

has been still more recent, and the same applies to non-ferrous metals, automobiles and rubber tires. Much of the new agricultural area developed since 1890 has been better adapted to grain-growing than to mixed farming, with the result that as the population has increased the production of the older mixed-farming districts has been to a large extent consumed within the country. The rising importance during the last two decades of the mining and metallurgical industries is illustrated in the increased importance since 1910 of exports of copper, nickel, zinc, lead, aluminum and platinum. Furthermore, expansion in gold mining has kept pace with other metals, so that exports of non-ferrous metals in 1943 constituted the fourth largest group in Canada's export trade.

Exports have been necessary to offset the country's imports of capital and goods, but until the outbreak of World War I they were sufficient to pay only part of the bill for Canada's development. From 1868 to 1893, imports into Canada exceeded exports in every year except 1880 and 1881. For the next 10 years, there were more imports than exports, but during the period of great expansion from 1904 to 1914 imports always exceeded exports. This was the period during which foreign capital was being brought into the country on a considerable scale to build up productive equipment. Since that time there has been an annual excess of exports, except in the years of 1920, 1929, 1930 and 1931.

### THREE-WAY TRADE

The imports needed to keep Canada's population going, and the capital to set Canada on its feet industrially came from two sources--the United Kingdom and the United States. These two friendly nations watched their investments and drew off the results in the form of such merchandise as they could use. Thus the Canada of today was established by means of a steady three-way trade, which ran in favor of either the United Kingdom or the United States according to their current requirements.

Ever since Confederation in 1867 the records of Canadian trade have emphasized the importance of these trade relationships with these two countries. In the early years of the Dominion, when the United Kingdom was lending capital freely, it supplied more than half of Canadian imports, even though as purchaser of Canadian goods it ranked second. Sometimes it provided the best market for Canadian exports, and sometimes the United States did. Since 1932 it has been the United Kingdom, with the exception of 1939, 1942 and 1943. In 1942 the United States became Canada's best customer--wartime demands in the United States for foodstuffs, wood products, military vehicles and munitions accounted for an increase in 1942 of nearly 13% over 1941. Together the two countries took 80% of Canada's exports in 1940.

To appreciate fully the value to Canada of this three-way trade, one must turn to another page in the ledger and examine Canadian trade with other foreign countries and with the rest of the British Commonwealth and Empire. Canada's exports to other foreign countries have been, and still are, limited. In 1886 they amounted to only 4.2% of the total value. In the boom year of 1928 they amounted to 23%, but soon declined again. In 1940 they were only 6.8%. In 1942 wartime exports to Egypt, Iraq and Russia, three allies, caused the percentage to rise to 13.7%.

Nor has the trade with the rest of the Commonwealth and Empire ever assumed large proportions. Exports have generally exceeded imports, and the percentage of both has increased steadily since 1886. As Canada's industrial organization has progressed, Canada has drawn more raw materials from other Commonwealth and Empire countries. They in their turn have provided an expanding market for Canadian manufactured and specialized products.

The following table sets out the position: