

International Trade Policy: Institutions

Major trading partners

	1926	1985	2003
United States	49%	72	73
Japan	0	5	3
China	0	0	3
UK	28	3	2
Other	23	17	19

Canadian trade flows by product class

	Exports	Imports
Machinery and Equipment	22.2%	28.7
Automotive products	21.8	22.3
Industrial goods and materials	16.6	19.1
Energy products	15.1	5.7
Forest products	8.6	0.9
Agricultural and fish products	7.3	6.3
Consumer goods	4.3	13.5
Other goods	4.0	3.4
Total	100%	100%

Brief history to 1947

- Before 19th century:
 - Mercantilism:
 - “A country is better off if it exports more than it imports”
“accumulation of gold”
 - Gains from trade are foregone
 - Gold is not a productive resource
- 19th and 20th centuries:
 - Adam Smith and David Ricardo
 - Average import duties:
 - Britain: from 50% in 1820 to 10% in 1870
 - US: from 70% in 1813 to 10% in 1920
 - Rose sharply after 1929
 - Decrease after 1945

Canadian brief trade history

- Free-trade in primary products with US before confederation
- National policy (1879):
 - High tariffs in manufactured products
 - Infant industry
 - Links east-west
- (Failed) free trade agreement with US (1911)
- High tariffs during the great depression
- Reduced during the post-war period as a result of GATT