

The following statement shows the relative proportions of exports in each of the stages of manufacture for representative years. The distinction between the three stages is somewhat arbitrary, and in assessing the change it is well to keep in mind that the fully manufactured group, at least before 1939, consisted in large part of processed raw materials such as flour, canned meat and newsprint.

III.—PERCENTAGES OF RAW, PARTIALLY AND FULLY MANUFACTURED GOODS EXPORTED FROM CANADA, SIGNIFICANT YEARS, 1910-47

Year	Raw Materials	Partially Manufactured	Fully Manufactured	Year	Raw Materials	Partially Manufactured	Fully Manufactured
	p.c.	p.c.	p.c.		p.c.	p.c.	p.c.
1910.....	51.2	16.1	32.7	1937.....	38.2	22.5	39.3
1914.....	63.2	10.1	26.7	1939.....	27.8	26.6	45.6
1926.....	46.1	14.7	39.2	1945.....	26.7	16.6	56.7
1929.....	48.0	14.5	37.5	1946.....	26.1	22.1	51.8
1933.....	42.7	14.2	43.1	1947.....	23.2	26.0	50.8

The structure of Canadian import trade according to the stage of production has remained surprisingly stable since the beginning of this century. Fully manufactured goods formed between 60 and 70 p.c. of total imports, with raw materials approximately 25 p.c. The type of commodities imported showed a similar stability. Coal, farm and other machinery and heavy iron and steel products, and consumer goods in partly finished or fully manufactured form such as alcoholic beverages, 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.

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 during 1919-39, 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. The deficit on commodity account in 1929 was caused by a decline in exports and a prosperity-generated increase in the volume of imports. The catastrophic nature of the drop can be seen from the following figures:—

Year	Imports	Domestic Exports	Year	Imports	Domestic Exports
	\$'000,000	\$'000,000		\$'000,000	\$'000,000
1927.....	1,087	1,211	1931.....	628	588
1928.....	1,222	1,339	1932.....	453	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 later 1930's improved gradually but not until the Second World War did it approach the level of the boom years 1928 and 1929.