

limitations were understood and even then their value in summary form was slight. For this reason, the table has been discontinued this year. A full treatment of the subject is given in the annual report on the Trade of Canada issued by the Dominion Bureau of Statistics. Table 17 in this issue therefore corresponds to Table 18 of previous editions and shows the values imported from different countries dutiable or free under the general, preferential, and treaty tariffs in 1939.

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 that 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 of 1914-18 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 because of the diversion of exports of gold to London during that year (see pp. 500-501), 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 first World War. (See under the Preferential Tariff and Empire Trade below.) Even during the great growing period before 1914, 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 War of 1914-18, 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