

little has been done except by enthusiastic individuals who have charted a course for others to follow. Now we appear to have reached the stage where public opinion can be reflected in Government policy.

Probably the most significant change in Canada's external position in the post-war period has been the increased concentration of trade with the United States at the expense of the United Kingdom and the rest of the Commonwealth. The physical volume of trade with the United Kingdom and with the Commonwealth as a whole has risen moderately since pre-war but has not kept pace with the rise in total trade or with Canada's expansion generally. On the other hand the volume of goods flowing to and from the United States has increased more than three-fold since pre-war -- more rapidly even than national output. Trade with the United States now comprises nearly 60 per cent of Canada's total exports and 73 per cent of total imports. The corresponding shares for the whole of the Commonwealth have declined to about 20 per cent for exports and 12 per cent for imports. The United Kingdom which two decades ago was Canada's largest customer now buys less than one-third the value of goods purchased by the United States.

This shift in the geographic pattern of Canada's trade reflects the peculiar circumstances of the post-war period. Both Canada and the United States emerged from World War II with productive capacities unimpaired and with production running well above pre-war levels. After a brief reconversion period overall output in both countries forged ahead rapidly. Rising industrial output in the United States brought a more than proportionate growth in requirements for industrial materials from Canada. Likewise the rapid expansion of the Canadian economy has been accompanied by increased dependence on imports, with the United States the principal source of supply.

On the other hand for the United Kingdom and other European countries, the post-war transition was more difficult and prolonged. The war-time loss of traditional earnings from overseas investments and from shipping, together with the severe dislocation in export industries, left the United Kingdom acutely short of foreign exchange with which to purchase necessary imports. Scarcity of materials in turn hindered the recovery of production and it was not until the latter part of 1947 that industrial production reached the pre-war level.

At this period, just when the United Kingdom's recovery was becoming significant, the shift in Canada's trade to the United States was beginning to gain momentum. Had steps been taken at that time to stimulate imports from the U.K. to Canada it is possible that the present imbalance of our trade with the U.S. would not be as great as it has become during the last ten years.

There are certain aspects of this increased concentration of trade with the United States which bear close attention. One such aspect is Canada's mounting trade deficit with her neighbour to the south. Since 1954 imports from the United States have