate.

The quantum of Canadian imports has been recovering since 1932, but in 1937 it was still only 95.2 p.c. of that of 1927, was still more below that of 1929, and was below the estimated average for the world which stood at 104.3 p.c. of 1927. The quantum of Canadian exports has likewise been recovering since 1932 and made a remarkable gain in 1936, but declined in 1937, although still keeping above the levels of 1927 and 1929.

Some of the factors which especially affected Canada's trade in 1937 deserve mention. Poor grain crops in 1936 and 1937 curtailed exports of wheat, flour, and similar products. The high level of industrial activity in the United States in the first half of 1937 was a stimulus to Canadian production along many lines but especially in forest products. The general world demand and higher prices for base metals caused increases in the quantity and value of their production. Exports of gold and other precious metals were at a higher level than ever before.