

The most significant difference in the impact of the two wars on trade was the condition of Canadian industrial development at the beginning of each. In 1914, the iron and steel and manufacturing industries in Canada were still in an embryonic state and the Canadian contribution to the Allied effort consisted mainly of food, forest and mineral products. By 1939, heavy industry had become well established and the transition to war production was accomplished with less difficulty. Although primary products still dominated the list of exports, military vehicles, guns, ammunition, tanks and aeroplanes formed a significant portion of the total. The following statement lists the important groups over the wartime period. The munitions group includes only those items that can be definitely earmarked as such. It excludes direct shipments to the Canadian Armed Forces overseas, although quantities of supplies exported to the United Kingdom were later transferred to the Canadian troops under a pooling arrangement.

IV.—EXPORTS BY IMPORTANT WARTIME GROUPS, 1939-45

| Item | 1939 | 1940 | 1941 | 1942 | 1943 | 1944 | 1945 |
|---|------------|------------|------------|------------|------------|------------|------------|
| | \$'000,000 | \$'000,000 | \$'000,000 | \$'000,000 | \$'000,000 | \$'000,000 | \$'000,000 |
| Wheat and flour..... | 125.4 | 145.9 | 206.7 | 167.6 | 300.7 | 474.2 | 573.6 |
| Bacon..... | 32.7 | 58.8 | 77.5 | 100.6 | 116.1 | 148.3 | 96.5 |
| Other agricultural and animal products..... | 193.8 | 178.3 | 203.3 | 246.2 | 356.5 | 491.7 | 547.4 |
| Wood, wood products and paper..... | 242.5 | 348.0 | 387.1 | 389.8 | 391.1 | 440.9 | 488.0 |
| Non-ferrous metals..... | 182.9 | 194.7 | 244.0 | 308.9 | 332.7 | 339.9 | 352.5 |
| Munitions and war supplies ¹ .. | 13.3 | 84.2 | 182.5 | 804.8 | 1,115.7 | 1,158.4 | 753.7 |
| TOTALS, DOMESTIC EXPORTS ² | 924.9 | 1,179.0 | 1,621.0 | 2,363.8 | 2,971.5 | 3,440.0 | 3,218.3 |

¹ Includes motor-vehicles and parts, military wheeled vehicles, tanks, guns, aircraft, cartridges, shells, explosives and Canadian Navy, Army and Air Force stores. ² Includes other items not specified.

One of the most interesting features of the growth in wartime exports was that it was accomplished with relatively little fall, if any, in the domestic standard of living. A large part of the costs of the War were met out of an expanding gross national product which increased from \$5,495,000,000 in 1939 to a peak of \$11,771,000,000 in 1944. The wartime volume of trade also showed the potential export capacity of the country, given a system where lack of purchasing power is not a bar to the movement of goods between countries. Various devices were used to enable the continuation of necessary exports to Allied countries unable to make payment. Early in the War the surplus of exports to the United Kingdom, which at that time was receiving upwards of 35 p.c. of Canada's total exports, was financed by the accumulation of sterling and by the repatriation of British investment in Canada. In 1942, the accumulated sterling balances were converted into a loan of \$700,000,000, and balance of the Sterling Area deficiency was covered by the gift of \$1,000,000,000 to the United Kingdom to meet obligations arising out of their purchase of food and munitions in Canada. From 1943 to the end of the War, shipments to the United Kingdom and other Allied countries requiring assistance were financed by Mutual Aid, the Canadian equivalent of lend-lease.

Table 9 at p. 891 gives the leading exports 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 exports during the period.