

**Canadian Trade 1953-55.**—During the second half of 1953 Canadian foreign trade declined sharply and in 1954 it showed only a moderate degree of recovery. In the first quarter of 1955 however the growth of exports and imports again accelerated; in the third quarter both exports and imports exceeded their highest previous seasonally adjusted level, and trade remained at a high level in the fourth quarter. The value of imports in 1955 reached a total of \$4,700,000,000, higher than ever before, and exports at \$4,350,000,000 were almost a record. Both exports and imports were substantially greater in volume than in any previous year.

The decline of exports in 1953 and their continued low level in 1954 was caused almost entirely by developments affecting two types of commodity. Canada's grain exports had been raised to unprecedented heights in 1952 and 1953 because of poor crops in many other countries in the period 1950-52. In the following years, crops in many consuming countries were well above normal and adequate supplies were available in competing exporting countries as well as in Canada. As a result Canada's grain exports declined after the middle of 1953 and somewhat more sharply than did total world grain trade because competition had also returned to normal. Grain exports stabilized during 1954 at a level that was low by 1951-53 standards but close to normal by the standards of other years.

The other major focus of the 1953-54 decline in exports was automotive products. Until 1953 total world production of motor vehicles was well below world effective demand and in 1952, with the Canadian market somewhat restricted by credit controls, Canadian manufacturers sold automotive products to the value of \$111,000,000 in the export market. During 1953 demand for Canadian automobiles in many markets showed some decline and in addition there was a return to more normal market allocations among Canadian and United States plants of certain international manufacturers. By 1954 Canadian exports of automobiles, trucks and parts had fallen to \$27,000,000 but they recovered to \$39,800,000 in 1955.

When the sharp decline in exports of grains and motor vehicles finally ceased, the upward trend of Canadian exports which has characterized most of the postwar period again asserted itself. Most other major exports had either continued to expand in 1953-54 or had showed only moderate declines in 1953 in keeping with the mild recession which affected most overseas countries in that year. Exports of forest products and non-ferrous metals showed especially large advances in 1955 and some of the important postwar developments in Canada began to be reflected in export statistics. New production of iron ore from the Quebec-Labrador pits raised total exports of this commodity to a record \$100,000,000 in 1955, exports of crude petroleum from Canada reached a record \$36,000,000, and new productive capacity helped boost exports of primary and semi-fabricated aluminum to \$210,000,000.

The import recession in 1954 was general rather than concentrated and affected most of the leading commodities normally purchased abroad. Reduced economic activity in Canada was accompanied by a generally lower demand for industrial materials and many finished goods, and the effect of these declines on imports was sometimes accentuated by attempts to reduce inventories. This was especially true of textiles. Poor weather in the first half of the year hampered construction and this, together with the recession, influenced the substantial cut in spending for new industrial machinery and equipment. The drop in grain exports and prices reduced farmers' cash incomes and demand for agricultural implements fell. Personal expenditures on durable consumer goods also declined in 1954, but total personal incomes continued to rise and expenditure on non-durable goods and on services gained substantially, providing a sharp check to the recessive tendencies in the economy.