



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 peacetime production immediately after the close of hostilities. More than ever before, commodities far in excess of domestic requirements will be produced. Canada's traditional role as a great trading nation has been tremendously accentuated. At the end of the war she ranked third in point of trade.

As ever, income from exports 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 were being 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. Great Britain was normally Canada's largest export market, the United States her chief source of imports. The two accounted for 85 per cent of total Canadian trade.

Thus Canada continues to press actively for the reduction and removal of artificial barriers to world trade. 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 Monetary Fund and Bank, and by a broad policy of rehabilitation loans to war-shattered countries in need of aid.

Canada is equally mindful of her responsibilities as a great trading nation in the matter of imports. An Import Division has been created as 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. Canadian imports reached a record high during the first six months of 1946. It is clearly recognized in Canada that world trade can flourish only if it is a two-way street.

The Canadian economy, sensitive as ever to world conditions, requires an international atmosphere of peace and co-operation for the full utilization of its productive facilities. Canadian prosperity continues to depend upon the export of food, raw materials and manufactures. Economic isolation is recognized as an impossibility for Canada.



DURING a single generation from 1914 to 1945, Canadians spent more than ten years at war. They engaged in both world conflicts from beginning to end, of their own choice and without having been directly attacked.

TWO WORLD WARS

In both wars they were early aware of the issues involved and their sympathies were aroused on behalf of the victims of aggression. The will of the Canadian people was to accept their own share of responsibility for what they recognized as a challenge to freedom everywhere.

Throughout the ten years of struggle Canadian public opinion, under the disciplines imposed by war, developed an increased consciousness of nationhood and pressed for full acceptance of Canada's obligations to the allied cause.

Though their own sacrifices were not small, Canadians have kept before their eyes the greater sacrifices of those peoples whose lands were