

raw cotton and textiles, wool and fabrics, sugar, rubber, vegetable oils, tea and coffee formed the principal items. One new factor that did exert a significant influence on the commodity structure was the development of the automobile; by 1930 automobiles and parts and crude and refined petroleum made up 11 p.c. of total imports.

During the 1919-39 period, the unsettled world economic conditions produced violent swings in Canadian foreign trade. With the great dependence of Canada upon exports as a market for surplus domestic production, and upon imports as a source of many essential commodities, it was not surprising to find the internal level of prosperity in Canada reacting to fluctuations in economic conditions in other countries. The close relationship between foreign trade and domestic prosperity was demonstrated in the great depression of the early 1930's. An early storm signal to Canada was the deficit on commodity account in 1929, the first since 1920. The deficit was caused by a decline in exports and a prosperity-generated increase in the volume of imports. In the next four years the fall in exports was rapid, and it was not until 1932 that the lagging imports caught up. The catastrophic nature of the drop can be seen from the following figures:—

<i>Year</i>	<i>Imports</i>	<i>Domestic Exports</i>	<i>Year</i>	<i>Imports</i>	<i>Domestic Exports</i>
	\$'000,000	\$'000,000		\$'000,000	\$'000,000
1927.....	1,087	1,211	1931.. ..	628	587
1928.....	1,222	1,339	1932.. ..	452	490
1929.....	1,299	1,152	1933.. ..	401	529
1930..	1,008	864	1934....	513	649

These figures show how rapidly the disease of world depression can be transmitted to a country greatly dependent on export trade and, in turn, spread from that country through a falling-off in the effective demand for imports.

Trade during the latter 1930's improved gradually but not until the War of 1939-45 did it approach the level of the boom years 1928 and 1929.

Price-level changes affect the picture to a degree. Prices declined from Confederation to the 1890's, but from then on rose gradually, although the level in 1914 was lower than in 1868. Between 1914 and 1920 the price level rose by 150 p.c., suggesting that the increase in trade volume was not nearly so great as indicated by the value figures. Wartime price changes must be used with caution, however, as some of the chief components of shipments overseas were goods neither produced nor exported prior to the War. After 1920 prices declined steadily until 1928, when the level was approximately 50 p.c. higher than 1913. The depression precipitated a rapid decline until, by 1933, prices were back at the 1913 level. Prices rose again following the depression, and in 1938 stood about 25 p.c. higher than in 1913. During the War of 1939-45 price increases were held back, and by 1944 stood only about one-third above the level in 1938.

Impact of the War of 1939-45.—The War of 1939-45 provided a stimulus to Canadian exports similar to that experienced in the War of 1914-18. With Canadian farms and factories working at maximum capacity to supply the demands of Allied Nations, the value of exports by 1944 was nearly four times as great as in 1938. Imports more than doubled in the same period. Table 8 at p. 891 gives the leading imports into Canada for the years 1939, 1945 and 1946. The commodities are arranged by order of importance in 1946 and the table shows the changing significance of these major imports during the period.