

for all goods produced and the removal of financial restrictions normally limiting international transactions and (c) the large volume of new capital investments made in Canada during the War period.

In the chart, exports are shown by main groups and the years that have been selected are: 1928, the year of highest peacetime exports; 1932, the lowest year of the depression of the 30's; 1939, the latest pre-war year; and the years 1941, 1943, 1944 and 1945, to show the growth of wartime exports to their maximum point in 1944. It will be noticed that, compared with peacetime years, increases were substantial in all groups but particularly in iron and its products, miscellaneous war supplies, and vegetable products. The two first groups include such exports as ships and vessels, aircraft, military vehicles, guns, rifles, cartridges, shells, explosives, special electrical apparatus, army and navy stores, etc.—definitely wartime products—and, whereas in 1939 such exports were less than 9 p.c. of total exports, in 1944 they reached 38.5 p.c. But, even apart from purely wartime exports, the huge increases that have taken place in many other directions, notably grains and meats, have been brought about by conditions of war and cannot be expected to hold such levels under peacetime conditions of trade.

It is the post-war task to readjust this abnormal position to peacetime conditions and to seek outlets for the new productive capacity where possible, so as to maintain a satisfactory standard of living. The problem, however, is complicated because it is dependent not only on efforts and policies made within Canada, but on the ability of other countries to meet their own reconstruction problems—countries that have come out of the War in a far weaker position than Canada has, and that will depend on help of a substantial sort before they can hope to re-establish themselves in world markets.

The Minister of Trade and Commerce has laid down four main principles that should govern Canada's post-war trade policy: (1) A full share should be taken in supplying stricken peoples; (2) Canada's place in the British market must be kept; (3) new markets must be found; and (4) business must be prepared to give increasing emphasis to the importance of export trade and not regard it merely as an adjunct to the domestic market. The conditions and circumstances behind these principles and what has been done by the Government to facilitate their application is reviewed below.

Mutual Aid was Canada's recognition of the necessity of providing a method of financing Allied needs for Canadian goods and services which were necessary for the prosecution of the War and for which the receiving countries were not able to pay because of insufficient dollar resources. But even with Lend-Lease and Mutual Aid, the War led to a serious deterioration of the international financial position of most belligerent nations overseas. This was particularly true of the United Kingdom whose external assets were greatly reduced in the earlier years of the War and whose liabilities to other countries grew rapidly as a result of overseas war expenditures. At the same time reconstruction, difficulties of internal industrial reconversion, and the accumulation of demands which were deferred during the War, built up an extraordinarily heavy demand for commodities in those countries, such as Canada, which were more fortunately situated with respect to supply. Consequently, when wartime financial measures were discontinued after the War, it was necessary to introduce some new method of financing commodity movements regarded as essential for the restoration of the economies of overseas countries and the eventual revival of international trade on a more normal basis. Without