

### Subsection 7.—Principal Commodities Imported and Exported.

The commodities that make up Canada's external trade are shown in detail for the four latest fiscal years in Tables 12, dealing with exports, and 13, with imports, beginning on p. 536 and p. 548, respectively.

**Canada's Principal Imports.**—In the interpretation of the trends in imports, shown in Statement XII, the effects of price changes and of fluctuations of the so-called business cycle should be kept in mind. Thus the Bureau of Statistics index number of wholesale prices on the 1926 base was 59.3 in the calendar year 1889, 52.1 in 1899, 59.5 in 1909, 134.0 in 1919, 95.6 in 1929, and 78.6 in 1938; these calendar years approximate to the fiscal years ended 1890, 1900, 1910, 1920, 1930, and 1939. In the matter of business fluctuations, the fiscal years 1890 and 1900 were affected by the long period of depressed commercial conditions accompanying declining price trends extending from 1872 to 1897; the fiscal year 1910 was influenced by the general development boom in Western Canada; 1920 was affected by the feverish activity that immediately followed the War of 1914-18; 1930 represented the end of the security inflation period and the beginning of the downturn; while in 1939, recovery, as compared with the low figures of 1933, was under way to a marked degree, both in general activity and in the level of wholesale prices.

During the period of 49 years covered by the statement, great changes have occurred in the character of the leading imports, due to developments both in the industrial organization of the country and the goods consumed by the people. Thus in 1890, many present-day leading imports, such as crude petroleum, automobiles and parts, artificial silk, electrical apparatus, and aluminium, were either non-existent or formed very insignificant items of trade. Imports of farm implements in 1890 were valued at only \$161,000 but, due to the tremendous agricultural expansion in Canada since that time, as well as to increasing mechanization of agricultural operations, imports of farm implements have grown to a large item in spite of the wide development of their manufacture within the country. On the other hand, a number of the leading imports of 1890, such as woollen goods and raw wool, sugar and products, silk goods, tea, grain products, and meats, have become relatively much less important as imports. Then again, there were certain leading imports in 1890, such as coal, rolling-mill products, machinery, and fruits, that still remain among the chief items of imports owing to the absence of coal and high-grade iron ore deposits in the central portion of Canada, where population and industry are chiefly concentrated, and to the demand for fruits that cannot be grown in Canada. Owing to the industrial development of Canada since the beginning of the century, many of the leading imports are now raw materials required by Canadian industries. The quantities of a number of these raw materials imported in each year since 1911 are shown in Table 9, p. 533.

Among the factors affecting short-term fluctuations of imports, as distinct from the long-term trends outlined above, probably the greatest is the so-called business cycle. In periods of prosperous industrial and commercial activity, when exports move freely to world markets at remunerative prices, the national income is on a correspondingly high level and the demand for imported goods in great variety expands accordingly. Especially typical of prosperity periods are large expenditures on capital improvements and upon luxuries, while in years of depression expenditures under these two categories are eliminated or very seriously curtailed. It is,