# TRENDS IN UNITED STATES IMPORTS OF FARM PRODUCTS FROM CANADA, 1900-1932

THESIS FOR THE DEGREE OF M. A. John A. Downes 1934



Farm produce Produce trade

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### TRENDS IN UNITED STATES LEPORTS OF FARE PRODUCTS FROM CALLAR, 1900-1932

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A Thesis

Submitted in partial fulfillment of the requirements for the degree of

Laster of Arts

Lichigan State College

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Development of this study is owing to the many helpful suggestions and criticisms of Dr. Hurald S. Fatton, Head of the Department of Economics

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#### INTRODUCTION

This study has been undertaken as an analysis of changes in the volume and commodity character of farm products imported from Canada by the United States during the present century. The period selected has been taken for its remarkable significance in the development of Canadian agriculture contemporaneously with unprecedented American industrial expansion.

Farm products are defined in the treatment to include those animal and vegetable materials whose chief value has come from farm production. Such a criterion has proved satisfactory in all but a few cases, and in these the amount has been so small as to make little difference in classified totals.



#### SUURCIIS

Statistical data for the investigation have come principally from statements of general merchandise imports contained in "Foreign Commerce and Mavigation of the United States." Figures for the years prior to 1918 are not exactly comparable with those for subsequent dates, as the former cover fiscal periods ended June 30, and the latter, calendar years. This discrepancy, however, has not seemed serious.

A weightier consideration concerns accuracy of the data. So far as could be determined, changed methods of compilation have not been the source of distorted comparisons, but there may be some error from original records. At any rate, provision was made in the Underwood Fariff Act of 1913 for better collection and arrangement of import statistics, find several authorities have suggested the possibility of some incorrect pre-war figures. Thus, Professor Taussig has commented "There was ground for suspecting these (statistics of imports prior to 1913) of serious inaccuracies in the pust." (45) p. 445.

Special studies and reports have made up the remaining reference sources. For treatment of several commodities investigations by the United States Tariff Commission have been particularly helpful, and data from the Canada Yearbooks have had many uses.



#### PROCEDURE

The study proceeds from general to specific examination. Its first three chapters are a discussion of conditions and influences under which the trade has moved. This movement next is investigated in terms of individual commodities.

Wherever possible, the research has been carried through in terms of quantities as well as values. It has been recognized that price changes more or less vitiate comparisons made over a number of years, But because of the difficulty of obtaining satisfactory index numbers, no attempt has been made to state values in terms of base-period figures.

Likewise, in view of the heterogeneous conditions, both as to time and as to constituent products, no trend lines have been inserted on charts.

The analysis is primarily qualitative and secondarily quantitative. As such, it is subject to many lacunae. For to be complete it would necessitate first-hand knowledge of all the conditions under which trade in each product has been effected.

As a library type of investigation it may serve to introduce a part of Canadian-American trade for further study. Perhaps, also, it may suggest the complexity of interacting forces that limit international commerce.



#### CHAPTIR I

Relative Significance of United States Laports of Farm Products from Canada.

#### Total Trade

Canadian-American trade constitutes one of the largest bilateral movements in world coumerce. In fact, prior to its reduction by recent tariff rates and business depression it had become larger than that between any other two countries.

Greatest development of this exchange has come during the present century. Between the years ended June 30, 1900 and 1929 the value of United States general merchandise imports from Canada rose from \$39,369,000 to \$503,496,000, whilk corresponding figures for exports were \$95,320,000 and \$948,446,000. With a single exception, since 1917 the Dominion has been the leading individual source of American imports, and the United States has occupied a similar position for Canada.

In such a relationship the Dominion's share in imports of its southern neighbor has ranged approximately from only 5 to 13 per cent, as compared with receipts therefrom amounting to between 58 and 67 per cent of its own foreign purchases, But this share has included a significant trade in several products. Canada has been a leading source of United States imports of newsprint paper, pulp-wood, wood-pulp, lumber, copper, nickel, aluminum, asbestos, fresh fish, undressed furs, wheat, milk, craam, and many other items having smaller value in the trade.

Of the goods enumerated, wood products usually have constituted the largest related group. During the last decade of the period studied they averaged about 50 per cent of the total American general merchandise imports from Canada, and contemporaneously, newsprint paper was the most valuable single product.

- In 1920, largely because of the high price of sugar, Cuba held first rank.
- \*\* From a negligible amount in 1900, this derivative of cellulose fibers increased to 42 per cent of the aggregate value of U.S. imports of general merchandise from Canada in 1932; and between 1914 and 1928 its annual quantity in the trade increased from 310.000 to 2.041.000 tors, while correspondent

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#### Trude in Farm Products

However, furm products at times have reached large proportions in the

no venent:

Table I - Average Annual Values of Froducts of Farm Origin in Total United States Imports of General merchandise from Canada, 1900-1932\*.

Period**	Farm Products (OCC)	: Total: (OCO)	: 7 of Total in Farm Froducts
1900-1902	7 497	43 309	ן אַ קינ
1903-1905	8,945	56,268	15.90
1906-1908	8,624	72,235	11,94
1909-1911	16,151	91,769	17.60
1912-1914	35,769	120,024	27.51
1915-1917	62,849	228,180	27.54
1918-1920	143,348	519,421	27.60
1921-1923	74,713	371,823	20.09
1924-1926	82,776	443,038	18.68
<b>1927-1</b> 929	93,117	489,276	19.03
1930	57,980	402,350	14.40
1931	28,077	266,268	10.65
1932	14,022	174,101	8.05

Compiled from Foreign Commerce and Navigation of the United States.
\*\* Years ended June 30, 1900-1917; calendar years, 1918-1932.

At their peak in this relationship - during the year ended June 30, 1914 they had a value equivalent to one-third of the total, and from  $\sqrt[3]{,}695,000$ in the initial year studied, they rose to an absolute high point of  $\sqrt[3]{184,197,000}$  in 1920.

Moreover, their rate of change occasionally has been considerably greater than that for the total American purchases from the Dominion. (Figure 1). This variation has covered a number of commodities. In addition to wheat, milk, and cream, mentioned above, Canada is the chief supplier of United States imports of outs, hay, barley, buckwheat, wheat flour, by-product feeds, maple sugar, clover seed, potatoes, turnips, apples, horses, live poultry, and fresh pork; and it has been an important source of imported cattle, sheep, cattle hides, dressed beef, butter, and flaxseel.

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Most of these imports have been small relative to domestic production, But several of them, including milk and cream, have come almost entirely from Canadian sources; End others, similarly originating, have been large portions of total american imports of such commodities:

Table II - Average Annual Quantities and Percentages of Certain American Imports of Farm Products Supplied by Canada During Selected Feriods, 1900-1932\*.

Import	Unit :	1900-190	)4**	• • 1914–191	8**	: : 1926-19	30	: : 1931-1	932
		uantity :	0	Quantity	0	squantity s	<u> </u>	a quant 1 t	<b>J:</b> p
wheat,	<b>1,</b> 000 bu.	419	98 <b>.8</b>	11,268	93.2	15,857	100.0	12,859	100 <b>.0</b>
Wheat flo	our, bbl.	9,710	98.6	222,117	83 <b>.3</b>	4,020	87.5	108	41.0
Oats,	1,000 bu.	77	96 <b>.</b> 7	5,356	99.5	202	98 <b>.7</b>	318	100.0
Hay	1,000 tons	148	99.9	139	99.4	133	100.0	42	100.0
Flaxseed	1,000 bu.	0.8	0.2	6,178	51.7	2,006	10.1	867	7.7
Potatoes	1,000 bu.	572	24.4	1,125	67.3	4,528	94.1	2,549	96.3
Cattle,	head	41,292	41.2	209,054	41.6	209,934	54.2	19,426	19.3
Horses	**	2,470	57.6	4,857	30.8	2,073	67.0	1,739	87.8
Sheep	**	299,620	98.6	71,772	37.7	10,912	43.2	263	14.9
Fresh bee	ef 1,000 lbs	-	-	14,269	15.0	19,131	55.2	426	31.1
Fresh por	'k "	-	-	5,253	98.9	7,207	98.3	1,205	100.0
Butter	**	99	51.6	661	22.4	286	5.4	402	27.8

Compiled from Foreign Commerce and Navigation of the United States.
\*\* Data for 1900-1914 and 1914-1918 are for years ended June 30.

It will be at once apparent that there has been much fluctuation in the trade. Before proceeding with detailed analysis, therefore, it is advisable to examine conditions that have affected the general movement.

#### Influences Affecting American Imports from Conada

Canada and the United States are well situated for mutual gain from exchange of goods and services. This joint opportunity arises from many sources, description of which becomes essentially a partial exposition of factors affecting trade between both nations.

#### Natural Factors

Among these influences, facility of communication has combined with differences in national economic progress to make development of commerce quite inevitable. For more than 3,000 miles the two countries are contiguous along a line that is "a geodic rather than a geographical boundary", (32). From either side of the border - unique among territorial demarcations of the world for its extent - goods move easily to the other. In fact, natural overland transcontinental routes for Canada swing southward into the United States.

Thus situated, the juxtaposed nations have unequal development that favors their interchange of products. Limited in the past by natural influences, the country with the larger area has less than one-tenth as much wealth and population as its neighbor:

\* American ports are conveniently situated for Canadian use. During the years ended March 31, 1921-1928, for example, they obtained an average of 25.2 per cent of Canada's trade with countries other than the United States.

On the other hand, the St. Lawrence provides a natural seasonal outlet for American products of the Great Lakes region to North European markets.

	8	: Continental
	e Canada	: United States
Area (square miles)	3,690,043	3,026,789
Population (1931)	10,376,781	124,070,000
Population density	2.	.96 41.3
Numbers of cities with population		
exceeding 100,000	7	93
Miles of highwars (1930)	394,372	3,024,283
Miles of single-track railroad(1930)	42,075	249,052
National wealth (1929)	<b>\$30,840,210,</b> 000	436 <b>1,837,0</b> 00,000
Weelth per capita	3,148	2,977
National income (1929)	5,500,000,000	85,200,000,000

Table III - Statistical Canadian American Comparisons

\* Sources, except of American wealth and income data, (5) and (55). The exception is an estimate of the Actional Industrial Conference Board.

Several factors have effected this trade-promotive situation. Of these, topography and climate are outstanding.

<u>Topography</u> - There is a marked difference in physical lay-out of the two countries. Although the appalachian highland continues from the Southern States through New York and New England into Quebec and the Enritime Provinces, and the western cordillera reach British Columbia, an unusual contrast appears in the intervening area. Central United States is, for the most part, a broad interior plain - a region that has been described as "the greatest storehouse of farming wealth in the world", But except for two extensions of this division - one into Southern Ontario and Quebec, and distantly westward, one into the Prairie Provinces - the  $C_{AMADIANI}$ intervening territory is far from being a counterpart of the fertile Mississippi Valley. Instead, it forms the Laurentian Flateau, a former barrier extending some 1,000 miles between eastern and western provinces.

Laurentian uplands have greatly influenced the direction of Canadian progress. Cocupying more than half of the Dominion in "a huge irregular triangle with its apex near the Thousand Islands in the St. Lawrence, from

\* Also known as the Laurentian Highland, the Archaean Shield, the Canadian Shield, and the Procembrian Shield.

which point one arm extends northwesterly to the mouth of the Eackenzie diver and the other northeasterly down the St. Lawrence Valley to include the Labrador Feninsula"<sup>(5)</sup>, these tructs long remained an almost insurmountable obstacle to national expansion. with successions 100 to 200 feet high having shallow soil, numberless patches of bare, granite rocks, some heavy forest growth, and many intermediary lakes and rivers, they discouraged settlement and made travel across the country arduous.

Consequently, the fecund prairies of the western provinces kay almost inaccessible at a time when American pioneers were deployed, on a front running the full north and south length of their country, to build tier after tier of rich new agricultural states out of the easily approachable West. Canadians still lacked a suitable route lending beyond Lake superior when settlement in the United States was moving forward on a frontier stretching from Linnessta to Texas. Themselves deflected at the Laurentian barrier, they entered the adjoining country in large numbers prior to 1900.

Railways finally penetrated the northern impediment. The Canadian Pacific transcontinental line, begun in 1874, was completed in 1885<sup>\*\*</sup>; and when the next year its first through train pushed from Montreal to Vancouver, the way was open for westward advance.

As late as 1900 the main stage of Dominion development was east of Lake Muron in Southern Cotario. Even at present, population densities of from 50 to 75 per square mile quickly diminish at the Laurentian border, and fall to less than one within large parts of the area.

- \* Later, when such route was provided, the Great Lakes became an important means of communication between Canada's Last and West.
- \*\* This achievement reflects the progressive spirit of Canadians. Their number was less than 4,000,000, as compared with 40,000,000 in the United States for a similar vonture, when they undertook to span the continent with steel.

<u>Climate</u> - Jointly with unfavorable surface features, temperature differentials have limited most Canadian settlement to the southern third of the country. Large tracts of the remainder are practically uninhabited. The Northwest Territories, for example, covering 1,309,682 square miles, or 25.5 per cent of Canada, in 1931 had, with 7,103 inhabitants, a population density of only 0.006 per square mile. In this relationship, approximately 70 per cent of the Dominion's population are residents of the five eastern provinces; and a straight line drawn from the northern boundaries of Daine and Minnesota would separate nearly all of the most populous parts of the two largest provinces - Ontario and Quebec - from Canada.

Climatic influences also have restricted Canadian expansion by causing the absence of a South comparable to that of the United States. Thereas the latter absorbed northern farm products and New England manufactures, aided expansion of the American Test, and gained a firm place for its cotton in European markets, its counterpart in Canada was completely lacking.

Under the conditions just described, Canadian production has been less diversified than that of American enterprises. While Canada has had a large output from its mines, farms, and forests exceeding domestic requirements, it has had to exchange the surplus for goods produced more advantageously elsewhere. The significance of this commerce is evident in the fact that until recently the Dominion has ranked as the world's fifth trading nation and as the second most important country in foreign trade per capita.

In this situation, then, natural conditions have been favorable for the movement of farm products. At the same time, they have imposed limitations upon the nature of Canadian supply available for export.

Yukon, with 4,230 persons for 206,076 square miles, had a population density of 0.02. Excluding Yukon and the Northwest Territories, the number of persons per square mile in Canada in 1931 was 5.06.

<sup>\*\*</sup> In 1928 the per capita foreign trade of Canada was \$263 as compared with \$75 for the United States.

Thus, climate has restricted crops in the northern provinces to those of a cool country. In 1920, as an example, fully 95 per cent of Canada's area in field crops was planted to wheat, outs, barley, flaxseed, hay, and potatoes. Only limited sections outside the Laritime Provinces, Southern Unturio, and the coast of British Columbia have frostless seasons exceeding 100 days.

Climatic and topographical conditions have growtly restricted the Dominion's agricultural area. It has been estimated that but 560,000 of the country's total 3,510,008 square miles of land are suitable for agricultural or pastoral purposes. Besides the undeveloped Northwest Territories, there is a large part of the provinces unsuitable for farms:

(Table IV)

#### Turiff

Mithout artifical interference United States imports of Canadian farm products might have been much larger. Tariff restrictions have definitely reduced the trade. Thereas the group reached its highest value, and constituted nearly 30 per cent of total American expenditures for Canadian products during the period of lightest tariff restrictions - i.e. while the Underwood act remained effective? - its corresponding average share for 1931 and 1932 under the restrictive duties of the Smoot-Mawley measure was .094.

Both countries seem to be definitely committel to a protective policy. Canada sponsors a creed of economic nationalism - modified, however, by Imperial preference, and the United States appears to advocate "America for the Americans" in an economic sense. The latter's policy has given evidence of returning little domestic benefit while adversely affecting Canadian prosperity. There have been many cases when the quantity imported has been small relative to domestic supply, yet large enough to have an

	z Area Oo	: scupied	Area MVE for Uccu	iladia : pation :	Tuiul Fu Acricult	tential** surel Land s	
Province	•7	••		••		••	
	<b>t</b> (000 acres);	K Jotina teda Potential a Area, 1931a	(000 acres)	م Latinated: Potential د( Area 1931 ع	(000 acres)	<pre>: I'''' I'''' I''''' I'''''''''''''''''</pre>	rctential
Frince L'ward Island	19141	94.7.	67	5.3	1,258	1,598	0.02
Kova Scotia	4,302	53 <b>•</b> 2	064 62	46 <b>.</b> 8	8,092	13,275	61.0
New Brunswick	4,152	38.7	6,566	61.3	10,713	17,734	60•4
Çu e o e c	17,445	39 <b>.</b> 9	26,500	60.1	43 <b>,</b> 745	335,062	13.1
Cntario	22,841	34.7	42,996	65 <b>• 3</b>	65,837	232,500	23.3
lisnitola.	15,132	46.7	17,248	5° <b>.</b> 3	32,530	140,623	23•0
Saskat chewan	55,673	69 <b>-5</b>	24,401	30 <b>.</b> 5	80,074	152,304	52.6
Alberta	38,977	44•6	48,473	55 <b>.</b> 4	87,450	159,232	54.9
British Columbia	3,542	15.7	190,61	84.3	22,603	223,981	6 ∂
Total	163,255	46.4	188,902	53 <b>.</b> 6	352,157	1,276,109	27.5

area of Geomied and latimated Potential working Linds in the line Provinces of Gauda Trille I'I

Compiled from Canuda Yearbook, 1933, page 39.
Estimated by Topographical Survey, Department of Interior, Canada.

unfavorable effect in the Dominion when subject to exclusion by protective duty. Some of Canada's most severe depressions have followed imposition of new tariff rates in the United States. The Congressional Act of 1930 has been especially prohibitive; and from an economic point of view, it has had practically no justification. As Professor Taussig has commented, "Some faint pretense there was ----- that this was a good measure, or good enough, or not so bad, But the judgment of sober men of all parties, and even of the staunch protectionists, was that there had been a sad exhibition of political ineptitude." <sup>(45)</sup>p. 500.

Under such restriction Canada has sought to replace lost American markets with other outlets. Granting of new or increased margins of preference for some 220 products of the United kingdom at the Ottawa conference in 1932 marked an effort in this direction, and it is significant that since then British imports of several Canadian Goods have tended to increase.

### Costs of Transportation

As a result of tariff interference, much of the trade in farm products has been reduced largely to a border movement. Other things being equal, importing logically follows when products for given uses can be transported short distances across the international line more economically than from farther removed domestic sources. It has happened quite frequently that goods of superior quality have been imported as cheaply at border points as comparable products could be purchased in domestic markets, and when this situation has not been present, imperfect competition has affected buying.

#### Temporary Shortwges

Another offset to tariff restriction has come from crop shortages in areas south of the common boundary. Examination of individual commodity movements reveals considerable fluctuation in trade from this cause. Like-
wise, short supplies of animal products have influenced imports. Canada, conveniently located, has been turned to in time of special need for additional products.

## Cyclical Price Charges

Effects of certain duties also have varied with the course of the business cycle. Changes in the general level of prices<sup>\*</sup> - solutions exceeding 100 per cent - have altered the burden of specific rates.

Moreover, recurring movements from prosperity to depression, with their attendant changes in demand and prices, have affected both value and volume of imports. The trade has reached its largest proportions in expanding markets, and its lowest points in times of business stagnation.

## Jar-Pice Demand

Expansion of markets received special stimulus under war-time conditions. Heavy extraordinary demand stimulated both Ganadian and American exports to Lurope; but it also brought increased United States imports from Ganada whenever the latter had supplies that could be taken for supplementary use.

#### Exchange lates

Less noticeable influence has come from variation in exchange rates. Since 1914 there have been periods when Canadian funds have been at considerable discount in the United States:

See Appendix Table I.

	1	:		1		:		2	
Year	: Rate	:	Year	:	Cato	:	Year		Rete
	Ŷ	:			4	2			 ¥
1915	•995 <b>7</b>	:	1921		8955	1	1927		•999 <b>7</b>
1916	• 5980	:	1922		•9843	:	1928		<b>.</b> 9991
1917	•9982	:	1923		•9804	1	1929		•9925
1918	9834	1	1924		•98 <b>73</b>	:	1930		<b>9</b> 934
1919	•9560	:	1925		•9996	z	1931		•9632
1920	•8928	:	1926		• 3333	:	1932		•8809
		:				:			

Table Y - Yearly Average Exchange Bates of the Canadian Dollar, 1915-1932\*

\* Source, U. S. Bureau of Foreign and Domestic Conmerce: "Handbook of Foreign Currency and Exchange", Trade Promotion Series 102, and Survey of Current Business.

It is according to economic theory that under such conditions, other things remaining equal, American importers are encouraged to buy Canadian goods, But it is difficult to ascertain whether other things have remained equal in these circumstances. In recent years, especially, conclusive evidence regarding the effects of depreciated currencies on foreign trade has been difficult to obtain.

#### Capital Investment

A more evident influence on Canadian-American conserve has been the flow of foreign capital into the Dominion. Cutside investments totaling more than  $_{w}6,300,000,000$  as of January 1, 1931, have promoted trade by causing increased exports to Canada by aiding in that country's development, and by giving rise to Canadian sales in payment of service charges.

This inflow has been largest from the United States in post-war years. At the beginning of 1931 the latter had about 30 per cent more capital in Canada than it had in Great Britain, Germany, France, and Italy combined, and nearly twice as much as in Cuba, its next ranking single field for investment. dvidently these american investments have been widely distributed in productive enterprices:

Invostigents	: <u>nunt</u> (j000)
Government securities	825,149
Railrouds	805.274
Cther public utilities	553,594
Pulp, paper and luaber	478,104
Lining	223,500
Letul industries	501,396
All other industries	237,715
Trading establishments	170,000
Finance and insurance	151,113
Land and mortgages	97,958
Total	4,107,803

Table VI - Estimated Investments of the United States in Canada, January 1, 1931\*

\* Source, Canada Tearbook, 1933, page 879.

Christely, it is difficult, if not impossible, to measure the effect of this capital placement on United States imports of Canadian farm products, But it appears to have caltributed to expansion of Dominion supplies, some of which have been made available for export in greater quantities; and other indirect influences from it are observable. Thus its use for railroads has aided in providing transportation facilities necessary for trade between the two nations.

#### Changing Domestic Requirements

Moreover, while production in Canada has been expanding, domestic requirements in the United States have grown larger. In some instances these have been met from augmented domestic production, but in others they have not. For several products, therefore, the Dominion has served as a supplementary source of supply. Furthermore, a more rapid rate of increase in urban than in rural pursuits has caused larger demand for

 Between 1895 and 1921 the number of railway lines crossing the international border increased from 6 to 64. Significance of these routes can be suggested from trade statistics for 1932, when nearly 73 per cent of the value of total United States general merchandise imports from Canada was included in those brought in cars. imported farm products, at least in localized industrial areas. For while mmerican agricultural production increased 48 per cent between 1899 and 1939, corresponding figures for physical volume of manufactures and for mineral output were, respectively, 216 and 286; and contemporaneously, although population of the United States increased 62 per cent, its rural percentage declined approximately from 66 to 44 per cent.

#### British Harkets

unite frequently, however, British requirements have provided better markets for certain Canadian products than has American demand. Ordinarily a much larger percentage of Canada's total exports of farm products goes to Great Britain than to the United States; as ratios<sup>\*\*</sup> computed from values of the trade for selected periods indicate:

				1610-1818	1982-1989	1952-1858
Per	cent	to	Great Britain	<u>69</u>	64	58
Per	cent	to	the United States	18	13	13

In this situation wheat has been the principal source of difference. On the other hand, there have been several commodities more evenly distributed e.g. cattle, beef, and cheese - for which the Dominion has had considerable range of sales between the two outlets.

This alternation of movement has resulted principally from differences in price levels and in tariff rates. The former have reflected stronger demand in one market than in the other, while the latter usually have tended to offset lower transportation costs. In contrast to the United States, Great Britain, after long allowing free entry, has encouraged Canadian sales since 1931 by its preferential treatment.

Less tangible influences also may have affected trade. Similarity of language and well developed financial institutions are cases in point.

The principal influences have been more directly related than these to demand and supply. And one of the chief problems of analysis is the determination of changes in such relationship.

 The two latter figures are for 1900 and 1930. They include the population of incorporated places having less than 2,500 persons.

#### CHAPTER III

#### Phases in Canadian-American Trade Since 1900

Analysis of American import trade from Canada since 1900 may be divided into four rather distinct periods marked by the years 1914, 1920, and 1929. Special forces have influenced the volume and character of Canadian goods sent to the United States before, during, and after the World War. Examination of influences dominant in each of these periods provides suitable background for more detailed study of commodity movements.

# First Period, 1900-1913

The pre-war years marked an era of rapid economic development in Canada. Thus, in 1911 there were 48,375,000 acres of improved land out of 109,777,000 acres occupied in the Dominion, as compared with corresponding acreages in 1901 of 30,166,000 and 63,422,000. Likewise, between 1900 and 1910 the capital invested in Canadian manufactures increased from \$446,916,000 to \$1,247,584,000; and the value of the country's external trade per capita rose from \$64.19 in 1900 to \$136.43 in 1913.

Such growth was promoted by a large influx of settlers. Immigration into Dominion territory during the decade preceding the war has been one of the most remarkable population movements of the present century. In 1901 the vast Canadian area west of the Great Lakes - almost equivalent to that of the Louisiana Purchase in addition to the total of European Russia supported a population of little more than 645,000. The Canadian Pacific Transcontinental railway had been completed in 1885<sup>\*</sup>, but the expanse thus opened could have little chance then of attracting population until the more easily accessible lands of the United States had been settled. In fact, the latter drew considerable numbers of emmigrants from Canada. The

• Its completion was the fulfillment of a pact in which British Columbia had become a province of the Dominion.

number of Canadian-born persons in the United States increased from 493,000 in 1870 to 1,181,000 in 1900; and contemporaneously, the membership of this group residing in the neighboring country was nearly one-fourth that of the same class in Canada.<sup>(19)</sup> It was not until about 1901, when the best American lands had been occupied, that large numbers of immigrants began to enter the northern prairies. The movement, once started, gained force; and by 1911 the population of western Canada had increased to 1,742,000, and an average of 100,000 persons entered that part of the Dominion annually. The total number of immigrant arrivals in all sections of the country from 1900 to 1913 was 2,545,039. From 49,149 in 1901, the figure mounted to 402,432 in the period's terminal year. Between 1901 and 1911 the number of American-born persons in Canada increased by almost 175,000. In the years, 1900-1910, Canadian population, with a gain of 34 per cent, had a greater relative growth than that of any other country during the same time. The ingress was especially large during the first three years of the succeeding decade, when nearly 1,142,000 persons entered Canada for purposes of settlement. But with outbreak of war in Europe movement of emmigrants to the Dominion was checked; and since that time it has been much smaller than before the conflict.

Immigration, then, was an influence specially characterizing the pre-war period. It stimulated economic development largely through settlement of the Canadian West so as to make that region a great wheat producing division of the world and an integral part of the Dominion's national wealth.

This expansion brought important concomitant activities, outstanding among which was the construction of railroads. Canadian railway mileage

In this situation immigration was encouraged by a vigorous policy of advertising on the part of Canada's Minister of Interior, Sifton.
 Descriptive stimuli concerning "The Last and Best West" were particularly diffective in the British Isles, where unsatisfactory labor conditions followed the Boer War.

<sup>\*\*</sup> However, it is estimated that 1,753,000 persons emmigranted from Canada during the same period.

increased from 17,657 in 1900 to 24,731 in 1910, and to 35,582 in 1915. A line of the Canadian Northern from Port Arthur to Winnipeg, finished in 1902, was extended in boom years,following westward to Vancouver and eastward to Montreal. Building of a third transcontinental railway, undertaken in 1903, was completed in 1915. Throughout 1912 nearly 20,000 men were at work constructing railroads in the western provinces.

Another factor that gave considerable stimulus - indirectly at least to Canadian development, was American tariff policy. For more than twenty years after abrogation in 1866 of the twelve-year-old Elgin-Marcy reciprocity treaty, the first and only Canadian-American general reciprocity agreement, Canada had hoped to establish mutual concessions in its American trade. But the United States was then uncompromising in rejecting overtures for reciprocity; and in 1897 Congress enacted the Dingley tariff that had higher rates than any of its previous measures. Duties were placed upon foodstuffs and raw materials that were among the chief imports from the northern neighbor. There were few changes in the next general tariff legislation of 1909. That year the average American rate on dutiable goods from the Dominion was 42 per cent, and on both dutiable and free goods from the same source it was 24 per cent, in comparison with rates on American goods in Canada averaging 27 per cent and 16 per cent, respectively.

This policy gave rise to a feeling of national consciousness among Canadians. Confederation for establishment of the Dominion was effected in the year following abrogration of the Elgin-Marcy treaty. In view of repeated failures of negotiations for reciprocity Sir Wilfred Laurier, then newly elected Premier of Canada, was led to declare in 1896, "There will be no more pilgrimages to Washington." Soon thereafter Canada extended a tariff preference of  $12\frac{1}{2}$  per cent to British goods; and in 1900 this was increased to 33-1/3 per cent. Eleven years later Canadian voters rejected

a proposal for reciprocity with the United States that had resulted from belated efforts of certain American statesmen.

Without artificial interference commerce might easily have continued to develop more along routes that ran to the south, and the need for transcontinental railways in Canada might have been almost **e**bviated by lines that crossed to the States. As it was, however, Canadian people turned their efforts to development and unification of the productive sections of their own country.

The fruition of plans for inter-provincial expansion could not have been realized without a large supply of foreign capital. Producers' and consumers' goods far in excess of domestic supply were indispensable to the industrial enterprise, railroad building, and public works required in pushing the Dominion's frontier of settlement westward. With its effect both upon expansion and upon foreign trade, continued movement of foreign investments to Canada, therefore, appears to have been one of the most important single influences of the period.

The amount invested within Canada's borders by other countries from 1900 to 1913 has been estimated at \$2,546,434,000, as compared with a total foreign investment there of approximately \$1,200,000,000 on January 1,  $1900^{(69)}$ . Except for a temporary check occasioned by a disturbance in world money markets of 1907, the inflow showed a steady rise in volume throughout the pre-war years, with little or no liquidation of old debts. The estimated annual increment of foreign-owned capital in Canada rose from \$31,720,000 in 1900 to \$546,699,000 in 1913. Great Britain, an industrial nation in search of a cheap food supply, provided nearly three times as much of this capital as the United States:

· · · · · · · · · · · · · · · · · · ·	: Great : Britain	: United : States	2 Other 2 2 Countries:	Total
	<b>1</b>	2 Noferillions	8 8 1 = 1 = 1 = 1 = 1 = 1 = 1 = 1 = 1 = 1 =	Inillione)
	Sturing States	JE (III IIIONS )		
Dominion and Provincial Governments	175	¥ 4	¥	179
Municipal Governments	200	60		260
Railroads	670	50	47	767
Industrial Investments	420	180	30	630
Land and Timber	80	145	80	305
Mining	65	60	-	125
Insurance Companies	32	50		82
Miscellancous	111	81	6	198
Total	\$1,753	<b>\$630</b>	<b>\$163</b>	\$2,546
* Source <sup>(69)</sup> page -/*3				

Table VII- Source and Disposition of Foreign Investments in Canada, 1900-1913\*

Despite large inflow of British capital, Canada's trade with the United States increased to a greater extent than that with Great Britain. Dominion statistics show that in the fiscal year 1901 the former had a value of \$135,677,000, and the latter, of \$175,362,000, while in 1913 corresponding figures were \$576,613,000 and \$308,905,000. The average percentages of total Canadian exports sent to the United States and Great Britain in the order named, during the period 1901-1913, were 35.8 and 52.4; while similar ratios of imports were 60.0 and 24.6.

In 1913, when its borrowing from British investors reached a maximum, Canada bought only one-half as much goods from the United Kingdom as it took from there as capital; but at the same time it purchased nearly four times as much from the United States as it received therefrom through investments. Much of the capital borrowed in the United Kingdom was used to buy goods that the United States could conveniently supply. Included in these purchases were such heavy items as railroad material, iron and steel goods, agricultural implements, coal, and raw cotton. So it is not surprising that United States exports to Canada during the period were from two to three times as large as exports in the other direction of the bilateral trade. Between 1900 and 1913 the percentage of total American exports that went to Canada rose from 6.9 to 16.9

But United States buying of Canadian products also increased considerably. In 1913 the Dominion supplied 6.7 per cent of American imports, as against 4.6 per cent in 1900. Most of this trade included raw materials for manufacture and foodstuffs. In 1907, for example, its chief items were logs, lumber and wood pulp; copper and nickel ores; hides, skins, and furs; fish and animals.

Agricultural imports, although increasing nearly three times in value, remained about one-fifth of the total. The gain in value was significant, however, as it occurred contemporaneously with a rapid decline in American exports of such foodstuffs as were later available in Canadian surplus.

American importation of Canadian farm products was limited by tariff restrictions of the period. Canada's exports of this class to the United States averaged only one-third as large as in 1866, the last year of reciprocity. On the other hand, in a rising American import market for unmanufactured goods, demand was increasing more rapidly for inedible raw materials than for foods, the largest class of farm products imported. In 1913 indexes of physical volume of production of raw and processed nonfoods and of raw and processed foods in the United States, on a 1901 base, were 175 and 132, respectively. (28)  $R_{\rm AS}$  in Canada a large part of the demand was for capital equipment rather than for edible products. Larger manufacturers were required to supply the needs of a rapidly increasing population. for during this period the number of persons in the United States rose by some 20,000,000, an absolute gain nearly 10 times that in the Dominion.

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Expansion in both countries was attended by generally rising price levels. Except for transitory setbacks, as in 1901 and 1908, the trend was continually upward until 1913. Gold supplies, enlarged through new discoveries and through application of the cyanide process to lowgrade ores, as well as increasing demand, contributed to the rise.

Prior to the war, currencies of both countries remained identical in mint value, but fluctuated slightly in exchange. Although the "balance of trade" was consistently against the Dominion, until 1912 New York funds in Canada were generally at a discount averaging between 1/64 and 1/32 of one per cent. This condition resulted principally from effecting through New York the exchange operations relative to the flow of foreign capital into Canadian use. For a few years after 1912, with increasing remittances to Europe for service charges on debt, the position of the exchange market tended to reverse.

#### Second Period, 1914-1920

Another set of conditions prevailed during and after the war that made the years 1914-1920 quite a distinct period in Canadian economic history. Industrial, financial, and commercial changes occurred during Canada's participation in the conflict that gave rise to problems of analysis quite unlike those of the preceding period. This was a time when the Dominion was tending to pass from a capital-constructing to a capital-using era; and when a change in volume and source of foreign investment, a more liberal American tariff policy, and a rapidly rising price level were affecting its trade.

Toward the end of the pre-war years development of towns, cities, and railroad facilities in Canada appeared to be out-running agricultural progress in surrounding areas. European investors began to restrict their loans, and many Canadian enterprises were left in incomplete or relatively unproductive condition. There was a reaction in other dependent industries

and stagnation and readjustment in trade began to be evident after 1913.

This situation might have continued but for the outbreak of war. Then, however, disruption of industry resulting in European countries from the spreading struggle hastened industrialization in Canada. As a result of foreign demand for war supplies of all kinds - augmented by the Dominion Government's policy of bearing the expense of equiping, transporting, and maintaining its entire force of 600,000 men overseas and a reduced supply of foreign factory products that previously had been imported, there was a veritable revolution in Canadian manufactures. Attention now tended to be centered upon the enlargement of factory production and power supply, where previously it had been concentrated in meeting the capital requirements of newly settled territory.

Even without a large increase in foreign demand there would have been some shift in productive activity because the war checked the movement of population into Canada, thereby making settlement a less important field of activity than formerly. There were but 57,702 immigrant arrivals in the Dominion during 1919 as compared with 402,432 in 1913. But this shift could not have reached the proportions it did without the extraordinary stimulus of war-time demands. The value of Canada's partly or fully manufactured goods exported increased from \$54,000,000 in 1913 to \$191,000,000 in 1915, and to \$779,000,000 in 1920.

This increase took place under conditions of greatly inflated prices. Between 1913 and 1920 the index of wholesale prices in Canada, as computed by the Dominion Bureau of Statistics, rose from 100 to 243.5. Yet, in terms of the base-year price relative, Canada's exports of processed goods in 1920 were nearly six times those in 1913.

With competing European demand, a smaller percentage of total Canadian exports went to the United States than formerly. This ratio for the second period averaged 33.5, in comparison with 35.8 during the pre-war years.

At the same time, the average percentage of Canada's total imports supplied by her southern neighbor changed from 60.0 to 74.3. The curtailed supply of European goods was stimulating trade in other directions. Moreover, there was a change in the Flow of Capital to Canada. After 1913 the United States began to displace Great Britain as a source of funds, although at that date there was only about one-fourth as much American as British capital invested in the Dominion. Because the war caused a heavy financial burden, the United Kingdom was forced to check its ordinary commercial loans to other countries. So Canada had to find new sources of capital.

Quite inevitably, Canadian borrowings from the United States increased. The latter country had developed sufficiently to change from a nominal net debtor position of 2.5 billion to a nominal net creditor position of 18billion within  $5\frac{1}{2}$  years of the war period. Before the end of 1917, inflow of gold had increased the American gold stock and credit base by 62 per cent.

United States investment bankers loaned Canadian enterprises some \$1,430,120,000 between 1914 and 1922, in contrast to \$182,401,000 in the period 1907-1914. It was to be expected, therefore, that attendant enlargement appeared in the volume of United States exports to Canada. On the other hand, American purchases from the Dominion, although representing a smaller percentage of the latter's exports than in the earlier period, became a larger part of the lending country's total imports. Whereas before the war an average of only 5.7 per cent of total United

States general merchandise imports came from Canada, the proportion was 11.2 per cent for the second period.

Several influences were operative in stimulating the movement of goods southward. Among such countervailing forces upon the effect of capital exports were a lower schedule of tariff rates and a discount on Canadian exchange. Tariff revision became effective October 3, 1913, after President Wilson had called to special session a Congress completely controlled by Bemocrats. For the first time since the Civil War there was a general downward movement of American rates.

The measure, designed to place foregin and domestic goods on a competitive basis, removed or lowered duties on many raw materials that were taken from Canada. Tariff levies on oats, hay, barley, flaxseed, butter, and cheese were reduced. Simultaneously, cattle, sheep, meats, lumber, shingles, coal, and wood pulp were placed on the free list; while granting of free entry for wheat, wheat flour, and potatoes was made contingent upon similar action by the Dominion.

Partly as a result of these lighter restrictions, agricultural products became increasingly significant among United States imports from Canadian sources. They increased in value more than seven times between 1913 and 1920; and in the latter year they amounted to 30.1 per cent of total United States imports of general merchandise from Canada, in comparison to 19.6 during the former.

Encouragement of importing also resulted from the prevailing foreign exchange situation. Shortly after the outbreak of war both Canada and England left the gold standard. With their country on a gold basis, Americans were able to secure exchange on Canada at a discount. While the difference averaged about two per cent, it had a wider range of fluctuation. Thus, in 1919 the yearly average quotation for the Canadian dollar in New

York was 95.60 cents, and 89.28 cents in 1920.

While exchange and tariff conditions remained favorable for importing, demand itself continued strong. The United States, enabled to sell in markets vacated by belligerent countries, was in turn able to buy increasing amounts of foreign goods. Besides, its domestic production requirements were large. Apparently, output of manufactured goods, stimulated by foreign demand, increased more rapidly than that of raw materials. In 1920, on a 1913 base, the former had an index of 124, and the latter of 130.<sup>(28)</sup>

The general activity of the period was attended by rising prices. Wholesale prices in the United States advanced 127 per cent between 1914 and 1920, whereas between 1900 and 1914 their gain had been 21 per cent.

With this increase, the values of both United States general merchandise imports from and exports to Canada in 1920 were the largest of any year in which Canadian-American trade has flowed. The former reached a peak of \$611,863,000, and the latter, of \$971,852,000.

## Third Period, 1921-1929

The period following 1920 has been similar to the preceding phase in some respects, but quite different from it in others. Points of similarity include a continued placement of American investment and an increase in importance of exported Canadian manufactures. Points of contrast appear in tariff rates and in the movement of general business conditions through a depression.

Annual flotations of Canadian securities in the United States during most of the period continued at a rate ranging from 10 to 20 times that effective before the war. Values of such transactions rose from \$183,878,000 to \$289,694,000 between 1920 and 1929, in contrast to a 1914 total of \$13,419,000. Besides, American direct investments were large. Under these circumstances, estimated total United States capital investments in Canada increased from some  $\frac{1}{2}$ ,500,000,000 to  $\frac{1}{2}$ ,3,470,087,000 between 1923 and 1928.

While the Dominion continued to receive capital, its sales to the United States amounted to nearly 40 per cent of its total exports. This situation resulted partly from use of foreign investments in developing processing industries that were able to export increasing quantities of their products - e.g. wood-pulp and newsprint paper. Between 1922 and 1930, as an illustration, total capital in Canadian manufactures expanded from \$3,244,302,000 to \$5,203,317,000; and during the same period the percentage of Canada's total exports consisting of raw materials declinged from 44.5 to 38.2.

Meanwhile, tariff rates had changed. In the spring of 1921, following severe decline in United States farm prices, an "emergency"measure restored high duties on wheat, wheat flour, cattle, meats, dairy products, wool, and potatoes, and increased levies on beans, fruits, and flaxseed. The Fordney-McCumber enactment of the following year brought a higher general rate level than had been established either in the act of 1897 or in that of 1909. This legislation, reflecting a rising feeling for national self sufficiency, and a hope of agricultural interests for farm relief, adversely affected Dominion producers without accomplishing its projected results. Increase of duties over those established the year previously, as well as new additions, tended to prolong the Canadian depression of 1921 until 1925. At the same time these increments were generally ineffective in contributing to domestic prosperity.

Prior to 1930, the trend in value of American general merchandise imports from Canada had been upward. Although falling from \$611,863,000 in

Its fifect on Canadian cattle producers was especially severe.

1920 to 4335,441,000 during the depressed conditions of 1921, they rose to 4503,496,000 in 1929. Most of the increase occurred in items subject to least tariff restriction. Agricultural products, dutiable as a group, had little gain in the trade. From 30.1 per cent of its value in 1920, they decreased to 16.6 per cent in 1929; and their maximum rise in value as imports during the period was from 467,422,000 in 1923 to 498,875,000 in 1928.

The increment could not have been effected, however, without favorable demand conditions. Except for a recession in 1924 and a slight fall in 1927, general prosperity prevailed in the United States between 1922 and 1929. Until the latter year, American wholesale prices, although averaging some 35 per cent less than in 1920, generally were more than 40 per cent above those of the pre-war period. Contemporaneously, the country was reaching greater development than in any preceding period. The volume of goods produced per capita increased at a yearly rate of 2.4 per cent, in contrast to 1.1 per cent before the war. By 1929 output per worker had so increased that 70 men could do work that required 100 men in 1919. End while production of manufactured goods rose at the rate of 4.5 per cent a year, that of raw materials lagged with an annual gain of 2.5 per cent. <sup>(28)</sup> pp. 249;530

#### Fourth Period, 1930-1932

Conditions since 1929 have been less homogeneous than those prevailing during the seven years prior to that date. By 1932 wholesale prices, as measured by the United States Bureau of Labor Statistics had declined not less than 32 per cent. Value of Canada's external trade per capita in approximately the same interval fell from \$262.23 to \$110.92. In the 12 months ended March 31, 1933, only 30.2 per cent of total Canadian exports went to the United States as compared with 46.0 per cent in 1930, And although the percentage share of Canada in total American imports of general merchandise increased from 11.4 to 13.2 between 1929 and 1932, agricultural products

\* Farmers were one of the least prosperous groups.

in this trade shrank to 8.1 per cent of its total value.

Other differences, in comparison with the preceding period, included increase of tariff duties and an unstable exchange situation. In 1930, after continued agricultural depression, upward revision of the tariff by the Smoot-Hawley measure brought the highest general level of American rates yet enacted. Levies on agricultural imports in many cases were made almost prohititory. Synchronizing with business depression, the new schedule caused Canada's total exports to the United States to fall about 33 per cent in value between 1930 and 1931. Concurrently, the value of agricultural products in this movement declined by more than 50 per cent.

Fluctuations in exchange appeared in the last two years of the period. The Canadian dollar had remained practically at par while Canada was on the gold standard from 1926 to 1931, But after suspension of gold payments by the Bank of England on September 21, 1931, it soon dropped to about 90 cents, and in the following December reached a discount of 20 per cent. In 1932 its average New York quotation was 88.09.

Likewise, in 1931 and 1932 the flow of American capital into the Dominion was much reduced. Business inactivity discouraged such expansion and investment as had occurred in Canada prior to 1929. Other changes also have influenced Canadian-American trade during 1930-1932. But these can be observed in analysis of individual commodity movements.

This drop followed the decline in sterling largely because the latter induced heavy sales of Canadian securities held in England to Dominion buyers, thereby causing a large increase in demand in Canada for foreign funds without a corresponding increase in supply. Other influences were the prohibiting, In October 1931, of exportation of gold from Canada except under government license, withdrawals from Canadian banks by American depositors, and short selling of exchange.

#### CHAPPER IV

#### Imports of Crop Products

Novement of the trade studied perhaps can be explained best in terms

of its constituent items. These, classified as crop and animal products,

show wide variation:

Table VIII - Average Annual Values of Crop and Animal Products in Total United States Agricultural Imports from Canada, 1900-1932\*

Period **	Crop products (000)	Animal products (500)	<pre>t Total Agricultural imports (000)</pre>	: Per cent from crops	<pre>8 8 Per cent 1 from 8 animals</pre>
1900-1902	2,740	4,757	7,497	36.5	63.5
1903-1905	4,447	4,498	8,945	49.7	50.3
1906-1908	2,585	6,039	8,624	30.0	70.0
1909-1911	8,303	7,848	16,151	51.4	48.6
1912-1914	20,635	15,134	35,769	57.7	42.3
1915-1917	34,957	27,892	62,849	55.6	44.4
1918-1920	73,189	70,159	143,348	51.1	48.9
1921-1923	48,553	26,160	74,713	65.0	35.0
1924-1926	48,410	34,366	82,776	58.5	41.5
1927-1929	43,006	50,111	93,117	46.2	53.8
1930-1932	24,524	8,836	33,360	73.5	26.5

Compiled from Foreign Commerce and Navigation of the United States
 \*\* Years ended June 30, 1900-1917; calendar years, 1918-1932

Whereas the crop group accounted for as little as 30 per cent of the aggregate value of farm products imported in certain pre-war years, it increased to more than one-half the total during European hostilities, and to nearly three-fourths between 1930 and 1932. Its changes in relative significance are evident further in Figure 2.

Such variability has resulted from shifts in several component goods:



	<pre>&amp; Grain &amp;Flour and</pre>	ns <b>s</b> d Feeds:	Seed		s Fotat Beans &	ioes a Peas a	Othe Vegets	lr t lbles t	Fruit: and nut	ct ca ca	<b>s</b> Miscella	ssuoen	Potal crop products
Period	, 000 • •	~ ~ ~ %	, 000	23	- • • •	<i>P</i> °	<b>,</b> 000	ы. Эб	• • 000	69	000	₽ ₽	000 ,
1900-1902	1,300	47.4	200	7.3	522	19•2	187	6.7	286	10.4	245	0 <b>•</b> 6	2 <b>,</b> 740
190 <b>3-1</b> 905	2,872	64.6	345	7.8	568	12.8	197	4.4	223	5.0	242	5.4	4,447
1906–1908	1,023	<b>39.6</b>	573	22.2	264	10.2	232	8•9	318	12.3	175	6 <b>.</b> 8	2,585
1191-6061	3,419	41.2	3,628	43.7	285	3 <b>.</b> 5	602	7.2	230	2.7	139	1.7	8,503
1912-1914	10,568	51.2	8,859	42.9	501	2• 5	357	1.7	207	1.0	143	•7	20,635
1915-1917	20 <b>,</b> 656	59 <b>. 1</b>	10,984	31.4	1,843	5.4	016	2•5	215	•	349	1•0	34,957
1918-1920	50,963	69 <b>-</b> 6	9,327	12,8	7,055	9•7	1,041	1.4	1,410	<b>1</b> •9	3,393	4•6	73,189
1921-1923	36,047	74.2	7,607	15.7	1,464	3.0	918	<b>1.</b> 9	<b>1,</b> 963	4.1	554	1.1	48,553
192 <b>4-1</b> 926	29 <b>,</b> 618	61.2	11,808	24.4	4,089	8•4	1,213	2•5	960	2.0	722	1.5	48,410
1927-1929	28,143	65.5	6 <b>,</b> 244	14•5	4,180	9.7	1,676	3.9	1,113	<b>2</b> •6	1,650	3 <b>.</b> 8	43 <b>,</b> 006
1930-1932	17,728	72.3	1,521	6.2	2,805	11.4	1,022	4.2	622	2•5	826	3.4	24 <b>,</b> 524
<pre>* Compil( ** Years 6</pre>	ad from Foi inded June	<b>reign Co</b> n <b>30, 1</b> 900	umerce an )-1917; C	d Navi£ slendar	gation of ryears 1	the Un. 918-193	ited Sts 2.	tes					

Table IX - Average Annual Values of Constituent Groups in Crop Products Imported from Canada by the United

The most significant of these movements are shown graphically in Figure 3. Lach of them requires detailed

31.



Grains, Flour and Feeds

The first group listed in Table IX generally has been the largest of the division, with a value averaging more than one-half of the total. While it has had wide variation in this percentage share - from 22 per cent in 1915 to 80.5 in 1920 - it has tended to become a larger part. Its composition has been as follows:

ТаЪ	le X	- Avere	age km	aual Ame	rican I	imp <b>orts</b> o	f Grains,	Flour, &	and Feed	s from Ca	ne da,	1900-193	5 <b>#</b>		
Per iod	• • •	000 s	ст 1	<b>z</b> Wheat <b>*</b> 000	flour s %	<pre># Wheat # duct F</pre>	By-Pro- B eeds B	000 at	50 50 50 50	000 +	66	0the		To tal Ó 90	
1900-190	<b>N</b>	239	18.4	ы	2	1	1	12	6	842	64.8	204	15.7	1,300	
1903-190	ß	1,145	<b>39,</b> 9	114	<b>4</b> •0	1	1	39	1•4	1,170	40•7	404	14•0	2,872	
1906-190	m	202	19.7	170	16.6	J	1	54	5.3	364	35 <b>.</b> 6	233	22.8	1,023	
161-6061	<b>4</b>	209	6.1	580	17.0	1	1	827	24.2	1,124	32.9	619	19.8	3,419	
1912-1914	-#	1 <b>,</b> 467	13.9	488	<b>4</b> •6	1	1	3,066	29•0	<b>3,196</b>	30 <b>• 2</b>	2,351	22.3	10,568	
1915-191	7	5,854	76.8	1,148	5•6	1	1	339	<b>1</b> •6	506	2.4	2,809	13.6	20 <b>,</b> 656	
1918-192(	0	35 <b>,</b> 206	69 <b>. 1</b>	3,186	6.3	1	1	2,659	5.2	4,128	8•1	5,784	11.3	50,963	
1921-192	57 10	:7,028	75.0	4,344	12.1	1	1	765	2.1	785	2•2	3,125	8 <b>.</b> 6	36,047	
1924-192	ч С	.8,204	61.5	150	•	5,030	.** 17.0	1,130	<b>3</b> •8	2,836	9 <b>°</b> 6	2,268	7.6	29,618	
1927-192	н П	7,876	63 <b>•</b> 5	23	۲.	6,692	23•8	127	•	651	2.3	2,774	9 <b>•</b> 8	28,143	
1930-193	า ถ	.1,648	65.7	ત્ય	J	2,990	16•9	58	• 8	513	<b>2</b> •9	2,517	14.2	17,728	
* Com	piled rs en luded	l from Fo ded June in Othe	oreign a 30, 1 ar prev	Commerc 1900-191 riously	e and N 7; Cale	avigatio ndar yœ	n of the U rs, 1918-1	mited St .932	sate s						

22.

In pre-war years hay was the largest single item in the trade here classified, but since 1914 wheat and its products have far outranked the others. To understand this relationship, it is necessary to examine the conditions under which commerce in each product has been effected.

# (a) - Wheat

Most of the wheat buying has developed during the present century. when western Canada has become famous both for the quantity and quality of its product. In this period the world's greatest producing area of hard spring wheat was established within a belt extending roughly as a triangle with its apex north of Edmonton and its base on the international boundary between the Red River and Calgary. Whereas in 1900 territory included in the Prairie Provinces - which now produce about 90 per cent of Canada's total - had some 2,000,000 acres of the crop, 500 grain elevators, 5,000 miles of railroad, and 400,000 inhabitants, by 1923 it had approximately 21,665,000 acres in corresponding use, 4,200 elevators, 19,000 miles of railway, and 2,000,000 population. As one authority has observed, "within a generation the Dominion advanced from ninth to second place among wheat producing countries, and from fifth to first place as an exporter of wheat, In the decade from 1903 to 1913 the Canadian acreage, production, and exports more than doubled, and between 1913 and 1923 they doubled again, a record approached by no other country in this period. Expressed in rounded numbers, the area devoted to wheat was 4,000,000 acres in 1903, 11,000,000 acres in 1913, and 22,800,000 acres in 1923. Production increased from 78,000,000 bushels in 1903 to 232,000,000 bushels in 1913, and to 474,000,000 bushels in1923. The amount exported advanced from 24,000,000 bushels in 1903 to 113,000,000 bushels in 1913, and in the crop year 1922-1923 to 275,000,000 bushels, when the exports from Canada first exceeded those from the United States."<sup>(16)</sup> p. 124

With such expansion, the country usually has had to export about 75 per cent of its crop. Two-thirds or more of the amount thus sold ordinarily has gone to the United Kingdom, but a varying market has been found in the United States.

There have been several reasons for the latter's buying Canadian wheat while exporting from one-fifth to one-fourth of its own production. Outstanding among these has been the northern product's qualitative superiority.

Practically all of the wheat produced in western Canada is a hard spring class that constitutes a much larger percentage of the total crop than is present in the American yield. On an average, subject to seasonal variation, it is about 2 per cent higher in protein than is the spring wheat of the United States. Moreover, it generally has greater regularity of protein content. Thus, during 1925-1926 elevator-run No. 3 Eanitoba Northern, averaging 13.5 per cent protein and 61 pounds to the bushel, could be purchased on grade contract at Fort William and Port Arthur, whereas No. 1 Dark Northern of the same percentage in Einneapolis or Duluth had to be searched out by samples that did not average more than 58 pounds per bushel, And as just suggested, it tends to be the heavier per volume bushel. Average No. 1 Manitoba Northern may yield from 11 to 15 pounds more straight flour per five bushels than is secured from average No. 1 Dark Northern Spring. <sup>(22)</sup>pp.10-12.

The higher protein wheat makes the stronger flour. It has been in demand, therefore, to strengthen softer American wheats in flour milling. Such blending improves the capacity of the product to give an even-testured and well raised loaf of bread.

- Of an average production of 800,000,000 bushels in the United States, some 200,000,000 bushels are hard spring wheat.
- \*\* This superiority may come partly from the newer land and the more common practice of fallowing in Canada than in the United States.

Cther qualitative influences, also, have affected demand in the United States for Canadian spring wheat. The latter tends to mill better than American on account of higher percentage of vitreous kernels and heavier proportion of the Marquis variety. Moreover, it is cleaner, because of less weed infestation and less admixture of rye, durum, and durum-hybrids.

Factors of location and transportation likewise have promoted trade. The principal commercial route for Canada's wheat crop leads through winnipeg, the chief marketing and inspection point, to Fort william and Port Arthur, the chief terminal and storage centers, thence down the Lakes to Montreal or New York City. It is not fortuitous, then, that the largest proportion of United States imports of the Canadian product are milled in Buffalo. Besides its technical facilities, that city has the special advantages of low cost of lake freight, proximity to the stream of exports, and nearness to large consuming centers.

However, operation of most of the influences outlined above has been checked by heavy tariff levies. To understand this restraint, one must turn to the movement of imports. Between 1900 and 1913 average annual

 During the three years 1920-21 to 1922-23, for example, about 90 per cent of the shipments of wheat from Western Canada moved out by the lakes, and 56 per cent of these lake shipments were billed to American lake ports. In the six years beginning August, 1925-1930, an average of 49.1 per cent of Canada's total exports of wheat and flour was handled by railroads, grain elevators and shipping agencies of the United States.

Cost at time of shipment influences the route. Thus, in the crop year 1925-26 more American wheat was exported through Montreal than through New York, and more Canadian wheat was sent out of New York than out of Montreal.

- \*\* Variable quantities have been imported for seed and milling by other areas in states near the international border and some have been sent as far south as Baltimore.
- \*\*\* By 1926 the flour output of Buffalo was about 7,000,000 barrels per year. At that date harbor improvements had been undertaken to place the port in position to provide elevator-storage for some 40,000,000 bushels of grain and winter-storage in vessels for an additional 20,000,000 bushels.

quantities of Canadian wheat purchased in the United States were small, although ranging from 4,000 bushels in the year ended June 30, 1904, to 3,100,000 bushels during the ensuing 12 months, after a very short domestic crop. In this period, approximately 94 per cent of Canada's wheat exported as grain went to Europe. The Dingley tariff rate of 25 cents per bushel, imposed in 1897, was almost prohibitive upon sales to American buyers, as it was five times greater than the pre-war ocean rate to Liverpool. <sup>(56)</sup>p.56

The Underwood Act of 1913 offered reciprocal free trade in wheat and lowered the duty to 10 cents per bushel on imports from countries not granting free entry for the opposite movement. Canada's product remained dutiable until April 17, 1917, when an order-in-council removed the Dominion tax from wheat and flour. By amendment of July 7, 1917, this exemption was made contingent upon similar treatment for Canadian wheat exports. Partly as a result of the reduced restrictions. United States imports of northern grain increased to 5,673,000 bushels and to 23,715,000 bushels in the years ended June 30, 1916 and 1917, respectively, "But part of this gain resulted from special war-time influences. There was some incentive to purchase wheat for re-export, either in grain or in flour or for replacing exported supplies, as foreign demand was especially large. With the Russian surplus cut off at the Dardanelles, European countries were compelled to seek wheat from the nearest areas that could ship over relatively safe routes. At the same time, Canadian production - as that at home - was increasing. The Dominion had 15,370,000 acres of wheat in 1916 as compared with 11,015,000 in 1913, and in 1915 it had harvested a record crop of some 393,542,000 bushels, an amount that was nearly 150,000,000 bushels in excess of its yield in any previous year. So although the volume of re-exported wheat sent out by the

 It has been estimated that in 1915 an average of 1,000 cars of wheat were handled through Jinnipeg every working day. That year also brought a Second crop of approximately 1,011,000,000 bushels in the United States. United States was relatively small - 621,000 bushels in 1916 and 64,000 bushels in 1917 - it is possible that larger quantities of Dominion grain served to replace exports of the domestic product.

For the greater part of the period after grant of duty-free admission to Canadian wheat there was virtually no opportunity for free trade in the product. Imports were under control of the United States Grain Corporation, approximately, from September 1, 1917 to Eay 31, 1920. However, that body arranged for large purchases from Canada "chiefly with a view to filling local shortages, and with the understanding also that equivalent quantities of flour would be released to the Allied Governments."<sup>(56)</sup> p. 34

In the fiscal year ended June 30, 1918, this supervision permitted imports of 24,690,000 bushels from Canada. Apparently, urgent needs in Europe again had affected the trade. Nearly 73,000,000 bushels more than would have been left as surplus from normal home consumption of a crop the size of that of 1917 were exported from the United States by the end of the 1917 grain season. Some of the wheat imported was used in American re-exports of 1,412,000 bushels of grain or its equivalent, and some, in areas of disturbed local conditions.

With cessation of war, United States purchases of wheat from the Dominion declined to 10,338,000 bushels in the calendar year 1918, and to 5,345,000 in 1919. In the 1919-1920 crop year a shortage of the higher grades of American wheat caused increased buying from Canada. Contemporaneously, the discount on Canadian exchange in New York ranged from 8 to 15 per cent. Continuation of demand caused the Canadian Wheat Board to open offices in the United States for sales in premium markets.

Large gains in purchases following termination of federal control resulted in a record American importation of 34,957,000 bushels of wheat from Canada during 1920. Between July 1 and November 30 of that year 21,563,000 bushels of the total were imported. Since in the same months 175,000,000 bushels

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were exported from the United States in response to strong demand in warscarred European countries, it is likely that the former's purchases of Canadian wheat served in part to free equivalent quantities for export.

Termination of free entry by the emergency tariff levy of 35 cents per bushel, effective May 23, 1921, marked the beginning of changed conditions in the trade. The Fordney-McCumber Act of 1922 retained a duty of 30 cents per bushel. On April 6, 1924, following the United States Tariff Commission's investigation of comparative Canadian and American costs, this tax was raised by presidential proclamation - under the flexible provision of the Fordney-McCumber law - to 42 cents. The latter rate remained in the Smoot-Hawley measure.

These restrictions - whose limited benefits have gone chiefly to farmers in Montana, Minnesota, and North Dakota - have caused a striking decline in the quantity of Canadian wheat imported for consumption in the United States. In the crop year 1923-24, for example, reports of merchant flour mills to the United States Bureau of the Census showed that of 486,000,000 bushels of wheat ground, about 2.8 per cent was the Canadian product intended for consumption of flour and mill feed, End the corresponding percentage of 483,000,000 bushels during the crop year 1925-26 was 0.36. (22) p.2. By 1928 less than one-tenth of one per cent of total wheat consumed in this country was imported; End since then the proportion has been even smaller.

- \* Occasionally small imports have resulted from seasonal situations. Thus in the crop year 1924-25 the Canadian crop of hard wheat was small and poor, while that in the United States was large and of excellent quality.
- \*\* This volume of Canadian wheat probably had a large relative influence on the quality of flour and on domestic wheat prices.

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Most of the wheat now imported is taken under an arrangement whereby it is exempt from duty when withdrawn from government bonded warehouses and converted into flour for re-export:

1	Imports for	•	Withdrawn for	
1	consumption		milling in bond	
:	(000 bushels)		(000 bushels)	
	21,698		2,190	
	10,561		10,426	
	8,930		9,988	
	6,896		9,480	
	1,288		10,459	
	452		15,430	
	21		11,154	
	223		19,767	
	26		13,736	
	20		19,947	
	42		15,628	
	8	<pre>1 Imports for consumption (000 bushels) 21,698 10,561 8,930 6,896 1,288 452 21 223 26 20 42</pre>	<pre>* Imports for * * consumption * * (000 bushels) * 21,698 10,561 8,930 6,896 1,288 452 21 223 26 20 42</pre>	1       Imports for       1       111111111111111111111111111111111111

Table XI - United States Imports of Canadian Wheat for Consumption and for Milling in Bond, 1921-1931\*

Milling of Dominion wheat at Buffalo, therefore, is practically confined to this diversion from the stream flowing to export. Such trade is likely to continue unless checked by Canadian restrictions e.g. export duties on grain or by withdrawal of milling-in-bond privileges, as it increases volume of mill operations and aids in maintaining flours in export markets.

Qualitative superiority of the Canadian crop will be utilized where economically possible. Wheat and its products probably will continue as the largest part of the group of grains, flour, and feeds purchased from Canada by the United States.

• On the other hand, the United States Tariff Commission estimated in 1924, that milling costs were lower in Canada than in the United States. If that is true the trend may be downward.

### (b) - Wheat Flour

However, in this relationship wheat flour appears to be losing significance. (Table X). In recent years its movement has all but ceased. As in the case of wheat, there have been certain qualitative differences that have resulted in American buying. Most of the imports for consumption have been taken by bakeries specializing in products that are best made from some strong patent flour, and to some extent the Canadian flour has been used for blending to produce certain brands.

Without tariff interference, United States imports of flour from Canada probably would have been considerably larger. When dutiable at 25 per cent from 1900 to 1913, they ranged from 391 barrels in the year ended June 30, 1902, to 158,286 barrels during the 12 months to June 30, 1912. For a corresponding period ended 1916 they totaled 329,577 barrels, dutiable at 45 cents per unit. Having free entry in 1920, their number in barrels reached a peak of 965,034, only to decline to 267,000 in 1923, following imposition of the Fordney-McCumber rate of 78 cents per hundredweight. Falling to 65,000 units in 1924, after presidential proclamation, effective April 6 of that year, had raised the duty to \$1.04 per hundredweight, they have continued to diminish under the same prohibitive levy. In 1931, their annual total of approximately 86 barrels was the smallest of the entire period studied.

Part of this decline has occurred contemporaneously with an increase of Canadian sales. In the crop year 1925-26, for example, exports of Dominion flour first exceeded those of the United States, But the latter remains far in the lead as a producer<sup>\*</sup>, and probably will continue to import only a minor part of its flour from Canada.

Thus in 1929, its output was approximately 120,040,000 barrels, as compared with Canada's 19,756,000 barrels.

### (c) - Wheat By-Product Feeds

On the other hand, purchases of the by-products obtained in flourmilling appear to have possibility of increase. Table X indicates that in recent years prior to the current depression they have constituted as much as one-fifth of the total value of Canadian grains, flour, and feels included in American imports.

A large part of the demand for mill feeds has come from the dairy industry. This huge enterprise ordinarily consumes more by-products than those resulting from domestic flour production.

There have been two sources of extra supply from Canadian wheat. Dominion mills are one, American mills handling bonded product are the other. Because Canada's production of mill feed is in excess of its domestic requirements, the resulting surplus must be exported at whatever price it will bring. Likewise, mills that grind wheat in bond have an excess product. About 30 per cent of the grain processed remains as offal. Despite the hindrance of a  $7\frac{1}{2}$  per cent duty, imports from the combined sources rose steadily from 141,000 tons in 1923 to 431,000 tons in 1930. During this period about 50 per cent of the purchased amount came from bonded mills.

With increasing domestic supplies, low prices, and a 10 per cent tariff since 1930, buying has been much reduced. In 1932 the United States imported a total of only 90,653 tons, But it appears, in view of the trade conditions outlined above, that this reduction may be only temporary.

 Mill feed obtained from wheat in bonded mills is dutiable when not re-exported.

United States imports of oats, like those of wheat, have come principally from Canada, But unlike the latter, they were of greatest relative significance prior to the war.

By 1911 the United States had become the world's leading producer of oats. Its acreage of the crop had increased from a yearly average of 30,953,000 during 1901-1905 to 38,703,000 in the quinquennium 1911-1915. Nevertheless, its production and consumption were subject to annual variations ranging from 100,000,000 to more than 400,000,000 bushels. Thus, in 1912 approximately 1,364,000,000 bushels were produced and consumed within the country, as compared with 922,000,000 bushels during the previous year.

In view of this changing market, one might have expected fairly large imports from the neighboring Canadian provinces, especially as the variation in domestic quantity taken was at times almost as large as the whole Dominion crop. Besides, exports from the latter were several times those of the United States between 1908 and 1914.

While American purchases of Canadian oats were relatively most significant before 1915, they exceeded 1,000,000 bushels in only three of the 15 years preceding that date. Between the years ended June 30, 1900, and 1908 they varied from 19,000 to 274,000 bushels. In the following 12 months, as a result of local crop shortages, they rose to 5,048,000 bushels. After declining to 97,000 units in a corresponding period ended 1911, their number expanded the next year to 2,609,000 and two years later reached a peak of 22,266,000.

Maintenance of a duty of 15 cents per bushel on United States imports of oats between 1897 and October 3, 1913 was virtually prohibitive, except in relation to a variable border trade arising from local shortages. The duty of 6 cents per bushel fixed by the Underwood Act was still higher

(d) - Oats
than the pre-war ocean freight charge to principal trans-atlantic markets. Tariff reduction then was not the chief cause of the record import occurring in the fiscal year 1914. A short domestic crop of oats and of other feedstuffs including corn, barley, and hay, appears to have been the principal influence affecting imports.

In the three fiscal years 1915-1917, war demands absorbed Canada's surplus of oats. United States imports of the latter dropped to an average of 659,000 bushels. A year later their amount was 2,591,000, and in 1920 it rose to 6,389,000 bushels. Although the quantity taken in 1923, under a duty of 15 cents per bushel, was only 282,000 bushels, it increased, with special local requirements, during the next year to 6,904,000 bushels. Since then it has ranged from 59,000 in 1932 to 576,000 in 1931. The 1931 amount, dutiable at 16 cents per bushel, was but 0.05 per cent of domestic production.

Except for varying trade in deficit areas conveniently situated with reference to Dominion supply, imports probably will continue small. The North Central States - leading grain and livestock producing region of the world - generally appear to have an advantage over the Prairie Provinces<sup>\*</sup> in supplying deficiency sections, and tariff restrictions probably will limit sales to eastern markets from the surplus-producing divisions of Ontario.

\* One of these, Saskatchewan, is Canada's lading producer of the crop.

Thile imports of oats have tended to decrease in relative significance among the items included in Table X, those of hay also have become relatively less important. Thus, from an annual average of 64.8 per cent of the total group's import value during the fiscal years ended 1900-1902, hay declined to a corresponding percentage of 2.9 for the period 1930-1932.

Before the war, large quantities of hay were needed in urban markets of the East. In the year 1910-11, for example, New York took 359,500 tons; Boston, 139,250; Philadelphia, 91,775; and Baltimore, 61,225<sup>(56)</sup>p. 184. Regardless of variation in domestic production, this demand remained comparatively uniform. And usually the crop of the Eastern States was insufficient to meet requirements.

In this situation Canada whose production of the crop was less than one-fifth that of the American, had a surplus of the timothy and clover demanded. Moreover, approximately three-fourths of its hay was produced in Ontario and Quebec. Such location favored its competition as a source of supply. For while in both the Dominion and the United States hay ordinarily ranked as the second most valuable crop, the former's surplus was closer to the eastern deficit area than was the latter's. By far the largest part of the American surplus was produced west of Columbus, Chio, whereas the Canadian encess was grown east of Toronto. Freight rates from Montreal to New York and Boston were considerably lower than from Columbus or from Chicago.

This national advantage in competition was partly offset by a tariff

This relationship can be judged from freight charges in 1920, when rates from Montreal to the cities were \$1.30 and \$2.80 per ton less than from Columbus, and \$4.20 and \$5.70 per ton less than from Chicago.

(e) - Hay

that was maintained at 4 per ton from 1897 to 1913, But with varying domestic supplies, the amount of Canadian hay taken in the United States ranged from 6,651 tons in the year ended June 30, 1909, to a peak of 698,378 tons three years later.

The 1912 figure resulted from a small crop. United States production of tame hay had fallen from 69,378,000 tons in 1910 to 54,916,000 tons in 1911. Likewise, the limited amount taken in 1909 followed a large domestic crop of 70,050,000 tons.

Between 1914 and 1920 the largest annual quantity imported was 408,148 tons in the 12 months ended June 30, 1918. Although the tariff act of October 3, 1913 had lowered the duty to  $\sqrt{2}$  per ton, war demands absorbed Canada's surplus and checked exports to the United States. In the three years ended June 30, 1915-1917 yearly American imports from Canada averaged only 40,000 tons.

By 1920 the Dominion remained the only competitor in domestic markets for hay. In addition to its natural advantages, it had the benefit of American quarantine regulations, which, designed to prevent the entry of infectious diseases of animals, prohibited imports from countries other than Canada, Mexico, and the United Kingdom by specifying that imports from such sources had to be disinfected on board conveyance at the owner's expense and stored in quarantine for three months.

Under a tariff of \$4 per unit between 1922 and 1930, United States purchases of Canadian hay varied from 5,000 tons in 1922 to 354,000 tons in 1926. The larger amount followed a decline in total domestic production between 1924 and 1925 from 92,478,000 to 78,608,000 tons, and the smaller importation occurred after tonnage grown at home rose from 83,529,000 in 1921 to 94,211,000 during the next year.

The trend continued downward after the Smoot-Hawley duty of 15 per ton became effective. In 1932 imports of 14,000 tons were less than 0.02 per cent of American production. Declining demand, as well as tariffs, have restricted the trade. Largely because of the substitution of mechanical for animal power, the estimated number of horses in the United States decreased from 20,092,000 to 13,684,000 between January 1, 1920 and 1930; So it appears likely that American imports of hay from Canada, except on occasion of crop shortage, will remain only a fraction of one per cent of domestic production.

## (f) - Others

It remains to note the changing movement of other items of the group presented in Table X. These include a number of miscellaneous items, such as oatmeal, oat hulls, corn, buckwheat, barley, rye, and by-product feeds other than those from wheat. In line with the general increase in importations of the latter, their trend seems to be moving slightly upward.

Imports of each constituent product have been quite small; and it is unnecessary to trace the movement in detail. However, one of the products, barley, deserves special mention.

Prior to 1890 malting barley was one of the chief United States imports from Canada. American maltsters, finding the product of Ontario and Quebec especially suited to their needs, purchased from 8,000,000 to 11,000,000 bushels annually, but after that year, when the duty was raised from 10 to 30 cents per bushel, the trade practically disappeared. In the 12 months ended June 30, 1900 Canadian sales across the border amounted to only 189,757 bushels. Six years later this total was 18,049 bushels.

Recently, however, barley, entering as malt, has been gaining significance in the trade. Thereas the United States for many years previously had imported no barley malt from Canada, it took 93,491 bushels in 1930, and in 1931 its imports of 1,143,559 bushels from the Dominion were equivalent to nearly 7 per cent of its domestic consumption.

The increase occurring under an unchanged tariff of 40 cents per hundredweight, appears to have resulted partly from growth of demand for malt sirup and extracts. Part of it also may have followed reduction of the United States crop of barley from 304,601,000 bushels in 1930 to 198,965,000 bushels in 1931.

In these circumstances future direction of the trade in barley remains quite uncertain. Possibly the American repeal of prohibition will cause it to move in an ascending trend.

### Seeds

While imports of the various products outlined thus far continued as the largest part of American expenditures for Canadian crop exports, those of the second group presented in Table IX, declined in relative importance. However, this downward movement did not appear until after 1915. Between the years ended June 30, 1900 and 1910, imports of seeds rose from 2.5 to 46.4 per cent of the value of crop products purchased from Canada by the United States. Five years later this percentage reached a peak of 67.8. Thereafter, it declined to 20.4 in 1919, 9.3 in 1929, and 4.5 in 1932. Flaxseed has been the largest constituent of the group:

Most of the imports were taken in New York and Chicago from Toronto and Winnipeg.

<sup>\*\*</sup> Evidence of increase is the rise in value of malt sirup and extracts produced in the United States from \$19,439,000 to \$36,946,000 between 1925 and 1929.

Period**	: Flax	seed	Clover, and timo	alfalfa, thy seed**'	t Othe	ers :	Total
	: (000)	: % :	(000)	2 %	<b>:(</b> 000) <b>:</b>	7 8	(000)
	<b>.</b>		4 4		Ŷ		- <u>-</u>
1900-1902	2	1.0	-	-	198	99.0	200
1903-1905	81	23.5		-	264	76.5	345
1905-1908	7	1.2	-	-	566	98.8	573
1909-1911	2,834	78.1	600	16 <b>.5</b>	194	5.4	3,628
1912-1914	8,119	91.6	579	6.6	161	1.8	8,859
1915-1917	10,439	95.0	404	3.7	141	1.3	10,984
1918-1920	6,731	72.2	2,194	23.5	402	4.3	9,327
1921-1923	5,570	73.2	1,525	20.1	512	6.7	7,607
1924-1926	8,914	<b>75.5</b>	2,074	17.6	820	6.9	11,808
1927-1929	4,050	64.9	1,680	26 <b>.9</b>	514	8.2	6,244
1930-1932	1,168	<b>7</b> 6•8	185	12.2	168	11.0	1,521

Table XII - Average Annual Values of Canadian Seeds Imported by the United States, 1900-1932\*

Compiled from Foreign Commerce and Navigation of the United States

\*\* Years ended June 30, 1900-1917; calendar years, 1918-1932.

\*\*\* Included in Others prior to 1909.

## (a) - Flaxseed

As the source of linseed oil, flaxseed has had a large American market. For This oil, usually constituting from 30 to 35 per cent of the seed, is used in a number of industries. Superior for drying qualities, about 65 per cent of its production in the United States is used in paints and varnishes. The remainder goes into such varied products as linoleum, waterproofing materials, rubber substitutes, soap and printers' ink.

While demand in these uses has expanded, American production of the oil-bearing seed has lagged relatively. Prior to 1909 yearly production of flaxseed in the United States normally exceeded domestic requirements and made a fairly large surplus available for export. For example, in the fiscal years ended June 30, 1902 and 1907 the country sent out 3,874,000 and 6,636,000 bushels, respectively, whereas its imports for corresponding periods were 477,000 and 90,000 bushels, But two years later its exports had fallen to 883,000 bushels as compared with 594,000 units imported, find in the next 12 months it exported only 65,000 bushels while buying \*. Moreover, the by-products, linseed cake and linseed mon1, have been in 5,002,000.

In fact, the United States harvested most of its largest crops of flaxseed in the decade preceding 1909. During that period production averaged about 25,000,000 bushels but declined from a peak of some 29,000,000 bushels. Between 1902 and 1909 estimated American acreage fell from 3,740,000 to 2,083,000.

This changing production resulted partly from inherent characteristics of the flax plant. The latter had moved with the frontier as a favorite crop on newly broken sod, especially in wheat producing areas, where a good wheat crop could not be had on such land until the second year. It was also used in the spring wheat section as a catch crop on fields prepared too late for grain. To some extent, then, its use was either antecedent or supplementary to wheat production. Moreover, expansion of its yield was checked by wilt that resulted from soil becoming infested with parasitic diseases following continuous cropping.

Contemporaneously, by 1909 Canada was just beginning to appear as a large source of supply. Opening of new lands in Manitoba, Saskatchewan, and Alberta brought remarkable increase in production thereafter. Between 1908 and 1911 Canadian acreage of flaxseed rose from 139,300 to 878,900, End only one year later a crop of 26,130,000 bushels on 2,021,900 acres was by far the largest ever harvested in the Dominion.

While increasing in size, the northern crop remained conveniently situated with reference to United States markets. Approximately 99 per cent of the record production of 1912 was in the Prairie Provinces, and 88 per cent of it was in Saskatchewan alone. It had access, therefore, to the land-and-water route from Winnipeg to Fort William and Port Authur down the Lakes to Buffalo.

Under the conditions described above, American imports of Canadian flaxseed expanded rapidly. Amounting to only 370 and 7,000 bushels in the years ended June 30, 1900 and 1908, respectively, they rose during annual fiscal periods beginning July 1, 1908 and 1909 to 479,000 and 1,410,000 bushels. In the same units, their consecutive numbers for the next three years were 2,251,000: 3,511,000: and 4,732,000. Trade of the ensuing 12 months resulted in their highest yearly total of 8,647,000 bushels. This peak was reached partly because of reduced supplies from Argentina. After 1910 Canada's surplus had not been sufficient to meet the deficiency in the United States. In the 12 months ended June 30, of that year, some 3,209,000 bushels of flaxseed imported by American purchasers came from the heavy clay loam soils of the Parana River Valley, and in the following year 5,021,000 bushels in the trade had similar origin. However, in the two succeeding years corresponding totals declined to 1,211,000 and 429,000; while the next 12 months brought disappearance of such imports.

Temporarily, Canada became almost the sole source of flaxseed imported by the United States, But although moving about 80 per cent of its average crop southward across the border, it decreased in relative significance as a source of supply between 1914 and 1920. In the fiscal year 1915 resumption of American importation from Argentina caused a movement of 3,928,000 bushels, as compared with 6,630,000 from Canada. A year later the relative quantities taken were 11,468,000 and 3,095,000.

During the war period the Canadian crop decreased greatly. Competition of wheat and, to some extent, declining yields from repeated cropping reduced Dominion acreage of flaxseed from 2,021,900 in 1912 to 1,084,000 in 1914 and to 463,000 in 1915. While five years later this total was 1,428,000, its production was but 7,998,000 bushels as compared with the record crop of 26,130,000 bushels in 1912. Argentina continued as the leading source of flaxseed imports for the United States after 1920. In the ten years 1918-1927 it supplied about five times the amount entering from Canada. And American imports of Argentina seed in 1927 amounted to 19,366,000 bushels as against 2,411,000 bushels from the northern provinces. Corresponding quantities in 1932 were 7,400,000 and 519,000.

Canadian acreage of flaxseed has remained relatively small during the past decade, declining from 1,277,000 in 1924 to 453,700 in 1932. It is this reduction that has been the principal factor in causing downward trend in Canada's sales of the product to the United States.

Tariff restrictions in most of the period seem to have had limited influence on the trade. A rate of 25 cents per bushel was kept in effect by the acts of 1897 and 1909. Reduced to 20 cents by the Underwood measure, it was raised again to 30 cents in 1921, and to 40 cents in 1922. By presidential proclamation, effective June, 1929, it became 56 cents. And in the act of 1930 it reached a high point of 65 cents, But at least until 1929 the duty was more a source of revenue than a protective measure. The United States, being dependent on foreign sources for about one-half of its flaxseed requirements by 1914, continued to import large quantities - more than five times as much in 1927 as in 1910.

Moreover, effects of the tariff have been partly offset by drawback provisions. Under the act of 1922 producers of goods made from flaxseed were entitled to a drawback equivalent to 99 per cent of the duty paid on seed used in making the exported product, provided that all of the products thus obtained were exported. In following years refund of duty ranged from 18 to 25 per cent of that collected.<sup>(63)</sup> p. 43.

 In the period 1923-1927 Argentina furnished 45.9 per cent of the world's production of flaxseed.

Future of the trade remains quite uncertain. It may be that the higher rates of 1929 and 1930 will encourage production in the concentrated flax area of Linnesota, the Dakotas, and northeastern Lontana. With the introduction of wilt-resisting varieties after 1913, the American crop has tended to increase. Between 1919 and 1929 its acreage rose from 1,293,000 to 3,047,000. Whether its increase to 3,732,000 acres in the next year was influenced by tariff provisions is difficult to judge, but the fact remains that in 1931 this acreage fell to 2,313,000.

Likewise, the decline in total American imports from 24,243,000 to 12,662,000 bushels between 1929 and 1930 may have been affected by higher rate levies, as perhaps was that from 14,480,000 to 7,919,000 bushels in the two years following. However, loss of markets for linseed oil through slump of building activity was the principal retarding influence.

It is possible that with business recovery Buffalo and other large markets will require as much of Canada's diminishing surplus of flaxseed as that country can send.

### (b) - Clover, Alfalfa, and Timothy Seed

Less significant than the movement of flaxseed, but important, nevertheless, American imports of hay seeds from the Dominion have served to supplement domestic supply. In this relationship, their volume has varied with the size of the crop at home. Such fluctuation is especially noticeable in imports that had free entry prior to 1922. Thus, between the fiscal years ended June 30, 1907 and 1910 these purchases of Canadian seed in the United States changed from 1,742,000 to 3,711,000 pounds. Amounting to 9,751,000 pounds in the next 12 months, they dropped two years later to 2,887,000, and after falling from 10,870,000 units in 1919 to 4,379,000 in 1920, they rose to 13,145,000 during the following year.

\* After 1912 Buffalo took about one-half of the Canadian flaxsed imported by the United States, while increasing amounts went to Chicago, and some to Duluth and the lake ports of Chica

Despite imposition in 1922 of duties ranging from one cent to four cents per unit, their peak was reached in 1925 with 19,466,000 pounds. This number decreased to 9,975,000 during the second year thereafter, But following an increase of 100 per cent in duties by the act of 1930, imports in 1931 and 1932 totaled only 274,000 and 273,000 pounds, respectively.

Most of the seed purchased has been alsike. Thus, of the 1925 record quantity, approximately 59 per cent was the fine clover. There has been special demand for its use under conditions where red clover fails. However, its importation ceased in 1932 under a duty of 8 cents per pound.

Variable in quantity, alfalfa has at times been a significant variety imported. In 1925 it was nearly 12 per cent of the total volume of hay seeds and in 1927 its percentage share was .35, but in 1929 it was little more than one per cent of the aggregate. Its importation, as that of alsike, probably will continue very small as long as a duty of 8 cents per pound remains in force.

Seed of timothy, the most important hay grass in the United States, has had irregular movement. Except for a negligible border trade under a duty of 2 cents per pound, it has almost disappeared as an American inport from Canada.

 Domestic production of alsike has had wide variation, For examples, from 43,000,000 pounds in 1929 to 21,300,000 pounds in 1931.

## (c) - Other Seeds

Relatively small quantities of several varieties have constituted the remaining imports of Canadian seeds taken in the United States. Of these, the principal kinds have been grass, turnip, and sugar-beet.

Considerable fluctuation is observed in the purchases of grass seed. In 1925 the amount taken from the Dominion was 676,000 pounds. Two years later this total was 1,356,000, but by 1930 it had fallen to 853,000 and in 1932 was only 328,000.

Canadian bluegrass has been the leading grass seed imported. In 1929, for example, it included 912,000 of 1,070,000 pounds entering the United States from Canada. Withstanding drought, cold, and wet soils, its plant has been in demand to some extent as a pasture and lawn grass on infertile land in the Northeastern States. However, following increase of duty from two cents to five cents per pound, only 293,000 pounds entered the trade in 1932.

Likewise imports of turnip seed have declined in significance. From 323,000 pounds in 1925 they increased one year later to 814,000 pounds but fell to 207,000 in 1929 and to 81,000 in 1932. The latter change occurred after raising of tariff charge from four to five cents per pound.

A similar movement occurred in buying of sugar-beet seed. American imports from Canada amounted to 996,000 pounds in 1918. Seven years later the quantity was 143,000, and although rising to 475,000 in 1929, it dropped to 348 in 1932; yet in contrast to that of other seed imports, the decrease appeared under duty-free entry for the product.

\* Germany is a principal source of American imports of this seed.

#### Potatoes, Beans, and Peas

Thile United States imports of seeds from Canada have tended to decline in relative significance among the crop products purchased, those of the third group shown in Table IX appear in recent years to have become a larger part. Most of this gain has been in potatoes.

Table XIII - Average Annual Values of Potatoes, Dried Beans, and Dried Peas Imported from Canada by the United States, 1900-1932.\*

Period**	: Potat : (000)	: :005 2 : % 3	Bean (000) :	s dj	: Dried Pea : (000) :	as : *** *** ***	Total (000)
	្ន		Ş		Ŷ		\$
1900-1902	143	27.4	379	72.6	-	-	522
<b>1903-1905</b>	288	50 <b>•7</b>	<b>280</b>	49.3	-	-	<b>5</b> 68
1906-1908	71	26.9	193	73.1	-	-	264
<b>1</b> 90 <b>9-1911</b>	198	69 <b>.</b> 5	87	30.5		-	285
1912-1914	210	41.9	16	3.2	275	54.9	501
1915-1917	1,399	<b>75</b> •9	72	3.9	372	20.2	1,843
1918-1920	5,883	83.4	68 <b>2</b>	9.7	490	6 <b>• 9</b>	7,055
1921-1923	919	62.8	127	8.7	418	28.5	1,464
1924-1926	3,523	86 <b>.2</b>	104	2.5	462	11.3	4,089
1927-1929	3,596	86.0	401	9.6	183	4.4	4,180
1930-1932	2,630	93.8	102	5.6	73	2.6	2,805

Compiled from Foreign Commerce and Navigation of the United States.

\*\* Years ended June 30, 1900-1917; calendar years, 1918-1932.

\*\*\* Grouped with beans until 1912.

## (a) - Potatoes

Several factors have influenced demand in the United States for Canadian potatoes. Short domestic crops, localized deficit areas, desirable seed qualities, and reduced foreign supplies have affected the trade. Besides, factors of location have made Canada a convenient source of supply. The bulk of the Dominion's crop is grown in its eastern provinces. Extensive producing areas in New Brunswick, Quebec, and Untario, adjacent to similar sections in Maine and New York, have freight rates to large eastern markets that compare favorably with those from centers of American production.

\* Usually most of the Canadian potatoes purchased in the United States have moved by rail through Maine and New Hampshire customs districts.

In pre-war years development of this buying was limited somewhat by a tariff that was kept at 25 cents per bushel. Moreover, European competition was especially strong. Under these conditions, quantities brought in from the Dominion changed from 46,000 bushels during the year ended June 30, 1900 to 1,584,000 in the fiscal year 1905, and to 11,000 twoesyears later. and in a similar period for 1912, while 12,630,000 bushels were purchased from the United Kingdom to supplement a short domestic crop, only 143,000 were taken from Canada. "However, a reverse situation began to appear after 1913. In the latter part of that year the Secretary of Agriculture, under authority previously given, imposed a quarantine against potatoes from the largest producing countries of Lurope. The regulation, designed to reduce danger of importing potato-wart disease, at first applied also to Canada and Bermuda; but it was removed from the two areas on July 1, 1917, thereby offering them an indirect preference. Furthermore, by the Underwood act of October 3, 1913, potatoes were given free entry when such treatment was allowed the American product, and the general rate was changed to 10 per cent (about four to eight cents at pre-war prices). On November 7, 1918, chiefly to aid in marketing a crop some 30,000,000 bushels larger than that of any previous year, the Dominion availed itself of the reciprocal free trade offered, by removing its own general tariff levy of 20 cents per bushel.

In the fiscal year 1914, during 9 months of which the Underwood Act was in force, 1,026,000 bushels of Canadian potatoes were purchased by the United States, whereas the corresponding quantity for 1913 had been only 119,000 bushels. Because of short crops in Canada during the two following years, such annual amounts declined to 211,000 and 188,000, But their next successive totals were 3,031,000 and 1,171,000.

As a result of war conditions and the opening of markets across the border, the Dominion's acreage of potatoes in 1918 was 736,000, in contrast to 473,000 in 1916. and one year later it reached a peak of nearly 819,000. Concurrently, the Canadian crop became about one-third that of the United States as against one-fifth in pre-war years.

This expanding production was the source of imports of 5,307,000 bushels into the United States during 1919, when the domestic crop of 298,975,000 bushels was approximately 113,000,000 less than that of the previous year, and in 1920 it supplied a total of 5,049,000.

After restoration of a duty of 25 cents per bushel by the emergency act of 1921, and its increase to 50 cents per hundredweight the following year, American imports of potatoes from Canada in 1922 fell to 1,656,000 bushels. Totaling but 333,000 bushels in 1924, they rose to 2,308,000 in 1925, and to a record of 5,327,000 for 1926. Demand for seed potatoes and for the food product in nearby markets of the United States continuing, their amount in 1927 was 5,009,000. Remaining at 4,440,000 in 1931, despite a tariff of 75 cents per hundredweight, they dropped abruptly in 1932 to 657,000 bushels.

Apparently, the high tariff of the 1930 act will cause considerable fluctuation in this volume of imports. Unless demand for such special uses as seed remains quite strong, it is likely that the heavy duty will cause substitution of domestic for Canadian supply.

Further likelihood of such displacement appears in the relative crop stability of the two countries. Whereas between 1919 and 1931 acreage of potatoes in the United States changed from 3,295,000 to 3,382,000, that in Canada fell from 819,000 to 584,000.

Only in the early pre-war years were American imports of potatoes from the Dominion less valuable than those of the other products listed in Table VII. Beans and peas usually have been a very minor part of the total purchases. A small Canadian production of beans, centering in Cntario, has been the basis of a limited border trade with the United States.

Dutiable at 45 cents per unit in the year ended June 30, 1912, only 4,000 bushels were sent from Canada to purchasers across the border. Under a tariff of 25 cents per bushel after 1913, this quantity remained slight until 1918, when it amounted to 90,000 bushels.

Exceptionally high prices had stimulated production in Canada. Dominion acreage in beans rose from 32,500 in 1916 to 92,000 in 1917, and to a peak of nearly 229,000 in 1918. With this increase, United States imports of the product reached their highest annual figure in 1919, a total of 350,000 bushels, But in 1921 acreage in the northern provinces declined to 62,000. At the same time, the emergency tariff of two cents per pound contributed to a fall of annual importation to 6,000 bushels.

After the duty was kept at 1-3/4 cents per pound by the act of 1922, the volume of trade remained small. In 1927 the quantity bought from Canada was approximately 12,800 bushels. Its largest yearly amount under the duty was 156,100 bushels in 1928. Between 1930 and 1931, following increase of duty to 3 cents per pound, imports fell from 102,100 to 36,300 bushels. Concurrently, Canadian acreage declined from 98,700 to 81,000. In 1932 it fell further to 66,600, and American imports from the Dominion were but 7,900 bushels. By that time the trade appeared to have been almost wiped out by tariff and low prices.

\* In 1930 Canada had only 98,700 acres of beans as compared with 2,091,000 in the United States. Corresponding yields of that year were 1,438,600 and

Until recent years United States imports of dried peas from Canada averaged somewhat larger than those of beans, But like the latter, they have been small relative to domestic production.

In the fiscal year 1912 they amounted to 260,000 bushels. Although tariff rates had been lowered from 25 cents and 40 cents to 10 cents per unit by the Underwood Act, their annual total decreased to 201,000 bushels in 1919. Three years later, under a duty of one cent per pound, their quantity was 131,900 bushels. It rose to 217,500 in 1925, but declined steadily thereafter to 36,700 in 1929. These reduced amounts after 1912 were partly the result of a decline in Canadian acreage from 295,000 in 1911 to 125,000 eighteen years afterward.

With their tariff increased to 1-3/4 cents per pound by the act of 1930, such imports continued on low trend to 48,400 bushels in 1932.

#### Miscellaneous Vogetables

American purchases of other vegetable products from Canada also have been relatively small in the total import trade. Whereas total Canadian exports of fruits and vegetables to the United States before 1930 amounted to between  $\frac{1}{2}$ ,000,000 and  $\frac{1}{3}$ ,000,000 annually, in the other direction corresponding importations of vegetables were some  $\frac{1}{2}$ ,000,000, and of fruits, approximately  $\frac{1}{3}$ 30,000,000. Recently turnips have been the most important single item in this group:

\* In 1929 Canada's average in peas was 125,200 as compared with 1,031,000 of the United States. Production from the former was 1,979,000 bushels, and from the latter, 6,555,000 bushels.

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Period	* * Turni * (000) *	ps*** %	: Others : natura: : (000) :	in L state	:Others p :or prese : (000) :	repared rved	: : Total : (000)
	\$		\$		\$		\$
1900-1902	-		147	<b>78.6</b>	40	21.4	187
1903-1905	-	-	184	93.4	13	6.6	197
1906-1908	-		226	97.4	6	2.6	232
1909-1911	-		575	95 <b>.5</b>	27	4.5	602
1912-1914		-	346	96 <b>. 9</b>	11	3.1	357
1915-1917		-	774	85.1	136	14.9	910
1918-1920	-		889	85•4	152	14.6	1,041
1921-1923	-	-	731	79.6	187	20.3	918
1924-1926	6 <b>75</b>	55.6	454	37.5	84	6•9	1,213
1927-1929	<b>7</b> 98	47.6	611	36.5	267	15.9	1,676
1930-1932	59 <b>2</b>	57.9	274	26.8	156	15.3	1,022

Table XIV - Average Annual Values of Miscellaneous Vegetable Products Included in American Imports From Canada, 1900-1932\*

Compiled from Foreign Commerce and Navigation of the United States.
Years ended June 30, 1900-1917; calendar years 1918-1932.

\*\*\* Included in Others in Natural State prior to 1924.

## (a) - Turnips

With its principal production of turnips in Ontario, Canada has been well situated to supply large markets across the border. Moreover, the Canadian product has won demand for its quality. This demand resulted in a peak importation of 153,733,000 pounds in 1925. While its duty remained unchanged at 12 cents per hundredweight, the quantity taken during the next year fell to 96,400,000. After rising to 150,196,000 pounds in 1928, it dropped to 118,671,000 in 1930. In 1932, following tariff increase to 25 cents per hundredweight, it was 95,207,000 pounds.

Variation in the movement probably will continue, But it is likely that demand will remain quite inelastic for amounts at least as large as that taken in 1932.

#### (b) - Other Vegetables in Natural State

Trade in the other groups classified in Table XIV, usually has been seasonal and somewhat local in character, and it has included a large number of items.

The limited movement has resulted partly from special demand, and partly from supplementary use of northern crops where domestic supplies have matured earlier or have been insufficient. An example of special demand is that for sugar beets. Imports have been limited to purchases by factories near the international border, and have fluctuated with sugar prices and acreage requirements of the plants concerned. Like others of the group, they have been relatively small. From a high point of approximately 75,800 tons in 1927, their quantity decreased to 10,235 tons in 1932. <sup>#</sup>Since 1930, under increased tariff restrictions and continuing business inactivity, purchases of the several items have been reduced. It seems probable, however, that because of its diversified nature, the trade will gradually increase.

## (c) - Other Vegetables Prepared or Preserved

Ordinarily, American imports of prepared vegetables from Canada have constituted but a small movement to points near the common boundary. Only once in the entire period examined did the value of these purchases exceed 0500,000. That occasion was in 1929, when of total expenditures of 0672,000, those for canned tomatoes were 0621,000. Incommuch as the latter were only 028,000 and 036,000 in the years immediately preceding and following, they appear to have resulted largely in anticipation of a duty increased from 15 to 50 per cent by the act of 1930.

62,

#### Fruits and Huts

Quite similar in value to imports of miscellaneous vegetables have been those of fruits and nuts. At times, however, they have been considerably larger. In the past several years their chief constituents have been apples and berries:

Table XV - Average Annual Values of Fruits and Nuts Bought by American Importers from Canada, 1900-1932\*

**	:		3		:		:Prepare	ed or	1		:
Period	: Fresh	***	Apples	****	3errie:	9 <b>****</b>	preserv	red	: Nut	ts	: Total
	:(000):	<i>i</i> ]	(000):	%	:(000):	e lo	:(000):	đ	:(000):	0	: (000)
	4		¥		Ş		Ŷ		¥		ş
1900-1902	255	89 <b>.2</b>		-	-	***	28	9.8	3	1.0	<b>2</b> 86
1903-1905	193	86.5	-	-			26	11.7	4	1.8	223
1906-1908	303	95 <b>. 3</b>	-		-	-	9	2.8	6	1.9	318
1909-1911	214	93.0	-	-		-	11	4.8	5	2.2	230
1912-1914	183	88.4		-			12	5.8	12	5.8	207
1915-1917	179	88.3			-		26	12.1	10	4.6	215
1918-1920	941	66.7		-		-	94	6.7	375	26.6	1,410
1921-1923	1,769	90.1			-		81	4.1	113	5.8	1,963
1924-1926	223	23.0	152	15.7	433	44.6	; -	-	162	16.7	970
1927-1929	135	12.1	328	29.5	370	33.2	-		280	25.2	1,113
1930-1932	114	18.3	155	24.8	299	48.1			55	8.8	622

Compiled from Foreign Commerce and Navigation of the United States
Years ended June 30, 1900-1917; calendar years 1918-1932.
Includes Prepared or Preserved after 1924

\*\*\*\* Included in Fresh prior to 1924.

## (a) - Apples

Imports of apples have resulted largely from border trade or from demand for special varieties. Their total has been quite insignificant relative to domestic production. Thus, in 1929 when 126,433,000 bushels were produced at home, 265,000 bushels were purchased from the Dominion, and in 1931 the United States exported 519,000 bushels to Canadian markets while purchasing 36,000 therefrom. With apples its most important fruit, Canada has supplied variable amounts to points along the border. Home of the McIntosh and

Canadian production in 1929 was 3,870,380 barrels.

Fameuse or Snow varieties, and noted for the delicious Gravenstein of Nova Scotia's Annapolis Valley, it has offered desirable products.

American imports reached one of their highest yearly figures in the year ended June 30, 1920, when approximately 708,000 bushels of Canadian apples entered the country. This quantity followed a short domestic crop of 1919.

In 1924, after change in duty from 10 cents to 25 cents per bushel, these purchases totaled 93,000 bushels. Falling to 53,000 in 1926, they increased to 265,000 in 1929 after a decline in domestic production. Under the same tariff in 1932 they were but 54,300 bushels.

# (b) - Berries

While apples continue to move in irregular volume southward across the border, berries likewise vary considerably in the trade. A large part of this group consists of strawberries and blueberries. The former enter American markets in periods beyond the normal season for domestic supply. The latter - which included about 50 per cent of the total group during 1931 and 1932 - also supplement production in the United States.

Dutiable at 1-1/4 cents per pound, these imports have been shifting in quantity. Amounting to 5,640,000 pounds in 1925, they fell to 5,262,000 in 1928, rose to 6,835,000 in 1930, and two years later were but 2,463,000.

### (c) - Other Fruits

American imports of other fruits from Canada usually have resulted from a limited border movement, and have varied with local needs. For example, purchases of fresh cherries, totaling 345,500 pounds in 1929,

\* The total crop for that year was 135,561,000 bushels as compared with 173,632,000 in 1918 and 223,677,000 in 1920. Whereas the Canadian crop was slightly in excess of that of New York State in 1919, it was about 36 per cent as large in the year following.

were but 31,000 pounds in 1931. Small at best, the group seems to have no significant trend.

Similarly, imports of nuts have been a very minor part of the trade. Walnuts have been the largest item, including 71.5 per cent of \$172,000 spent in 1922, and 91.5 per cent of \$71,000 in 1931.

#### Miscellaneous Grop Products

Of the remaining crop products imported by the United States from Canada, maple sugar and sirup have been far in the lead!

* Period** :	inapl and (000)	e Sugar sirup***	1	(000)	Other	1 1 2 1	Total (000)	
	Ç.			<u>ç</u>			¥	
1900-1902	-	-		245	100.	0	245	
1903-1905	-	-		242	100.	0	242	
1906-1908	-			175	100.	, C	175	
1909-1911				139	100.	.0	139	
1912-1914	-	-		143	100.	0	143	
1915-1917	226	6 <b>4.8</b>		123	35.	2	349	
1918-1920	1,320	38 <b>.</b> 9		2,073	61.	1	3,393	
1921-1923	402	72.6		152	27.	4	554	
1924-1926	614	85.0		108	15.	0	722	
1927-1929	1,635	99 <b>.1</b>		15		9	1,650	
1930-1932	819	99 <b>.</b> 2		7	•	8	826	

Table XVI - Average Annual Values of Liscellaneous Crop Products Imported from Canada by the United States, 1900-1932\*

Compiled from Foreign Commerce, and Navigation of the United States
\*\* Years ended June 30, 1900-1917; calendar years 1918-1932.

\*\*\* Included in Other prior to 1915.

### (a) - Maple Sugar and Sirup

As the source of nearly the entire world supply of maple sugar and sirup, Canada and the United States have a large bilateral trade in these products. The movement is principally to American markets, where a variety of uses render domestic supply insufficient to meet requirements. Besides arising from direct consumption, such demand accompanies

manufacture of blended sirups, candy and other confections, and cigarette and chewing tobacco.

Canada has been well situated to supply the amounts needed. Production of maple sugar and sirup is one of its oldest native industries.<sup>\*</sup> Modernization and extension of methods learned from the original Indian occupants give it an output which at times has exceeded that of the United States.<sup>\*\*</sup>

The trade centers in New England. About 70 per cent of the Dominion's maple sap products are made in the province of Quebec, and approximately that percentage of the American production comes from the states of Vermont and New York. In this relationship St. Johnsbury, Vermont, is the largest wholesale market of the United States for both domestic and imported maple sugar produced on farms.

There has been much variation in the quantity purchased. From a total of 3,928,000 pounds in 1919, dutiable at three cents per unit, it rose, under discounted Canadian exchange, to 8,335,000 in 1920. Although falling to 1,906,000 during depressed conditions of the next year, its number of pounds totaled 4,802,000 in 1925, and 12 months later was 6,700,000. After reduction in domestic output, this figure reached a peak of 13,284,000 in 1929. Following increased American production, and change of tariff from four cents to  $5\frac{1}{2}$  and eight cents per pound, it dropped to 7,355,000 in 1930. With continuation of business depression it declined to 2,697,000 in 1931, but rose to 3,410,000 during 1932.

- Journals of early explorers referred to use of maples in the St. Lawrence River Valley as far back as 1673.
- \*\* During 1928 and 1929, for example, Canadian production, stated in terms of sugar, amounted to 27,291,000 and 29,092,000 pounds, respectively, as compared with 26,373,000 and 20,112,000 for the United States, But in 1930 corresponding quantities were 25,691,000 and 31,510,000.

Before 1930 most of the imports were of sugar. Thus, during 1923-1926 purchases from Canada supplied about 46 per cent of the estimated consumption of maple sugar in the United States, but less than 0.5 per cent that of maple sirup. This difference was influenced by the tariff of 4 cents per pound, which, being the same absolute amount on both, was relatively heavier on sirup.

A slight opposite tendency has since appeared. The act of 1930 placed a duty of eight cents per pound on maple sugar and  $5\frac{1}{2}$  cents per pound on the other maple derivative. These rates, reduced by presidential proclamation, effective March 7, 1931, to six cents and four cents, respectively, remained such as to cause imports of the first mentioned product to decline relatively more than those of the second.

However, maple sugar is still by far the more significant import, and it probably will continue in this position as demand returns in better times.

#### (b) - Other Crop Products

Throughout most of the period covered United States imports of other crop products from Canada have been insignificant. A sizeable increase occurred in purchases of flax fiber between 1917 and 1920, when annual Canadian production had risen from 2,800,000 to 7,440,000 pounds, But because of the large amount of labor required in preparing the textile raw material, its production in the Dominion declined thereafter, amounting to only 25,000 pounds in 1931. Trend of this group remains, therefore, on very low level.

 In 1932 total United States imports of maple sirup were valued at \$5,000, whereas those of maple sugar amounted to \$466,000.

#### CHAPTER V

#### Imports of Animal Products

As stated previously, United States imports of Canadian crop products have tended to increase relative to those derived from animals. This downward movement of the latter has included several groups:

Table XVII - Average Annual Values of Constituent Groups of Animal Products Imported from Canada by the United States, 1900-1932\*

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**	: Live	:	Hides	and :	Lieat	1	Duiry	1	Misce	ellan	8
Period	: anime	ls :	skins	1	produc	cts a	produc	cts :	eous	1	Total
	:(000):	: % :	(000)	: % :	(000)	1 %	(000)	: % :	(000)	: % 1	(000)
	<b>S</b>		÷.		Ŷ		\$		\$		Ş
1900-1902	2,580	54.2	1,580	33.2	<b>65</b>	1.4	28	•6	504	10.6	4,757
1903-1905	1,677	37.3	2,150	47.8	93	2.1	53	1.2	525	11.6	4,498
1906-1908	1,856	30.7	3,423	56.7	93	1.5	45	•8	622	10.3	6,039
1909-1911	1,398	17.8	4,666	59 <b>.5</b>	140	1.8	969	12.3	675	8.6	7,848
1912-1914	4,415	29.2	7,231	47.8	1,060	7.0	1,521	10.0	90 <b>7</b>	6.0	15,134
1915-1917	11,867	42.6	7,274	26.1	3,165	11.3	2,274	8.1	3,312	11.9	27,892
1918-1920	35,525	50.6	11,763	16.8	8,692	12.4	8,036	11.4	6,143	8.8	70,159
1921-1923	6,543	25.0	5,290	20.2	4,943	18.9	7,011	26.8	2,373	9.1	26,160
1924-1926	8,147	23.7	6,464	18.8	5,418	15.8	10,969	31.9	3,368	9.8	34,366
1927-1929	16,600	33.1	9,371	18.7	11,103	22.2	9,727	19.4	3,310	6.6	50,111
1930-1932	1,967	22.3	2,203	24.9	1,922	21.7	1,696	19.2	1,048	11.9	8,83 <b>L</b>
1921-1923 1924-1926 1927-1929 1930-1932	6,543 8,147 16,600 1,967	25.0 23.7 33.1 22.3	5,290 6,464 9,371 2,203	20.2 18.8 18.7 24.9	4,943 5,418 11,103 1,922	18.9 15.8 22.2 21.7	7,011 10,969 9,727 1,696	26.8 31.9 19.4 19.2	2,373 3,368 3,310 1,048	9.1 9.8 6.6 11.9	26,16 34,36 50,11 8,83

\* Compiled from Foreign Commerce and Navigation of the United States \*\* Years ended June 30, 1900-1917; calendar years, 1918-1932.

Figure 4 shows the varying inter-relationships of these classes. Between 1903 and 1914 hides and skins were relatively most valuable in the trade. Dairy products occupied this position from 1923 to 1926, and in most other years live animals were the leading group.

Likewise, there has been considerable instability within each class. Discussion of the movement, therefore, may well proceed in terms of individual items.

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#### Live Animals

### The first division shown in Table XVII, has moved as follows.

Period**	5 2 Catt 2 (000)	: : %	: Hor :(000):	ses %	2 5 5 5 1 5 1 5 1 5 1 1 1 1 1 1 1 1 1 1 1 1 1	ep : 🌮	z Oth z (000)	er s	: : Total : (000)
	្ទ						¥		Ş
1900-1902	983	38.1	338	13.1	1,164	45.1	95	3.7	2,580
1903-1905	195	11.6	429	25.6	830	49.5	223	13.3	1,677
1906-1908	270	14.5	441	23.8	1,022	55.1	123	6.6	1,856
1909-1911	173	12.4	609	43.6	481	34.4	135	9.6	1,398
1912-1914	3,270	74.1	444	10.0	96	2.2	605	13.7	4,415
1915-1917	9,544	80.4	692	5.8	475	4.0	1,156	9.8	11,867
1918-1920	32,362	91 <b>.1</b>	<b>5</b> 6 <b>3</b>	1.6	1,737	4.9	863	2.4	35,525
1921-1923	4,879	74.6	323	4.9	395	6.0	946	14.5	6,543
1924-1926	4,524	<b>55,5</b>	290	3.6	216	2.7	3,117	38.2	8,147
1927-1929	13,905	83.7	310	1.9	114	•7	2,271	13.7	16,600
1930-1932	1,523	77.4	234	11.9	23	1.2	187	9.5	1,967

Table XVIII - Average Annual Values of United States Imports of Live Animals from Canada, 1900-1932\*

Compiled from Foreign Commerce and Navigation of the United States.
\*\* Years ended June 30, 1900-1917; calendar years, 1918-1932.

## (a) - Cattle

It is evident that since 1912 imports of cattle have usually amounted to three-fourths or more of the total expenditures here classified. Special influences have given rise to this trade.

Although having no pastural region comparable to the arid and semiarid western area of the United States, Canada ordinarily produced beef cattle in excess of its domestic requirements. Thus, in 1924 the number of cattle other than milch cows in the Dominion was approximately 620 per 1,000 persons, in comparison with a corresponding figure of 377 for the United States. The natural outlet for this exportable surplus is southward across the border. Marketing a larger surplus from western than from eastern provinces because of greater production relative to population,

For example, in 1931, the three Prairie Provinces, although having approximately 42.3 per cent of the number of Canadian cattle other than milch cows, had only 22.7 per cent of the Dominion's population.

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the country is in a position to sell in nearby American markets. This location is especially favorable, as it permits an outlet to the great feeding industry of the Corn Belt, with which Canada cannot compete as a source of roughage and grain for fattening animals.

Consequently, in peak years as much as 15 per cent of the marketable surplus of Canadian herds seems to have moved into the United States; and most of the buying has been at mid-western markets where lightweight cattle have been taken for fattening. During the four years ended 1920, for example, there cattle constituted 53 per cent of the total other than calves; and 86 per cent of the stockers and feeders came from western provinces.\* (61)

Prior to 1912 American imports were very irregular. The number of cattle purchased from Canada in the year ended June 30, 1900 was 104,116. During the next 12 months this figure declined to 49,780, and five years later it was 4,546. The large number in 1900 appears to have resulted partly from a deflection of exports formerly going to Great Britain from eastern provinces. Such exports were handicapped under a law of 1896 stipulating that all cattle sent to British markets be slaughtered at points of entry. During the six years following 1900, however, Canadian sales to Great Britain increased. Their decline thereafter, in competition with exports from Argentina, may have influenced the increase to 25,899 head that occurred in Dominion exports to the United States during the years ended June 30, 1908, But with expanding domestic markets, this number fell to 10,463 in the fiscal year 1909, and in that ended June 30, 1912 was only 1,350.

 Of the total number shipped from Canadian stockyards to the United States in 1920, 21 per cent was calves; 29 per cent butcher cattle; 19 per cent stockers; and 31 per cent feeders. St. Paul took 38.8 per cent of the total in 1919, and 55.5 per cent in 1921.

A change appeared during the ensuing 12 months, when the number imported was 29,186<sup>\*</sup>. Supplies in Canada, increasing relative to domestic demand, moved southward in larger volume. Trade continued to gain in this direction under powerful stimulus of the 1913 tariff act. Following removal of duties ranging from  $\frac{1}{2}$  per head to  $27\frac{1}{2}$  per cent, <sup>\*\*</sup> the number of Canadian cattle purchased in the United States in the fiscal year 1914, rose to 241,331. Averaging 206,283 during the next three years, this figure increased to 249,316 in 1918.

Part of the increased buying accompanied expansion to satisfy European war demands. Between 1914 and 1918 the total number of cattle as of June 1 in Canada rose from 6,037,000 to 10,046,000, while that in the United States mounted from 56,592,000 to 67,422,000.

In the immediate post-war years the trade reached its peak. American buyers took 550,004 cattle from Canada in 1919, and 316,559 in 1920. The Dominion, on an export basis, had increased its herds relatively much faster than the United States during the conflict, and now was beginning to liquidate some of the expansion.

Interference of the Fordney measure, effective May 21, 1921, caused the number imported from northern provinces to fall to 179,408. This figure probably would have been smaller had not a large supply remaining in Canada at the close of the grazing season forced prices down to a point where the Canadian producer absorbed the newly-imposed 30 per cent duty. Whereas average prices for stockers and feeders for the first five months of 1921 were 7.37 at Chicago and 4.97 per hundredweight at winnipeg, corresponding averages during the next six months were 5.78 and 2.95.

- In the same year imports from Mexico were 391,477 head.
- \*\* Rates had been: §2 per head if less than one year old. §3.75 per head, one year old or over, valued at not more than §14 per head. 27% per cent if valued at more than \$14 per head.
- \*\*\* Imports remained small relative to domestic supply. while an average of 13,462,500 head per year were slaughtered in the United States during the fiscal years 1916-1920, American imports averaged 426,000 head annually (of which 295,800 were from Canada and 122,300 from Mexico).

High tariff restrictions were maintained in the act of September 21, 1922. The duty was fixed at  $1\frac{1}{2}$  cents per pound on cattle weighing less than 1,050 pounds each, and at 2 cents per pound on those weighing 1,050 each or more. Under these limitations the number brought as imports from Canada to the United States decreased from 206,419 in 1922 to 124,932 during the following year, and in 1926 was 164,805.

Leanwhile, Canada had obtained relaxation of British restrictions on imports of Canadian cattle. Gwing largely to the emergency tariff, the Dominion sent more than 33,000 head to Great Britain in 1921, whereas before it had sent only a few hundred. After 1923 this overseas trade developed rapidly. During years ended Earch 31, the number exported to British markets rose from 25,758 in 1923 to 86,245 in 1925, and to 117,819 " in 1926. Rising prices thereafter attracted exports to the United States. Between the Dominion's fiscal years 1927 and 1928 the number of cattle exported from Canadian sources to the United Kingdom fell from 61,671 to 1,222, while the corresponding figure for sales in American markets rose from 89,033 to 200,013. During this period, American prices were tending to move inversely with the swing of the beef cattle cycle. Between 1920 and 1928 the estimated number of cattle other than dairy cows in the United States, as of January 1, moved steadily downward from 48,870,000 to 34,572,000.

The cycle turned upward again after 1928, reaching a total of 38,028,000 head at the end of 1931. Consequent declining prices influenced the fall in number of cattle imported from Canada by the United States from 283,895 in 1928 to 254,214 in 1929.

This declining movement was hastened by the tariff of 1930. Cattle, other than breeding, now were made dutiable at  $2\frac{1}{2}$  cents per pound if weighing less than 700 pounds each, and at 3 cents per pound if of more than this weight. The number imported fell to 58,796 in 1930, and during the next two years to 26,089 and 12,763. The figure for 1932 was the lowest since 1912.

Under such prohibitive restrictions, Canadian exports once more moved toward the United Kingdom. Encouraged also by a British penalty on movement of Irish cattle, these sales included 26,734 head during the year ended March 31, 1932, as compared with 6,223 in the preceding 12 months. This altered commerce seems likely to continue as long as the present high tariff interferes with the natural advantages to be had from bringing Western Canadian stocker and feeder cattle into the Corn Belt.

# (b) - Horses

Except in the years 1903-1911, American imports of horses from Canada usually have been much less significant than those of cattle. The trade, confined largely to a border movement, has been more stable, however.

Between 1900 and 1913, under a tariff ranging from 030 per head to 25 per cent, approximately 2,500 Canadian horses were purchased annually by the United States. The greatest variation in yearly importation was from 4,794 animals in the period ended June 30, 1910 to 1,828 for that of 1912. Imports were largest after lowering of tariff rate to 10 per cent by the Underwood Act. Stimulated further by war-time expansion, American buying increased from 4,435 head during the fiscal year 1914 to a peak of 6,348 three years later. Declining subsequently it amounted to 4,084 head in 1920.

From 1922 to 1930, under duties fixed at \$30 per head and 20 per cent on the basis of classification employed prior to 1913, the number imported varied from 1,491 in 1925 to 2,349 in 1928. This reduction as compared with the previous period perhaps was due partly to increased domestic use of tractors. It might have been greater had not the number of horses in Canada declined less rapidly than that in the United States. While the former

\* \$30 per head, if valued at not more than \$150. 25 per cent, if valued at more than \$150 per head.

changed from 3,610,500 to 3,129,100 between 1921 and 1931, the latter decreased from approximately 19,366,000 to 13,165,000.

Under the same tariff schedule since 1930, imports were 1,318 head in 1931 and 2,159 in 1932. Evidently, the border trade will continue as a necessary exchange.

## (c) - Sheep

It is noteworthy that American imports of Canadian sheep were more valuable than either those of cattle or of horses between the fiscal years 1900 and 1909, But they declined steadily from a peak of 371,440 head in the first mentioned annual period to 98,457 in the second.

Tariff rates remained unchanged at 75 cents per head on animals less than one year old, and \$1.50 on those one year old or over. The decreasing imports in this situation may have been influenced by reduction in Canadian supply.<sup>\*</sup> Between 1901 and 1911 the number of sheep in the Dominion fell from 2,510,200 to 2,174,300.<sup>\*\*</sup>

The number imported declined to 48,901 in the fiscal year 1911, and two years later was only 11,912, But after grant of free entry by the Underwood act, this annual total increased to 46,901 during the period ended June 30, 1915. Under stimulation of war-time expansion, it rose to 96,552 for the next year. Influenced by immediate post-war adjustments, it was 190,718 in 1919, and 165,455 in 1920.

According to the Dominion census of 1931, there were 3,608,300 sheep in Canada, as compared with 3,204,000 in 1921; yet in this decade United States imports of Canadian sheep fell from 76,590 to 377. A tariff of \$2 per head between 1922 and 1930, and of \$3 per head following the Smoot-Hawley measure, effected part of the change; and part of it seems to have

- On the other hand, the latter reduction may have resulted partly from smaller exports to the United States.
- \*\* Cattle tended to displace sheep in Ganada during this period, when their number increased from 5,576,500 to 6,526,100. In 1911 Ohio alone had more sheep than all of Ganada.

resulted from the contemporaneous increase in the number of sheep in the United States from 39,378,000 to 52,745,000.

In 1932 American imports from the Dominion included only 148 animals, while there was an increase of 1,167,000 over the previous year's estimated number of domestic sheep. For the present, at least, the trade has all but ceased.

## (d) - Other Animals

United States buying of Canadian live animals other than cattle, horses, and sheep has been subject to wide fluctuation. Ordinarily the group has included less than 15 per cent of the total value shown in Table XVIII, but during 1924-1927 its relative share increased more than three times. This change can be explained in terms of the three principal constituents, hogs, silver foxes, and live poultry.

Normally the imports of hogs have represented a small border trade. The United States, as a leading producer of swine has itself been a large exporter of pork products. However, largely because of higher domestic prices than those in the Dominion markets, American purchases of Canadian hogs increased markedly after 1925. In 1926 this trade took 17,798,000 pounds valued at \$2,166,000. Corresponding peak figures one year later were 35,870,000 and 4,040,000. With lower prices in 1928 the quantity purchased fell to 3,596,000 pounds, worth \$316,000. The decline continued in 1929, when 613,800 pounds were imported. Since 1930, under a tariff changed from one-half to two cents per unit, buying has practically disappeared. In 1932 only 28,900 pounds went southward to markets across the border.

A smaller, variable movement has been the importation of silver foxes. Fur farms of eastern Canadian provinces have supplied stock for similar American enterprises. In 1926 these exports included 4,232 animals valued at \$898,000. The trade declined thereafter, so that in 1930 it consisted
of 316 foxes sold for  $\frac{1}{2}55,000$ . Comparable figures for 1932 were 212 and 10,000.

Likewise, imports of live poultry have been relatively small. Their largest annual amount was in 1926 when 2,096,000 pounds were bought from Dominion markets for  $\Im$ 463,000. This quantity, which was less than 0.2 per cent of domestic production, declined to 1,487,000 in 1929; and in 1932, after change in tariff from 3 to 8 cents per pound, it was scarcely 75,000 pounds.

### Hides and Skins

Next in significance to live animals among the groups classified in Table XVIII, at the beginning of the century were imports of hide and skins. Constituent items of the animal raw materials for leather have since moved as follows.

Period**	<b>2</b> C	attle	Hi	ies	:	Cal	f Sk	ins	***	:	0	ther		:	Total	
	2 (	000)	\$	2	8	(0	00)	:	%	2	(000	) :	đ	2	(000)	
	្ន័					Č,					<u>ç</u>				1. D	
1900-1902		969		61.3		•			-		61	1	38.7		1,580	
1903-1905	1	,253		58 <b>.3</b>		•	-				89	7	41.7		2,150	
1906-1908	2	,155	-	63.0		•			-		1,26	8	37.0		3,423	
1909-1911	3	,145	i	67.4							1,52	1	32.6		4,666	
1912-1914	5	,617	1	77.7		1,	129		15.6		48	5	6.7		7,231	
1915-1917	5	,450		74.9			966		13.3		85	8	11.8		7,274	
1918-1920	8	,041		68.3		1,	736		14.8		1,98	6	16.9		11,763	
1921-1923	3	,754		71.0		1,	045		19.8		49	1	9.2		5,290	
1924-1926	4	,276		66 <b>.2</b>		1,	246		19.3		94	2	14.5		6,464	
1927-1929	6	,610	1	70.5		1,	602		17.1		1,15	9	12.4		9,371	
1930-1932	1	,551	1	70.4			311		14.1		34	1	15.5		2,203	

Table XIX - Average Annual Values of CElssified American Imports of Hides and Skins from Canada, 1900-1932\*

Compiled from Foreign Connerce and Mavigation of the United States.
Years ended June 30, 1900-1917; calendar years 1918-1932.

\*\*\* Included in Other prior to 1912.

# (a) - Cattle Hides

Cattle hides comprise at least 60 per cent of the world's total international trade in hides and skins. Apparently this relationship has been almost invariable in United States imports from Canada. The latter movement has resulted as a supplement to domestic supply. Although the United States is the most important source of hides and skins, its production falls far short of its manufacturing requirements. As the largest leather-making and leather-using nation, tanning at least 50 per cent of the world's leather, it imports nearly one-half of the cattle hides needed for its industry.

In pre-war years Canada supplied from one-tenth to one-fifth of these purchases. An increase of nearly 1,000,000 in its number of cattle contributed to the trade. The movement was encouraged further by cancellation of a 15 per cent duty through the tariff act of 1909.

During the fiscal year 1914, approximately 11 per cent of the total cattle hides imported by the United States came from Canadian markets. Three years later, however, this share was less than 4 per cent, and the annual quantity bought from the northern neighbor had declined from 919,700 to 457,100 pieces, although corresponding figures for total imports were 7,220,400 and 12,384,500. Expansion of Dominion leather manufactures under stimulus of war demand had absorbed part of supplies formerly exported. Increasing sales of live cattle also affected the movement.

Post-war years brought an increase in the trade of the two countries. The number of hide-pieces moving southward rose from 400,500 in 1918 to a peak of 942,500, worth \$13,058,000 in 1919. Although declining to 592,970 in 1921, it was nearly 16 per cent of the total imported as compared with 9 per cent two years previously

Growth of the Dominion's leather industry since has kept the quantity of Canadian hides purchased by the United States below that taken in 1919, But between 1921 and 1929 this amount increased to 869,200 pieces, equivalent in the latter year to nearly 16 per cent of the total imported.

.78.

In 1931, under the Smoot-Hawley duty of 10 per cent - the first since that of the Dingley Act - American imports from Canada fell to 362,700 pieces, and a year later their corresponding number was 179,200. Business recession and tariff had checked the trade, while domestic supplies were increasing.

(b) - Calf Skins

The next most significant group in Table XIX, has been imports of calf skins. The latter, chiefly a by-product from veal calves, has gained in the trade with development of the Canadian dairy industry.

In the fiscal year 1913 American purchases of these skins included some 760,100 pieces in a total of 16,194,500. Moving downward with imports of cattle hides, their number was only 118,000 in 1918, But they increased from 350,000 pieces in 1920 to a record of 1,061,000 in 1928, thereby including nearly 17 per cent of the total imported. Subject to duty after 1930, they decreased to 311,400 pieces in 1931, and to 125,300 during the following year.

## (c) - Others

Constituent imports of other hides and skins normally have been small; and it is unnecessary to trace their movement in detail. They have been, for the most part, purchases of sheep and lamb skins, horse hides, goat skins, deer and elk skins, and kipskins.

#### Lieat Products

Another influence, not observed previously, that affected Canada's supply of hides and skins was the country's development of slaughtering and meat-packing. Capital invested in this Dominion industry, for establishments employing five hands and over, rose from \$5,395,000 in 1901, to \$15,321,000 in 1911. A decade later the total investment was \$58,459,000;

and in 1929 it amounted to  $\frac{1}{2}$ 67,778,000. Such development also influenced American importation of meats:

**	: Fres	h	: Fres	h	:Fresh ]	Muttor	is Duus	ຮູອ	:		8
Period	: Beef	***	: Pork	***	and La	m <b>b***</b>	s casi	ngs	: Cth	er	: Total
	:(000)	: 0	:(000)	: 0	:(000)	: %	:(000)	: %	:(000)	= %	<b>z (</b> 000 )
	<b>.</b>		<b>Ş</b>		4		្នំ		4		<b>\$</b>
1900-1902	-	-	-	-	-	-	27.	41.5	38	58 <b>.5</b>	65
1903-1905	-	-	-	-	-	-	23	24.7	70	75.3	93
1906-1908	-	-	-		-	-	18	19.4	75	80.6	93
1909-1911	-	-	_				64	45.7	76	54.3	140
1912-1914		-	-		-		146	13.8	914	86.2	1,060
1915-1917	1,210	38.2	834	26.4	32	1.0	247	7.8	842	26.6	3,165
1918-1920	4,750	54.6	409	4.7	1,262	14.5	625	7.2	1,646	19.0	8,692
1921-1923	2,478	50.1	172	3.5	811	16.4	802	16.2	680	13.8	4,943
1924-1926	1,433	21.5	1,409	26.0	258	4.8	1,469	27.1	849	15.6	5,418
1927-1929	4,046	36.4	1,714	15.5	215	1.9	1,499	13.5	3,629	32.7	11,103
1930-1932	208	10.8	194	10.1	5	•3	901	46.8	614	32.0	1,922
	• •	_	-		• •				<b>.</b>		

Table XX - Average Annual Values of Canadian Meat Products Imported by the United States, 1900-1932\*

Compiled from Foreign Commerce and Navigation of the United States.
Years ended June 30, 1900-1917; calendar years, 1918-1932.
Included in Other prior to 1915

It is observable that these imports were largest as investment in the Canadian industry approached its peak. At the same time, changing relationships are evident in the trade.

### (a) - Fresh Beef and Veal

Until about 1907 the United States, besides exporting many live cattle, practically dominated the world's export trade in beef. During 1900-1907 the country's foreign sales of fresh beef and of live cattle amounted to about 10 per cent of domestic slaughterings. Concurrently, its imports of beef and veal averaged less than 5 per cent of the amount exported.

In the seven years subsequent to 1907 changed conditions began to appear. A gain of nearly 32 per cent in population of the United States between 1900 and 1915 caused increasing competition between production of meats, cheaper cereal foods, and dairy products in humid regions; and in sub-humid areas homestenders curtailed the range. The acreage of unappropriated and unreserved land fell from 917,135,000 in 1900 to 290,759,000 in 1914. Besides, the cutting up of better tracts reduced the value of remaining lands to cattlemen. Moreover there was growing competition in world markets with Argentina, Uruguay, Australia, and New Zealand, where conditions were similar to those formerly prevalent at home.

As a result of these several influences the United States changed from a heavy export to a small import basis in the trade. Production of beef and veal in domestic slaughtering plants declined from 7,946,000,000 pounds in 1907 to 6,072,000,000 in 1914. Although this 24 per cent decrease was partly offset by a decline of 17 per cent in domestic consumption, 461,271,000 pounds of imports of beef and cattle were required to supply the remaining deficit. <sup>(59)</sup>p. 1

In this situation imports of both beef and live cattle from Canada increased. Between the years ended Earch 31, 1913 and 1914 Dominion exports of fresh beef to the United States rose from 19,500 to 12,637,800 pounds.

Removal, by the Underwood Act, of a duty of  $l_{\hat{z}}^{1}$  cents per pound on fresh beef and veal also influenced buying. Under free trade conditions thus established the gain might have continued but for war-time disturbances.

Ex-agencies of the conflict developed an extraordinary strong demand in Europe for American meat products. More distant sources were unable to supply these needs because of the current difficulties and dangers of conveying ocean freight. Consequently, fresh beef exports of the United States increased from some 6,000,000 pounds in 1914 to more than 514,000,000 pounds in 1918.<sup>\*\*</sup>

Similar diversion of Canadian supply caused decrease in American purchase from the Dominion. Between the years ended June 30, 1915 and 1917 United States imports of fresh beef and veal from Canada fell from 15,305,000

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Seasonal drought and feed shortages also influenced the gain in imports.

<sup>\*\*</sup> The estimated number of cattle, other than dairy cows, in the United States as of January 1, increased between 1914 and 1918 from 39,807,000 to 50,208,000.

to 9,436,000 pounds at the same time that the total dropped from 184,491,000 to 15,217,000 pounds.

In 1918, following an annual increase of 1,788,600 in the estimated number of Canadian cattle other than milch cows, a larger supply was available for export to the southern neighbor. The latter in that year purchased 20,768,000 pounds of fresh beef and veal from the adjoining provinces in a total of 25,452,000 imported. From Canada's large post-war surplus this quantity in Canadian-American trude rose to 31,124,000 pounds in 1919, and to 37,488,000 in 1920.

A downward movement followed imposition of the Fordney emergency tariff and the Fordney-McCumber rates of 2 cents and 3 cents per pound, respectively. The number of pounds imported from the Dominion by the United States declined to 26,469,000 in 1921, and three years later to 9,574,000.

However, the period of prosperity and rising prices following 1924 brought the trude to its peak. Of 42,574,000 pounds imported for American markets in 1927, a record of 37,780,000 came from Canada. Perhaps the largest single influence affecting this gain was the swing of the beef cattle cycle, which apparently reached its low point in 1927 before turning upward. The estimated number of cattle other than duiry cows in the United States as of January 1 for 1928 was only 34,572,000 as compared with 45,285,000 for 1923. At the same time, Canada, with growth of its slaughtering and meat packing industry, and an increase of 546,200 in the number of its cattle other than milch cows over the 1925 figure, was able to send larger supplies across the border.

Since 1927 American purchases of fresh beef and vesl from the Dominion have declined abruptly. Contemporaneously with a drop in per capita consumption of beef from 58 to 51.7 pounds, and a gain of 27,831,000 pounds in im-

<sup>•</sup> Another influence was a sanitary embargo, effective January 1, 1927, which virtually limited imports to meat from Canada and New Zealand.

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ports from New Zealand, they decreased to 25,255,000 units in 1928. Their corresponding figure in 1929 was 15,470,000. A year later, after enactment of the Smoot-Hawley duty of 6 cents per pound, it was 3,226,000; and limited by this duty throughout the year in 1932, it amounted to but 435,000.

Future of the movement appears indefinite. Undoubtedly the present tariff will keep imports at much less than one per cent of domestic production. Under the restrictive duty, exports have exceeded imports. Furthermore, domestic requirements have declined relatively. Whereas the country's average per capita consumption of beef and veal was 86.8 pounds in 1907, it was 63.3 in 1914, and 56.5 in 1931. In these circumstances upward course of the beef cattle cycle - from 34,548,000 head on January 1, 1928 to 38,028,000 on January 1, 1932 - may further limit imports, End increasing Canadian population may require nearly all of the Dominion's supply. In fact, Canada now has practically no beef surplus.

## (b) - Fresh Pork

Similar to the present movement in beef, United States imports of fresh pork from Canada have resulted principally from border trade. Most of such trade seems to be between Eastern Canada and the Northeastern States, But their annual quantities have varied widely.

Their peak was reached under free entry in the year ended June 30, 1915, with 16,182,000 pounds. Two years later, influenced by competing European demand, this figure fell to 1,651,000. In 1920 it was 1,073,000; and in the next year under a duty of 2 cents per pound it totaled only 806,000.

After reduction of duty to 3/4 cent per pound, the quantity purchased tended to increase steadily until 1927, amounting in that year to 14,472,000 pounds. Apparently, rising prices of both pork and beef affected the trade. Thus, between 1926 and 1927 the estimated number of swine in Canada rose from 4,359,600 to 4,694,800. And in the same period while the number of pounds of

\* This decline influenced the drop in total American imports of fresh beef and year from 184.491.000 pounds in the fiscal year 1915 to one one

beef and veal consumed per capita in the United States decreased from 71.6 to 65.4, that of pork increased from 65.7 to 68.5.

However, higher prices evidently caused increased domestic supplies for points near the international boundary. The estimated number of swine in the United States on January 1, 1928 was 61,772,000 as compared with 55,468,000 for the preceding annual date. After this increase, American imports from the Dominion amounted to but 7,811,000 pounds for the year.

Their decline, continuing, was accentuated by the duty of 2½ cents per pound stipulated in the act of 1930. In 1931 they totaled only 759,000 pounds; yet a rise in this figure to 1,650,000 in 1932 indicates that they may continue in amounts varying with local conditions.

### (c) - Fresh Lutton and Lamb

Even more variable than American imports of fresh pork from Canada have been those of fresh mutton and lamb. Ordinarily the latter have been confined to a small border trade. The United States, not a large consumer of mutton, has normally had a very small foreign commerce in the meat.

An exception to this general situation in the trade with Canada occurred in immediate post-war years. Under free entry, these imports had ranged in annual amount during the fiscal years 1914-1917 from 41,000 to 479,500 pounds, Dut with liquidation of the Dominion's war-time increases they rose abruptly from 607,900 pounds in 1918 to 6,792,000, in the next year. Encouraged further by current discount on Canadian exchange, they reached a record of 9,209,000 pounds in 1920.

<sup>\*</sup> Its per capita consumption of mutton is only about one-fifth that of Great Britain, and its total imports of the meat during 1914-1919 were less than  $1\frac{1}{2}$  per cent of domestic production.

<sup>\*\*</sup> An additional indication of the unusual conditions of that year was the American importation of some 65,000,000 pounds of mutton and lamb from war-time accumulation in New Zealand.

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<sup>\*</sup> Its per capita consumption of mutton is only about one-fifth that of Great Britain, and its total imports of the meat during 1914-1919 were less than  $1\frac{1}{12}$  per cent of domestic production.

<sup>\*\*</sup> An additional indication of the unusual conditions of that year was the American importation of some 65,000,000 pounds of mutton and lamb from war-time accumulation in New Zealand.

Subjected to a duty of 2 cents per pound by the emergency tariff, their quantity decreased to 5,960,000 pounds in 1921. Two years later, when fresh lamb and mutton were dutiable at four cents and  $2\frac{1}{2}$  cents per pound, respectively, this figure diminished to 1,566,000. Although increasing to 2,070,000 in 1925, largely as the result of demand for lamb, it fell to 963,000 in 1928, and to 422,000 in 1929.

The amount purchased from Canada under the Smoot-Hawley levy, which increased rates of 4 and  $2\frac{1}{2}$  cents to 7 and 5 cents per pound, has been negligible. The total of 47,000 pounds in 1932 suggests extent of present tariff interference in the movement.

## (d) - Sausage Casings

Imports of another product, sausage casing, have been at times more valuable than those of any other group listed in Table XX. The United States, lacking a sufficient domestic quantity of the several kinds of containers needed, must seek outside sources. In 1928, for example, it drew from 43 countries a total of more than 17,000,000 pounds, or approximately 1,000,000 miles, of casings. Although exporting those from hogs and cattle, it has to import others of sheep and goats. In this commerce, argentina, Australia, Canada, and China have been among the principal exporters.

The trade with Canada has developed quite steadily since 1914. In the 14 fiscal years prior to that date annual values of imports from the Dominion ranged between 13,000 and 122,000, But with development of the Canadian slaughtering and packing industry during and after the war, these values moved upward, changing from 284,000 for the fiscal year 1915 to 706,000 in 1919. Continuing under free entry, they rose from 603,000 in 1921 to a peak of 22,073,000 in 1927. In that year, the purchases from Canada amounted to 3,777,000 pounds in a total of 20,755,000 imported.

 In 1927 purchases of sheep and lamb casing represented 69 per cent of the value of casings imported from Canada. Thereafter they moved downward to  $\frac{1}{2}327,000$  in 1932; but as the corresponding quantity was 2,012,000 pounds, it seems that some of the apparent decrease is attributable to lower prices.

## (e) - Other Lieats

United States imports of other meats - chiefly other pork and beef products - from the Dominion have constituted principally a border trade. In pre-war years the value of these purchases was relatively small, ranging from (62,000) in the year ended June 30, 1901 to (243,000) in a corresponding period for 1913, But in the fiscal year 1915, under stimulus of free entry, they amounted to (1,771,000). Checked by sales to Europe, they decreased two years later to (364,000). In turn, following ending of war, their value increased to (2,491,000) in 1919.

Their movement since 1920 has been unsteady, Maving declined in that year to \$1,285,000, they fell further to \$347,000 in 1924, under Fordney-Eccumber rates rarying from two cents per pound to 20 per cent. However, under these same rates their peak was reached in 1928 at \$4,148,000. The chief constituent purchases for this record were pickled or cured beef and veal, \$428,000; pork-hams, shoulders and bacon, \$713,000; pork-pickled and salted, \$593,000; other fresh meats, \$574,000; and other prepared meats, \$1,667,000.

In 1932 imports of all of these products except hams, bacon and shoulders had greatly decreased, when the latter group included 489,000 of imports totaling 684,000. High quality of the Canadian pork products apparently maintained them in the trade, despite an increase of duty from two cents to 3-1/4 cents per pound, for their quantity was 2,541,000 pounds as compared with 2,066,000 in 1928. Imports of most of the other meats seem to

 This superior quality is made possible by Canada's specialization in production of bacon-type hogs. have been reduced by a tariff rate fixed at six cents per pound but not less than 20 per cent.

### Dairy Products

Somewhat more significant than American imports of meats from Canada have been those of dairy products. Although during the first 10 years of the period studied the share of each of these groups in the total presented in Table XVII, was less than 3 per cent, thereafter it averaged 17.2 per cent for the latter as compared with 14.7 for the former. In this movement there has been much change in the relationship of milk, cream, butter, and cheese.

Table XXI - Average Annual Value of Dairy Products Imported from Canada by the United States, 1900-1932\*

Period**	1 2 Mil 2 (000)	k : jo	: Crean :(000)	****	: But :(COO)	ter = %	2 2 Che 2 (000)	080 : %	: : Total : (000)
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1900-1902	1	3.6		-	21	7 <b>5</b> .0	6	21.4	28
1903-1905	7	13.2	-	-	33	62.3	13	24.5	53
1906-1908	3	6.7		-	28	62.2	14	31.1	45
1909-1911	22	2.3	810	83.6	112	11.5	25	2.6	969
1912-1914	170	11.2	1,181	77.7	110	7.2	60	3.9	1,521
1915-1917	932	41.0	1,169	51.4	145	6.4	28	1.2	2,274
1918-1920	4,132***	51.4***	-		3,391	42.2	513	6.4	8,036
1921-1923	4,973***	70.9***	-		1,381	19.7	65 <b>7</b>	9.4	7,011
1924-1926	2,166	19.7	7,256	66.2	781	7.1	766	7.0	10,969
1927-1929	1,334	13.6	6,222	64.0	113	1.2	2,058	21.2	9,727
1930-1932	383	22.6	973	57.4	76	4.5	265	15.5	1,696

Compiled from Foreign Commerce and Mavigation of the United States.
\*\* Years ended June 30, 1900-1917; calendar years 1918-1932.
\*\*\* Includes cream.
\*\*\*\*Not stated separately prior to 1910.

## (a) - Milk

Imports of milk were relatively insignificant in a small pre-war trade. Dutiable at two cents per gallon by the tariff acts of 1897 and 1909, their annual total usually was less than \$10,000 prior to 1914, But with removal of this duty by the Underwood act, their value rose to \$1,178,000 during

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the year ended June 30, 1915. After falling to 483,000 in the next 12 months, they tended to increase, and although subjected to a duty of  $2\frac{1}{2}$  cents per gallon by the Fordney-McCumber act, they reached a peak in 1925 of 7,422,000 gallons, worth 42,423,000.

This development was conconitant with expanding Canadian production near areas of large American demand. Between 1910 and 1925 the estimated number of milch cows in Canada had increased from 2,854,000 to 3,830,200. Nearly 60 per cent of the latter number was distributed in the provinces of Ontario and Quebec, which have some of their principal dairy sections near the international border. So although the number of Canadian dairy cows was small in comparison with the estimated 22,505,000 as of January 1, 1925 in the United States, the Dominion was more favorably located to sell in large eastern markets than were some surplus-producing states. In fact, its St. Lawrence Valley, within the natural milkshed of New York and Boston, had much lower shipping rates than those of the Middle West. It could serve, therefore, as a supplemental source of supply for the congested industrial region that reaches north, west, and south of New York City to include 1/6 of the population of the United States within three per cent of its area. Under these circumstances, during the year beginning May 1, 1925, 37 per cent of the milk imported from Canada by the adjoining country was shipped to the largest American metropolis, and three per cent to Boston and nearby cities.  $p_{\bullet}$  23.

However, under tariff restrictions the natural advantages to be had from this movement were greatly curtailed. Imports were only a fraction of one per cent of domestic production. Most of them came in over the barrier as surplus supplies during the period of heavy milk production - May to September. Their

These include in Quebec the region extending from the border of Laine to the St. Lawrence River and in Ontario, the tier of counties bordering the St. Lawrence, besides the area west of Hamilton and north of Lake Erie.

<sup>\*\*</sup> These figures are based on a study of nearly 90 per cent of total U. S. imports of Canadian milk.

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origin was confined practically to a 20-mile zone north of the border. After being taken to neighboring American plants they were used more for cream, condensed milk and other products than for direct consumption.

The trend since 1926 has been distinctly downward. From 7,409,000 gallons in that year, imports fell to 5,632,000 gallons in 1928. Part of this decline was attributable to a milk importing and inspection act that was made effective May 15, 1927. In accordance with the measure, following inspection and recommendation by Canadian veterinary and sanitary officials, the American Secretary of Agriculture issued permits to Dominion producers and shippers, allowing them to export milk and cream to the United States. Besides these requirements, the act barred imports of sour cream and milk for buttermaking.

Another influence in effecting the decrease in 1928 was the federal embargo imposed from March 25, 1927 to September 4, 1928 on all milk and cream originating in the vicinity of Montreal, where there had been a typhoid empdemic. Moreover, this embargo was continued by New York State for several months after September.

In 1929, when presidential proclamation, effective June 13 of that year, changed the duty from  $2\frac{1}{3}$  to 3-3/4 cents per gallon, the quantity purchased declined to 4,246,000 gallons. One year later, under the Smoot-Hawley rate of  $6\frac{1}{3}$  cents per gallon, this amount decreased to 1,837,000, and in 1932, as a result of the prohibitive duty, it was only 105,600 gallons.

# (b) - Gream

Considerably more valuable than American imports of milk from Canada have been those of cream, But the two have tended to move together; and the cream imported seldom has been equivalent to more than 0.2 per cent of domestic production.

A considerable quantity imported was converted to condensed milk for export under provision for drawback.

Like milk, cream has been largest in the trade during summer months, when demand for it has been affected by increased consumption of ice cream and of cream for berries. Evidence of this special demand is present in data collected by the United States Tariff Commission which indicate the following distribution of imports according to intended uses: 59 per cent, ice cream; 21 per cent, fluid cream; and 13 per cent, butter. <sup>(64)</sup>p. 33.

According to the same investigation, "of the Canadian cream, 20 per cent goes to Boston, 18 per cent to metropolitan New York, 12 per cent to Philadelphia, and the remainder, 50 per cent to cities in the milk sheds supplying cream to these markets." $^{(64)}$ p. 40.

Prior to the war imports were variable. Until 1910 these purchases were not stated separately in Foreign Commerce and Mavigation. Cmitted likewise in Canadian compilations examined, they were apparently small, But in the fiscal year 1910, under a duty of five cents per gallon their value was \$558,000. After rising to \$1,873,000 one year later, it decreased to \$924,000 in the next 12 months.

There was similar variation after grant of free entry by the Underwood Act. Between the fiscal years 1915 and 1917 the annual total changed from \$1,800,000 to \$666,000. Thereafter it tended to increase along with imports of milk.

In 1924, despite a duty of 20 cents per gallon, this amount had increased to \$6,137,000, through purchase of 4,195,000 gallons. Continuing to expand, the latter quantity reached a peak of 5,372,000 in 1926, with a value of \$8,047,000. A differential of about 25 cents per gallon between Montreal and New York prices during the year probably encouraged the trade.

After 1926 influences similar to those noted for milk restricted imports. The quantity of Canadian cream taken by American markets in 1928 declined to 3.614.000 gallons. One year later, when presidential proclamation had in-

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creased the duty to 30 cents per fallon, the corresponding figure was 2,964,000. Further limited by a sharply increased duty of 56-6/10 cents per gallon, it fell in 1930 to 1,560,000, And in 1932 the effect of the protective duty was evident when a mere 117,200 gallons moved to United States buyers.

## (c) - Butter

Similar tariff restriction is observable in American imports of butter from Canada. Under a duty of 6 cents per pound, these purchases ranged in annual quantity during the fiscal years prior to 1914 from 10,000 to 980,000 pounds.

Following reduction of the rate to  $2\frac{1}{2}$  cents per pound by the act of 1913, imports rose to 1,278,000 pounds during the year ended June 30, 1915, but with diversion of Canadian exports to Europe, this figure was reduced two years later to 311,000.

With ending of war, a reversed movement appeared. In 1918 the quantity bought from Canada was 1,152,000 pounds, and it reached its highest point in the next year with 9,438,000 pounds valued at 4,784,000. Part of the increase was influenced by an average discount of some five per cent on Canadian exchange; and part of it followed a decline in Canadian exports to Europe. Thus, between the years ended Euroh 31, 1919 and 1921 the Dominion's exports of butter to the United Kingdom decreased from 9,915,100 to 2,098,700 pounds, while those to the United States had a corresponding increase from 2,918,700 to 5,993,800.

The latter figure suggests the beginning of decline in United States imports from Canada after 1920. From 9,236,000 pounds in that year they fell to 2,846,000 in 1921, under the emergency tariff of 6 cents per pound. However, requirements of a widely diffused border trade for high quality,

\* During the 20-year period 1894-1913, total annual American imports of butter did not reach 1,400,000 pounds, whereas in 1909 domestic production was at least 1,619,415,000 pounds.

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in 1923, notwithstanding the Fordney-LcOumber duty of 8 cents per unit.

After this rate was increased to 12 cents by presidential proclamation, effective April 5, 1926, the trade was greatly diminished. The quantity purchased decreased from 3,626,000 to 340,000 pounds between 1925 and 1926.

On the other hand, the higher duty had an influence on purchases of milk and cream that is deserving of notice. Rates on milk and cream under the act of 1922 were equivalent to about 7 and 6 cents per pound, respectively, on butter. So there was some incentive for Canadian producers to send these two products across the border for manufacture into butter, rather than to send an export dutiable at 12 cents per pound.

The trade was limited additionally in 1930 by an increase of duty to 14 cents per pound. As a result, imports of 140,000 pounds in 1932 were the smallest annual quantity since 1906.

## (d) - Cheese

Until 1926 United States imports of cheese from Canada ordinarily were less significant than those of butter. Although the Dominion was a large exporter, its production was a type of which domestic supply was sufficient except at border points.\*\*

While total annual American imports of cheese during the fiscal years 1900-1913 ranged from 13,456,000 to 49,388,000 pounds, those from Canada had corresponding totals of only 29,000 and 163,000. End after change of duty from 6 cents per pound to 20 per cent by the Underwood Act, there was a similar small range prevalent during the war.

With disruption of European trade, the annual quantity entering markets of the United States from northern provinces rose from 100,000 to 4,752,000

- During the period 1920-1924 imports from Canada averaged about 21 per cent of the total American imports of butter.
- \*\* These imports have been mainly cheddar (American) cheese.

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pounds between 1918 and 1919. One year later, following a decline of some 17,220,000 pounds in Canadian factory production, the quantity decreased to 813,000.

It rose in 1921, under a duty of 23 per cent, to 2,498,000 pounds. Border demand increased this amount to 6,351,000 pounds during the next year when the duty was changed to 5 cents per pound, but not less than 25 per cent. Three years later, however, after annual production of domestic factories had increased by approximately 64,434,000 pounds, only 210,000 units moved southward in the trade.

In 1926, American imports from the Dominion rose abruptly to 11,835,000 pounds; and their corresponding figure a year later was a record of 13,268,000 valued at \$2,556,000. The change followed an extraordinary depression of London prices during 1926-1927. As a result of the latter, Canada's exports of cheese to the United Kingdom declined from 133,836,000 to 89,218,800 pounds between the years ended March 31, 1926 and 1928, while comparable figures for its sales to the United States were 195,800 and 12,533,500.

With improvement in the British market, Canadian exports to American buyers decreased to 7,488,000 pounds in 1928. After rising to 8,279,000 in 1929, this figure was reduced to 3,143,000 in 1930 under a tariff rate fixed at 7 cents per pound but not less than 35 per cent. Continuing to decrease, it was only 606,000 in 1932.

- The estimated production of American cheese (whole milk) by factories in the United States during 1925 was 347,240,000 pounds, as compared with 282,806,000 pounds in 1922.
- \*\* Even this peak was small in comparison with total imports amounting to 79,796,000 pounds.

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#### Miscellaneous Animal Products

Imports of the remaining group listed in Table XVII have been a relatively small part of the total. In a varying relationship wool has been their principal constituent.

\_ Table XXII - Average Annual Values of Miscellaneous Animal Products Included in American Imports from Canada, 1900-1932\*

Period **	aBones	,Horns Joofs	5 <b>:</b> • Ha	1 🕶	<b>ঃ</b> • স০০	.1	• = = = = = = = = = = = = = = = = = = =	<b>6.0</b>	• Ct	her	: • Total
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	្ន		្ន		\$		Ŷ		\$		Ş
1900-1902	85	16.8	59	11.7	324	64 <b>.3</b>	12	2.4	24	4.8	504
1903-1905	38	7.3	84	16.0	363	69 <b>.3</b>	17	3.2	23	4.2	525
1906-1908	69	11.1	129	20.7	392	63.0	8	1.3	24	3.9	622
1909-1911	94	13.9	158	23.4	371	55.0	14	2.1	38	5.6	675
1912-1914	116	12.8	209	23.0	441	48.6	11	1.2	130	14.4	90 <b>7</b>
1915-1917	149	4.5	322	9.7	2,597	78.4	10	.3	234	7.1	3,312
1918-1920	252	4.1	307	5.0	4,502	73.3	65 <b>3</b>	10.6	429	7.0	6,143
1921-1923	98	4.1	267	11.3	1,626	68 <b>.5</b>	180	7.6	202	8 <b>.5</b>	2,373
1924-1926	89	2.6	447	13.3	2,334	70.8	58	1.7	390	11.6	3,368
1927-1929	116	3.5	341	10.3	2,285	69.1	18	.5	550	16.6	3,310
1930-1932	33	3.1	158	15.1	258	24.6	23	2.2	576	55.0	1,048

Compiled from Foreign Connorde and Navigation of the United States.

\*\* Years ended June 30, 1900-1917; calendar years, 1918-1932.

### (a) - Bones, Horns, and Hoofs

The first group listed in the table has resulted from purchase of by-products of the Canadian slaughtering and most-packing industry. With development of the latter, increasing amounts of waste products formerly exported have been utilized at home. So although tariff restrictions have been absent, the annual value of these imports declined from a record of  $\frac{1}{2}286,000$  in 1920 to  $\frac{1}{2}3,000$ in 1932.

# (b) - <u>Hair</u>

Likewise, imports of hair have been by-products having free entry. Most of them have been cattle hair from tanneries. This product has been required as a binding for mortar and plaster, as a material for roofing felt and steampipe covering, and as an ingredient for certain types of upholstery work. Under such demand the trend of imports was gradually upward to an annual peak of \$526,000 in 1925. With increasing requirements in Canada, they diminished steadily thereafter. Reduced further by declining American consumption during depression, they fell to \$51,000 in 1952, their lowest yearly figure for the entire period.

### (c) - Wool

In marked contrast to imports of the two groups just mentioned have been those of wool. Annual values of the latter have ranged from 263,000 to \$8,385,000. Between 1900 and 1925 estimated yearly production of wool in the United States varied from 270,109,000 to 328,111,000 pounds. Jith its average close to 300,000,000 pounds, this quantity failed to meet the needs of a steadily increasing population. To supply the deficit, therefore. the country imported annually amounts varying from 124,964,000 to 447,426,000 pounds. During 1909-1913 about 40 per cent of its wool available for consumption was of foreign origin; and in the period 1919-1923 this percentage was nearly 56, But Canada, normally exporting only a negligible quantity of wool, has had small part in the trade. Under duties ranging usually from 3d to 12d per pound prior to 1913, United States imports from the Dominion had annual values varying only from \$152,000 to \$479,000. After removal of duty in 1913 imports rose to (1,992,000 in the fiscal year 1916, and in the next 12 months they were \$4,075,000. Following accumulation of supplies in Canada, they reached a high point of \$8,385,000 in 1919. Even this amount was relatively small in total imports, representing but 12,811,000 pounds of 438,782,000 purchased.

In 1921, under a general tariff of 15 cents per pound, American expenditures for Canadian wool were only  $\sqrt[1]{785,000}$ . Thereafter, dutiable for the most part at 12 cents per pound, they rose gradually to  $\sqrt[1]{2,964,000}$  in 1925.

- Large imports have come from Australia and South America.
- \*\* Part of the imports were of the better grades, which Canada. found could be profitably exported.

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Their downward trend since that date has been influenced both by tariff and by expanding domestic production. While the latter increased from 299,632,000 to 435,415,000 pounds between 1925 and 1931, total United States imports were reduced from 306,646,000 to 157,800,000 pounds, End in 1930 duties were increased to a range of from 22 to 37 cents per pound. Consequently, the value of Canadian wool in the trade shrank from \$2,740,000 in 1928 to \$74,000 in 1932. For the present, at least, the normally limited movement is practically stopped.

# (d) - Eggs

Imports of the fourth group listed in Table XXII, ordinarily have been insignificant. Pariff restrictions seem to have kept them small. Prior to imposition of a duty of five cents per dozen in 1890, these purchases from Canada amounted to as much as  $\zeta 2,250,000$  during a single year; but reduced thereafter, their annual totals ranged only from  $\zeta 3,000$  to  $\zeta 28,000$  during the fiscal years 1900-1913.

After removal of the duty of five cents in 1913, they remained slight during war years; and in 1918 their total of 473,000 dozens was negligible, relative to domestic production of some 1,654,000,000 dozens. In the following year, however, shipments of dried and frozen eggs brought their value to \$1,379,000. This movement was temporary, and in 1921 the value of imports fell to \$331,000.

The decline continued under a duty of eight cents per dozen, imposed in 1922; and after increase of tariff rate to 10 cents per dozen by the act of 1930, the total purchased in 1932 amounted to only  $\sqrt[6]{7,000}$ .

### (e) - Other animal Products

Lost of the other imports have been inedible animal products, including such items as bristles, grease and glue stock. Unrestricted by tariff, they have moved upward with expansion of Canadian production.

This figure includes only chicken eggs.

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From the foregoing analysis it is evident that United States imports of Canadian farm products have had wide range of expansion and contraction. Jith annual amounts varying from \$7,036,000 to \$184,197,000, they have fluctuated between 8.1 and 53.6 per cent of the total value of United States imports from Canada.

During the first 21 years of the period examined the group of farm products moved in undulating fashion along a trend ascending to its peak. Such rise was made possible, on the one hand, by Canadian national development, and on the other, by favorable American market conditions.that were influenced in later years by extraordinary war demand.

while the Dominion was experiencing a period of settlement and growth resembling that of the United States in post-Civil war decades of the nineteenth century, the latter's population and consumption were overtaking domestic production in several fields. Certain commodities, including beef and fluxseed, therefore, began to enter the import trade in increasing quantities. Reduction or removal of tariff levies by the Underwood act prepared the way for additional connerce and the movement was encouraged further by var-time requirements. Although both countries expanded their agricultural production and exports in response to European demand, the United States was able to absorb increasing amounts of Canalian products in its own markets.

From its peak figure the trade fell abruptly under depressed business conditions and renewed turiff restrictions. Interference of dutics, however, was not sufficient to keep it from resuming an uppard course after 1923; and the next five yours brought high points in imports of several items, including cheese, cream, fresh boof, and potatoes.

Another reverse movement appeared following 1939, when new turiff restrictions, accentuated in their effects by severe depression, reduced purchases. In 1932 farm products constituted the smallest annual percentage of total merican imports from Ganade in the 33 years covered.

There have been many variations and contrasts in component groups of the goods classified. With expansion of Canadian cereal production, crop products have tended to become relatively more significant than those of animal origin, But individual commodities from both sources have fluctuated rather widely in their joint movement.

Of these, wheat imports have had perhaps the most remarkable development. Canada's rise to premier rank as the world's spring wheat producer brought contemporaneous expansion in its sales to the United States. The latter's imports of the superior northern grain ranged from 4,000 bushels in the year ended June 30, 1904 to 34,957,000 bushels in 1920.

Sheat, like a number of other products, was kept from an ascending trend after 1920 by artificial restriction. In such cases, only excessive tariff rates have been able to offset the advantages inherent in exchange of goods between the neighboring countries.

In a sense, practically every farm product imported from Ganada by the United States has been supplementary to domestic production. Some, like flaxseed, maple sugar, and cattle hides, have supplied parts of continuing deficits; some, including hay, oats, clover seed, and potatoes, have compensated for temporary shortages; and besides these, some such as wheat, meats, dairy products, fruits, and live animals, have served either special qualitative needs, or special localized requirements. Likewise, in nearly every case enumerated the amounts purchased, although small, relative to domestic consumption, have been large relative to quantities imported.

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Moreover, Canada, one of the leading nations in foreign trade per capita, has been forced to seek outside markets for large production in excess of its own needs. While Creat Britain has been its largest outlet for goods of farm origin, the Dominion has sent some of its exports - e.g., flaxseed, milk and cream - chiefly across its southern border, and it has at times, because of better demand and lower transportation costs, found sales of other products more profitable in this direction.

Although the trade has been placed in a precarious position by existing tariff provisions, it has an underlying potential movement upward. Large markets and low freight charges favor its development under unrestricted conditions.

Canada may partially replace lost American markets by its preferential agreements with the world's largest importer of foodstuffs. Already its sales in British fields are increasing under arrangements effected by the Ottawa Conference.

There are indications that these outlets may be regained. Because of its supplementary nature the trade could well induce reciprocal Canadian-American provisions for mutual gain from freer exchange. Furthermore, in establishing such concessions, the United States might safeguard against undue rise in costs of living, and at the same time obtain larger markets for its manufactures. Perhaps present possibilities of need for extra supplies also will aid in effecting a more carefully considered tariff policy for an international commerce that has sound economic basis.

### APPLIDIX - TADLI I

Index	Juibers	of	hole	esale	Frices	in	0errin 1 in	and	the
	United	St	ates	1913-	-1914; :	1918	8-1932*		

Year	Canada	* United States
1913	64.0	69 <b>.</b> 8
1914	65 <b>.5</b>	68 <b>.1</b>
1918	127.4	131.3
1919	134.0	138.6
1920	155.9	154.4
1921	110.0	97.6
1922	97.3	96 <b>.7</b>
1923	98 <b>.0</b>	100.6
1924	99.4	98.1
1925	102.6	103.5
1926	100.0	100.0
1927	97.7	95 <b>.</b> 4
1928	<b>9</b> 6 <b>•4</b>	96 <b>.7</b>
1929	95.6	95 <b>.3</b>
1930	86.6	86.4
1931	72.1	73.0
1932	66.7	64.8

 The Canadian index, constructed by the Dominion Bureau of Statistics, includes 502 commodities. That for American prices is the United States Bureau of Labor Statistics index covering 784 commodities.

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Annual Values of United States Imports of Farm Products and of Total General Merchandise from Canada, 1900-1932\*

** 8		: Potel	1,5 of General	:	<b>.</b>	: lutial	: / of demarul
Years	Farm	:General		:Year**	s Farm	:General	: Merchandise
	Products	s lierchaudis	e:in Farm	1	: Product:	sallerchandise	a: in Farm
2	(000)	: (000)	:Products	2	: (000)	: (000)	: Products
				:	¥	Ş	
1900	7,695	39,369	19.6	: 1918	93,886	451,706	20.8
1901	7,759	42,482	18.3	: 1919	151,961	494,697	30 <b>. 7</b>
1902	7,036	48,076	14.6	: 1920	184,197	611,859	30.1
1903	A 997	54 781	16 4	<b>:</b> • 1091	95 950	335 441	25 9
1904	7 721	5 553		1000	60,000	364 025	19.2
1005	10 122	62 A70	16 9	5 1005	67 400		16 9
1903	10,144	410 و20	10.4	• I 1979	01,466	410,004	10.4
1906	8,557	68,238	12.5	<b>1</b> 924	70,497	399,148	17.7
1907	8,516	73,334	11.6	: 1925	90,797	454,235	20.0
1908	8,799	75,132	11.7	: 1926	87,034	475,881	18.3
				:			
1909	11,645	79,317	14.7	: 1927	96,925	475,029	20.4
1910	15,766	95,128	16.6	: 1928	98,875	489,303	20.2
1911	21,041	100,863	20.9	: 1929	83,552	503,496	16.6
			<b>-</b>	1			
1912	29,728	108,813	27.3	: 1930	57,980	402,350	14.4
1913	23,636	120,571	19.6	: 1931	28,077	266,268	10.7
1914	53,944	160,689	33.6	: 1932	14,022	174,101	8.1
1915	45,046	159,572	28.2	1			
1916	44.057	204,018	21.6	-			
1917	99,445	320,949	31.0	-			
				1			

Compiled from Foreign Commerce and Navigation of the United States.

•• Years ended June 30, 1900-1917; calendar years 1918-1932.
	wheret	Cuto .	Flavrood .	Potetoas	A Ut. W
<b>5</b>			Flaxseeu E	roundes	
Year**	(000 Bu)	1000 501 2	1000 301 2	[000 Bu]	: (000 Tons)
1900	316	41	0.4	46	144
1901	<b>597</b>	19	0.2	242	142
1902	102	22	2	885	48
1903	1 076	133	07	105	293
1904	<b>1</b> ,010	160	0.5	1 50/	114
1904	<b>**</b>	103	0.07	<b>1</b> ,004	114
1902	5,100	57	207	50	40
			-		• ••
1906	55	21	3	421	6 <b>7</b>
1907	373	73	10	11	61
1908	339	274	7	177	10
1909	32	5.048	479	1,182	7
1910	152	946	1,410	97	97
1011	503	07	2 251	24	יג גע גע גע
1911	000	57	LUZ	64	557
1010	0.077	<b>a a a</b>		2.47	<b>6</b> 00
1915	2,673	2,609	3,511	143	699
1913	<b>7</b> 6 <b>4</b>	708	4,732	119	155
1914	1,892	22,266	8,647	1,026	169
1915	371	602	6,630	211	19
1916	5.673	618	3,095	188	43
1917	23 715	758	7 015	3.031	58
<b>T</b> 2 <b>T</b> 1	~~ 110	150	1,010	0,001	20
1010	04 000	0 574	E 501	1 1 101	400
1918	24,690	4، 504	5,501		408
1918	10,338	1,444	3,240	1,005	398
1919	5,345	608	1,279	5,307	202
1920	34,957	6,389	1,638	5,049	208
1921	23,286	3,563	3,095	1.678	38
1922	22,642	1,288	2,254	1,656	5
		<b>_,</b> ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~		-,	-
1923	19 500	28.2	3 0.08	629	143
1004	15 500		0,000	1212	200
1924	10,020	0,904	2,750		203
1925	13,901	177	5,917	2,508	192
1926	14,140	154	3,043	5,327	354
1927	11,753	79	2,411	5,009	115
1928	18,847	485	2,599	3,471	62
	-		-	-	
1929	14.575	109	1.063	4.052	28
1930	19 960	182	915	4.780	104
	<b>JE (00</b>	<b>T</b> 04	1 01/	4 4 4 0	57 57
TANT	T2,030	2/0	±1374	<b>€</b> 944∪	
1932	10,027	59	213	657	14

Annual Quantities of Certain Crop Products Imported From Canada by the United States, 1900-1932\*

\* Compiled from Foreign Commerce and Mavigation of the United States.

\*\* Years ended June 30, 1900-1918; calendar years 1918-1932.

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## APPLIDIX - TABLE IV

1		:	:		#Frosh Boet	f <b>:</b> Fresh
Year**:	Cattle	: Horses	2	Sheep	and Veal	: Pork
t	(Head)	: (Heud)	Ł	(Houd)	: (000 Los.	):(000 Lbs.)
1900	104,100	2,412		371,400		
1901	49.800	2,438		329.700	-	-
1902	35,700	2,560		262.800	-	-
1903	12.700	2,620		296,900	-	-
1904	4,100	2.320		237.200	_	_
1905	4 200	2 644		180 800	_	_
1000	1,200	~,0		200,000		
1906	4 500	2 711		220 300	_	_
1907	4 800	2 556		221 200	_	_
1002	25 900	2 019		197 500		_
1908	23,300	<b>ر ۲</b> ا و ت		107,000	-	-
1909	10 500	2 4 2 3		98 500	_	_
1010	5 600			109,100	-	-
1011	3,000	4) (J4		109,100	-	-
1911	3,000	٢, ٦ ٢ ٢		48,900	-	
1019	1 400	1 000		17 000		
TAT%	1,400			17,600	-	-
1919	29,200	13,065		11,900	1 - 010	
1914	241,300	4,435		17,500	12,919	4,602
	101 500					16 100
1912	191,500	3,515		46,000	15,005	16,182
1916	238,000	6,250		96,600	9,918	2,017
1917	189,300	6,348		62,600	9,436	1,651
		<b>.</b>				
1918	185,100	3,736		126,200	20,768	1,813
1918	249,300	3,236		102,600	14,910	1,717
1919	550,000	4,495		190,700	31,124	2,408
1920	316,600	4,084		165,500	37,488	1,073
1921	179,400	3,199		76,600	26,469	806
1922	206,400	2,162		86,400	19,625	731
1923	124,900	1,985		25,800	13,800	914
1924	131,200	1,890		18,600	9,574	5,671
1925	149,700	1,491		37,100	11,041	7,233
	-	-		-	-	
1926	164,800	2,159		19,500	13,923	8,536
1927	288,000	1,747		14,700	37,780	14,472
1928	284.000	2.349		7.600	25,255	7,811
					,	
1929	254.200	1.879		7.300	15.470	4.125
1930	58,800	2,233		5,600	3.226	1.093
1931	26,100	1.318		377	417	759
1932	12 800	2 150		148	435	1,650
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## Annual Quantities of Cert.in Animal Products Inportal from Canada by the United States, 1900-1932\*

Compiled from Foreign Commerce and Mavigation of the U.S.
 Years ended June 30, 1900-1913; calendar years 1918-1932

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