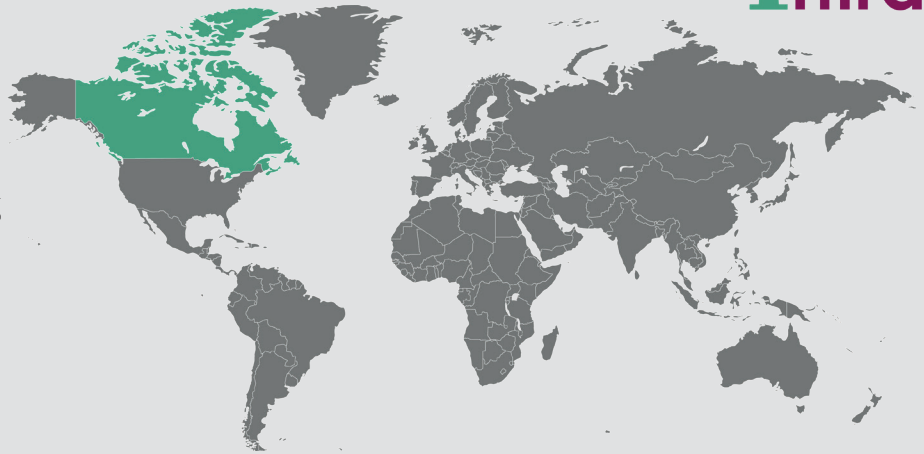


CANADA

Context: history and drivers of economic development #1



After Confederation, immigration, internal re-distribution and settlement to the West coupled with new technology and foreign investment unleashed the productive capacity of the Prairies. This was first manifested in the "wheat boom", followed by other "staples" or commodities, all of which have contributed to Canadian export balances.

The economic development of Canada was accelerated after the Second World War when the growth of Canadian manufacturing, mining, and service sectors transformed the nation from a largely rural economy into one that is primarily industrial and urban.

1867
Confederation

1945
End of WWII

1988
Canada-United-States
Free Trade Agreement

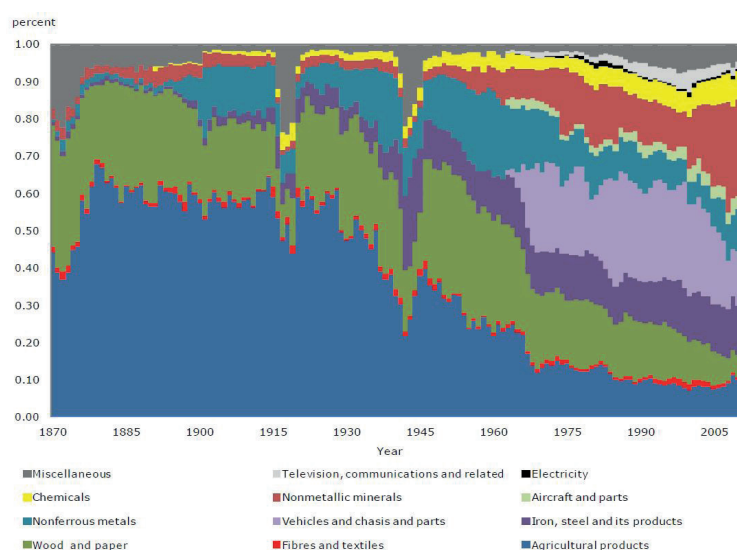
2019

1876-1950s
National Policy

2000 +
Resource Boom

During much of the 20th century this policy guided the creation of a national domestic market which achieved a relatively large spending power, to a large degree based on deficit-spending (which involved an increasing federal gross public debt, particularly after 1960), and favourable terms of trade.

The resource boom after 2000 led to a resurgence in energy production investment in Canada and expansions of energy production in all provinces with energy reserves.



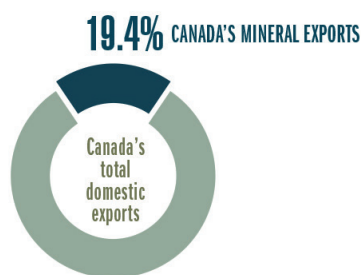
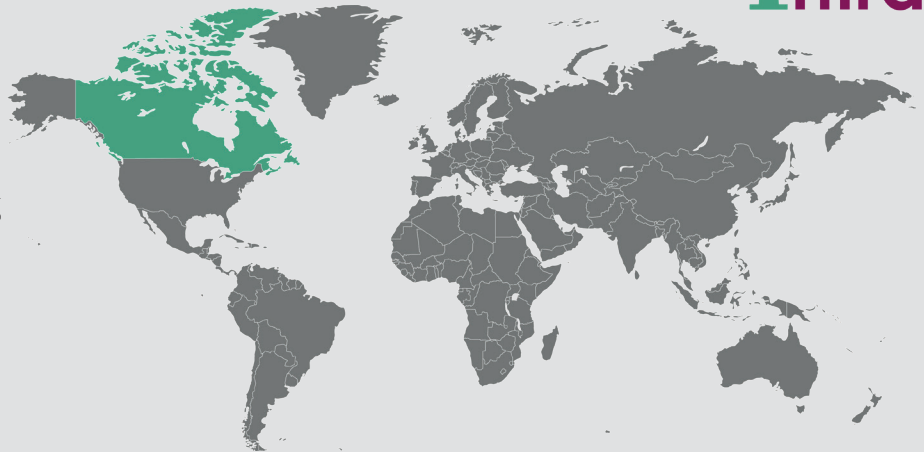
Share of exports in Canada, 1870-2010.
Source: Baldwin and Macdonald, (2012a)

Throughout the 20th and 21st century Canada has developed its economy to become a **resource "trading nation"** heavily dependent on trade for its economic prosperity.

Canada's **natural resources** (forests, fish, timber, fur, water), **mineral resources** (energy and non-energy) and **manufacturing industries** have continuously been the **backbone of the country's economic growth**. The services sector, which currently dominates the economic structure, is inextricably linked to the natural and minerals resources sectors as the latter relies on a range of goods and services such as financial, business, transportation, insurance and wholesale services.

CANADA

Context: history and drivers of economic development #2

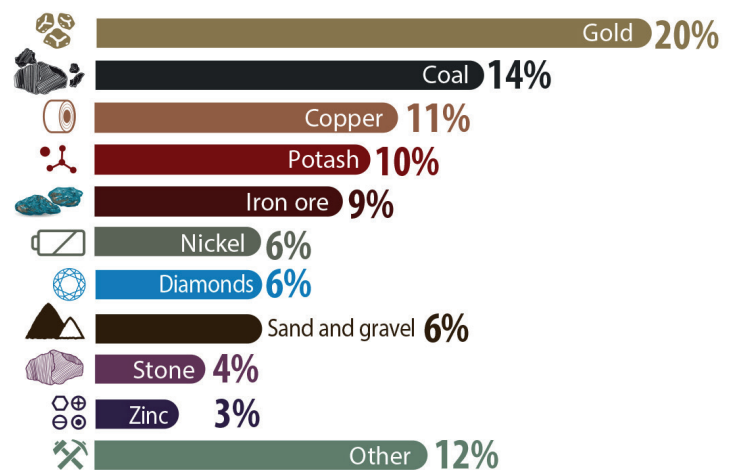


Canada's domestic mineral exports in 2017. Source: NRCAN (<https://www.nrcan.gc.ca/mining-materials/facts/minerals-economy/20529#trade>).

Most of Canada's trade is with the USA, given the country's geopolitical location next to the USA. Its **bilateral trade policies** (initially with the UK and later with the USA) and its shifting policies towards other international trading partners, explain a large part of its success in the export of numerous commodities. The USA-Canada border is the longest in the world, and both countries share the world's largest and most comprehensive trading relationship. Based both on its geographical location next to the USA and also on the similarity of cultural and language backgrounds, the Canadian economy has become highly integrated with that of the USA. Moreover, a well-established transport infrastructure network has enabled the transportation of commodities from the origins towards the Canadian ports, and a high level of integration with the USA's transport infrastructure.

Sustained high levels of US investments in Canada have played a role in ensuring a high rate of **technological change and technology transfer** with the USA. Inward investments into Canada were provided at first by **Foreign Direct Investment**, but since the end of WWII, the domestic economy provided the major proportion of savings need to sustain the high level of investment demand.

The Canadian mining industry has become a **global leader in exploration, mine development and operation, financing, and site remediation**.



Canada's domestic mineral exports in 2017. Source: NRCAN (<https://www.nrcan.gc.ca/mining-materials/facts/minerals-economy/20529#production>).