

and by origin, and Table 16 gives similar information on a classification according to purpose. Table 17 gives our imports and exports for the two latest years by ports and provinces, and Table 18 shows the values imported from different countries dutiable or free under the general, preferential, and treaty rate tariffs in 1938.

Subsection 4.—Trade with the United Kingdom and the British Empire.

Trade with the United Kingdom.—Ever since Confederation the external trade of Canada has been carried on predominantly with one or other of the two great English-speaking countries, the United Kingdom and the United States (see Tables 5 and 6 of this chapter). In the early years of the Dominion, the United Kingdom, which was then lending Canada capital on a considerable scale for those times, supplied more than half her imports, though as a customer she came second to the United States. The export trade continued for some time to follow its accustomed channels to the United States, in spite of the denunciation of the Reciprocity Treaty which had expired on Mar. 17, 1866. However, partly as a result of the free trade policy of the United Kingdom and the protectionist policy of the United States, the proportion of exports tended to increase to the United Kingdom and decrease to the United States. In the '70's this proportion to the latter country, which had been over 50 p.c. in the first few years of Confederation, declined materially, but for the most part remained at over 40 p.c. until after the enactment of the McKinley Tariff of 1890 when it fell to 35 p.c. in 1892, and as low as 27 p.c. in 1898. The United Kingdom, although it had been the chief market for Canadian exports in certain years between 1874 and 1887, definitely took the lead in 1890 and steadily retained that position until 1920. During the War period the flow of goods from Canada to the United Kingdom was naturally exceptionally large. However, the United States again became the chief market in 1921 and has maintained that position continuously since 1927, except in the fiscal year 1934, when exports to the United States dropped to 34 p.c. of the total, partly due to the diversion of exports of gold to London during that year (see p. 476), and also to the industrial depression in the United States.

As already indicated, at the time of Confederation, the United Kingdom was the principal source of Canadian imports and until 1875 that country supplied half or more of the requirements. The United States took the lead in 1876 and has maintained it since 1883. Imports from that country have exceeded half the total from 1877 to 1879 and continuously since 1896, the proximity of the two countries, the increasing population on both sides of the boundary line, the common language, and the similarity of tastes and economic conditions being largely responsible. The proportion of imports coming from the United Kingdom has shown a generally declining trend since 1872, although after the enactment of the British Preference in 1897 the actual values of imports from the United Kingdom grew larger until the War. (See under the Preferential Tariff and Empire Trade below.) Even during the great growing period before the War, when large amounts of British capital were being invested in Canada, the proportion of imports from the United Kingdom tended to decline while that from the United States increased. During the Great War, when the resources of the United Kingdom were absorbed in the struggle, imports from that source were curtailed and dropped as low as 8.0 p.c. in the fiscal year 1919, while imports from the United States rose to about 82 p.c. of the total at that time. Since the War, the proportion of imports from the United Kingdom has been generally a trifle lower and that from the United States higher than in the pre-War period, although during the depression, under the influence of the Ottawa