

Statistics showing the *net* exports of non-monetary gold, including changes in stocks held under earmark, which supplement the trade figures, are given below.

II.—NET EXPORTS OF NON-MONETARY GOLD, 1939-46

Month	1939	1940	1941	1942	1943	1944	1945	1946
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
January.....	18.1	21.6	19.2	15.1	13.9	9.4	8.7	9.3
February.....	12.9	12.4	14.7	16.6	12.8	8.1	8.4	9.5
March.....	15.5	16.2	19.7	16.1	12.8	12.9	10.2	10.0
April.....	10.6	18.0	14.3	14.1	13.5	9.3	6.8	7.2
May.....	15.9	16.9	16.1	15.5	12.5	9.4	10.2	10.0
June.....	17.2	15.1	18.4	16.8	12.2	10.9	4.7	7.7
July.....	15.2	15.9	17.3	16.3	10.0	6.6	8.0	6.6
August.....	9.0	17.6	12.6	13.1	10.2	10.0	8.5	7.5
September.....	17.3	16.5	21.2	15.0	11.8	8.7	6.8	6.8
October.....	22.8	18.9	17.4	19.3	11.3	8.4	7.7	8.5
November.....	15.0	16.6	15.4	12.6	8.8	10.1	9.8	6.0
December.....	14.9	17.3	17.4	13.9	12.2	5.9	6.2	6.7
TOTALS.....	184.4	203.0	203.7	184.4	142.0	109.7	96.0	95.8

Section 2.—Distribution and Composition of Canadian Foreign Trade

Subsection 1.—Canada's Place in the World Economy

NOTE.—The information given immediately below was prepared for the Dominion-Provincial Conference which took place in 1941, and was published in Book 1, Part 1, Chapter 7 of the "Report of the Royal Commission on Dominion-Provincial Relations". It was reprinted at pp. 404 to 408 of the 1941 Canada Year Book. It is considered that, although changes in trade patterns arising out of the War just ended may affect slightly some of the content, this review remains an excellent presentation of the relationship between the Canadian economy and international trade. A few minor adjustments have been made where the changes are sufficiently large to necessitate revision.

Canada holds a particularly important place in the world economy, or at least in that section of the world economy that has been, or remains, organized on a basis of interdependent trade and financial relations and that operates as a functional whole. Although containing less than one per cent of the world's population, Canada ranked fifth in total trade in 1938, being fourth in exports and eighth in imports. The War of 1938-45 intensified the movement of Canadian goods abroad and the reverse flow into Canada. The volume of shipments to Allied Nations was limited only by the productive capacity of Canadian agriculture and war industry. The expanding munitions industry in Canada necessitated substantial increases in the import of fuels, machinery and materials from the United States. By 1942, Canada was out-ranked in trade volume only by the United States and the United Kingdom. In 1944, the peak year of production, nearly one-third of the total production of goods and services was exported entirely apart from the direct war expenditure and the requirements of Canadian troops overseas.

In order to maintain the present standard of living and to support the great capital investment that has been made to equip the country for an important place in the world economy, it is vital to Canada that the advantageous international division of labour—the principle on which the existing Canadian economy and standard of living are built—be maintained. Canada is far from being a self-sufficient country, and the achievement and maintenance of a position of importance in the world depend on full utilization of specialized resources of the country, and on trading them to the best advantage in order to acquire the things that are lacking.