

Efforts have also been made to secure the reduction of non-tariff barriers to Canadian trade imposed by other countries. Some of these, such as many of the Sterling Area's restrictive measures, are necessitated by balance-of-payments problems that have resulted from the disturbed post-war economic situation. Others, such as United States quantitative restrictions on dairy-products imports, are purely protective in nature. While a measure of liberalization in the trade controls of the British West Indies was negotiated in 1950 and extended in 1951, and while the United Kingdom token import plan has kept some Canadian goods before the British public, nevertheless, much less progress has been made in persuading other countries to reduce non-tariff trade barriers than in the case of tariffs. The widespread use of direct import controls in the post-war world is, of course, owing to circumstances over which the Canadian Government has no control.

The Structure of Canadian Trade.—Foreign trade is based primarily on international differences in resources and on specialization. The influence of resources on trade is obvious, particularly in the case of natural products. Neither temperate nor tropical countries can raise all the wide range of agricultural products necessary for modern industry and required by consumers' tastes. Cotton and oranges must come from countries with warm climates while wheat and apples grow best in more temperate regions. Softwoods grow plentifully in northern climates, and most of the world's lumber, wood-pulp and paper is produced from softwoods, while tropical woods are chiefly prized for their hard texture and for the finish they will take. Mineral deposits as well as climatic differences are important. Few countries produce the whole range of minerals they require and, where mines are lacking, imports provide an alternative supply.

National specialization is also an important determinant of trade. Densely populated countries and countries with a large accumulation of capital tend to specialize in manufacturing industries, especially if they are deficient in important natural resources. Sparsely populated countries usually specialize in agriculture and in extractive industries if their resources permit, and within these categories further specialization by product is normal—on the Canadian prairies the emphasis is on wheat, although much wheat land could be used for stock-raising. In the field of manufactures the differences between the type of automobile produced in the United States and that produced in the United Kingdom are well known. In some cases manufacture is essential if resources are to be exploited—Canada's exports of aluminum are essentially exports of hydro-electric power, since it was power resources and not the domestic production of ore (bauxite, which is imported) that led to the establishment of this industry. Were it not for the production of aluminum much of this power would go unused.

In the manufactures field, particularly, many commodities are imported which could be (or are to some extent) produced in Canada. There are two simple reasons for this. Firstly, the Canadian home market is not sufficient to provide the full economies of large-scale production for some industries; therefore, many manufacturing industries can operate economically only if an export market is available. For some no export markets are readily available. Secondly, other industries in