

CHAPTER XXIII.—FOREIGN TRADE

CONSPECTUS

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General Review

Canada has become one of the great trading nations of the world during the past two decades. With less than one per cent of the world's population, this country, in 1938, ranked fifth in total trade, fourth as an exporter and eighth as an importer. During the War of 1939-45, she rose to third position among trading nations, due to the heavy demand created for foodstuffs and war materials. One-third of all goods and services produced in this Dominion during 1944 and 1945 were exported, which compares with less than one-fifth of a much smaller production in 1938. Canada retained her wartime position as a world trader in 1946, despite the elimination of munitions and other war supplies from the list of her exports.

This expansion of Canadian foreign trade is attributed to a combination of unique economic and geographical conditions. Canada is richly endowed with natural resources, the development of which involved heavy capital investment. This is profitable only when such resources can be exploited on a large scale, and the initial costs offset by mass production. Primary production and industry are interdependent. Canadian wheat can compete in markets of the world largely because of the capital invested in farm machinery and transportation facilities. These could not be utilized economically without intensive development of the wheat industry. Similar heavy capital investments in plant and equipment and in the development of hydro-electric power have made possible the expansion of Canada's pulp and paper and base-metal industries. A population of some 12,307,000 is unable to absorb the full production of this country's primary and secondary industries. Only by exporting can efficient low-cost production of basic commodities be maintained.