

Canada may provide more profitable employment for capital and labour. To export it is necessary to import—Canadian resources devoted to the production for export of newsprint, wheat, wood-pulp, lumber and base metals require that machinery, steel, fuels and textiles be imported if they are to receive payment. The high Canadian standard of living is based on the exchange of efficiently produced surpluses for goods which cannot be produced as efficiently or at all in Canada.

The statistics of leading exports and imports in Tables 11 to 14, pp. 943-961, reveal that the greater part of Canada's exports are raw or processed natural products, while in imports manufactured goods are more important. Farm implements, other machinery, automobiles and railway equipment are the chief manufactured exports, but these are much less important than shipments of such primary commodities as newsprint, wheat, wood-pulp, lumber, wheat flour and base metals. Many raw materials, such as petroleum, coal, cotton, wool and rubber, must also be imported to compensate for lack of sufficient conveniently located Canadian supplies or for the inability to produce these commodities in Canada. A great part of Canada's imports, however, are partly or fully manufactured goods, such as machinery, farm implements (especially tractors), iron and steel, textiles and electrical apparatus. Canada thus exchanges surplus resources for the surplus labour of other countries.

The importance of international trade to Canadian prosperity is emphasized by comparing it with population and national income. In 1951, Canada's exports were equal to \$283 for every man, woman and child in the country, and imports per capita reached \$292. Total trade per capita was \$575, a figure exceeded only in the case of Hong Kong and New Zealand, and far above the United Kingdom's \$386 and the United States' \$187. Of all the goods and services produced in Canada in 1951 no less than 18·7 p.c. was absorbed by merchandise exports, and of the goods and services available for current utilization (after allowance for maintenance of capital and other depreciation charges) 20·3 p.c. were exported as merchandise. The continued high level of merchandise trade in the post-war period has been an important determinant of Canada's prosperity.

Distribution of Canadian Trade.—One of the most prominent differences from pre-war in Canada's post-war pattern of trade has been the sharp increase in the proportion conducted with the United States. In the period 1946-50, 48 p.c. of Canada's exports went to this one market and 71 p.c. of the imports were drawn from this one source. In the inter-war period, 38 p.c. of exports went to the United States, and 65 p.c. of imports came from that country. The proportion of trade conducted with the United Kingdom has shown an equally marked decrease. In the inter-war period, 36 p.c. of Canada's exports went to the United Kingdom, as opposed to 23 p.c. in 1946-50, and 17 p.c. of imports were drawn from this source, as opposed to 10 p.c. in 1946-50.

One important reason for this change was World War II. Production in the United Kingdom was concentrated on military needs during the War even more so than in the United States and, in addition, the productive facilities of the United Kingdom suffered heavily from enemy attacks. At the end of the War, the United