Trade and the Canadian Economy

The greatly expanded capacities of the Canadian economy, now capable of employing one million more of Canada's population than before the war, entered a process of reconversion to peace-time production immediately after the close of hostilities. Canada's early established role as a great trading nation had been tremendously accentuated. At the end of the war it ranked third among the nations of the world in point of trade.

Income from exports still remains the most important factor determining Canadian economic prosperity and full employment. Foreign markets are necessary, not only for the traditional export of Canadian staples from farm, forest and mine, but also for the greatly increased flow of manufactured goods produced by a maturing industrial economy.

During 1946, in a world of food shortages and widespread economic dislocation, record exports of Canada's basic products were being maintained in foods, metals, lumber and other raw materials. Reconstruction needs in many parts of the world were also drawing manufactured goods from Canada: locomotives, trucks, railway cars, ships and machinery were replacing the exports of war goods upon whose production so much of Canada's expansion of industrial capacity was based.

Substantial new trade outlets have been established, in Europe, Asia and South America, a trend which may significantly alter the historic pattern of Canadian trade. In the past, Canadian trade was based, to a large extent, upon the United Kingdom and the United States. The two accounted for 85% of total Canadian trade. Great Britain was normally Canada's largest export market, the United States her chief source of imports.

It was, therefore, of great importance that Canadian earnings in sterling should be convertible into United States dollars in order to pay for imports from across the border. The disruption of this multilateral system of payments, caused chiefly by the damage done by the war to the productive capacity and international financial position of the United Kingdom and other countries, has raised serious problems for Canada's trade. It has led already to reduced exports to the United Kingdom and to the temporary restriction of goods entering Canada from the United States. But Canada is in constant consultation with both the United States and the United Kingdom in order to maintain trade at as high a level as possible in spite of her overseas customers' shortage of dollars. It is hoped that through concerted measures taken by all three countries, including the extension of financial aid by the United States and Canada, these difficulties and restrictions may gradually be removed.

This country has taken an important part in assisting the rehabilitation of foreign economies devastated and dislocated

by the war: through unstinted Canadian support of the United Nations, through the Bretton Woods Agreement for the creation of an International Bank and Monetary Fund, and by a broad policy of rehabilitation loans to war-shattered countries in need of aid. Canada made loans and grants to European countries during the war totalling more than $4,150 million. In the past three years Canada has contributed to world reconstruction a further amount of $1,600 million.

Canada is equally mindful of its responsibilities as a great trading nation in the matter of imports. An Import Division is an integral part of Canada's Foreign Trade Service. The concern of this division is to facilitate the entry into Canada of foreign goods, to procure desirable imports, and to make Canadian import requirements widely known abroad. It is clearly recognized in Canada that world trade can flourish only on a two-way basis, and the Canadian economy, sensitive as it is to world conditions, requires an international atmosphere of peace and co-operation for the full utilization of its productive facilities.

The "Lady Rodney," a Canadian National (West Indies) "Lady" liner.