

Radical changes began to appear in the direction and composition of Canadian trade from 1890-1900. In 1883, the rapidly expanding republic to the south replaced the United Kingdom as the principal source of Canadian imports, and by 1896 over one-half of Canadian imports were of United States origin. Since that time United States dominance in the Canadian market has been maintained.

The importance of these two countries in Canadian trade is indicated in Table 6 at p. 902, which provides data of imports and exports for representative years from 1886 to the present time.

Commodity Trade.—Before the First World War, Canadian export trade consisted almost entirely of lumber, fish, furs and agricultural and mineral products. The growth of the wheat industry at the beginning of this century was the greatest single dynamic during that period. Between 1896 and 1914, total Canadian exports jumped from \$110,000,000 to over \$431,000,000, with the value of 1914 wheat and flour exports in the neighbourhood of \$140,000,000.

In the decade immediately preceding the First World War, the requirements of a growing industrial organization and the rapid settlement of the West led to large increases in the imports of iron and steel products, machinery and coal, in addition to the consumer goods requirements of an expanding and relatively prosperous economy. The rapid increase in import volume was complemented by an inflow of capital, principally from the United Kingdom.

The First World War spurred the rapidly growing manufacturing industries; iron and steel products and other types of manufactured goods began to appear in volume in the list of exports. These manufactured goods consisted principally of ammunition and similar less complex types of war materials. Following the War, however, the proportion of manufactured goods subsided slightly and in 1920 the eight leading exports, with their aggregate value exceeding 50 p.c. of total exports were the products of primary industry—wheat, meat, flour, planks and boards, newsprint, cattle, wood-pulp and fish. There was, during the period 1920-40, a definite trend towards an increased manufacturing content in the commodities exported, but manufacturing generally took the form of the further processing of raw materials, rather than a gradual development of a separate and integrated manufacturing industry. One of the best examples is the pulp and paper industry, where the chief product can be exported in three forms: pulpwood, the basic raw material; wood-pulp, an intermediate stage; and newsprint, the finished product (although wood-pulp and pulpwood may have other uses). In 1910, the relative proportions of these three stages of the product were 44, 37 and 19, respectively. In 1920 the proportions had changed to 8, 40 and 52 and in 1930 to 7, 21 and 72. By 1939, newsprint formed 73 p.c. of the combined total.

Reference should also be made to the growth of the Canadian mining industry in the years immediately after the First World War. The fall in prices materially reduced the cost of operating gold mines and this industry expanded rapidly. By 1941, gold production exceeded \$200,000,000 in value, although it declined subsequently by nearly 50 p.c. due to the impact of the Second World War. (Gold has been excluded from trade figures because of the difficulty of distinguishing between exports of new gold and exports of monetary gold used in settling international capital obligations.) The production of base metals—nickel, copper, zinc and lead—showed a similar rapid growth, and exports of these products in 1946 exceeded in total the value of gold production.