

fall in general prices between the '70's and the middle '90's, while the rapid growth of the later figures is exaggerated by the rise of prices since 1897 and more particularly since 1914. Thus the figures as published give us no true measure of the *volume* of our external trade yet, of the commodities that satisfy human needs, it is the volume rather than the value with which the masses of the population are more intimately concerned. Volume is, from many points of view, a more important consideration than value, and it is desirable to secure a record of the fluctuations in the volume of the country's trade as distinguished from the value thereof. This is what is attempted in Table 22.

The method adopted for ascertaining the fluctuations in volume has been to take a base year—1926—and to re-value the quantities of each commodity imported or exported in any given year at the average import or export value of that commodity in the standard or base year. Where quantities are not available, the values of items are assumed to have moved in the same direction and in the same proportions as closely related commodities. For this reason the results must not be regarded as of great precision but, since the value of goods not returned by quantity, and of those not comparable over a limited series of years, is small in comparison with the total trade, the amount of error introduced on their account is not considerable. By this method it is comparatively easy to compare the volume of the trade in a particular year with that in a recent year and the margin of error is fairly small. When, however, a comparison of the volume of trade in a particular year with that of another year ten or more years before is undertaken, the margin of error is very much greater. Certain new commodities have come into existence in the course of the decade, while the qualities of others have been materially changed; further, various new items have been added to the customs classifications, and it is not always possible to say just what customs items of 1931 correspond with those of 1914. For these reasons comparisons with the pre-war fiscal year ended 1914 have been discontinued since 1929. The comparison for 1929 and certain previous years appeared on pp. 581-583 of the 1930 Year Book.

In Table 22 the values and volumes of imports and exports respectively for the years 1925, 1927, 1928, 1929, 1930 and 1931 are compared with 1926, for the main groups, as follows: the imports and exports are first shown at the values at which the trade was recorded. The same imports and exports are then shown at the value they would have amounted to if the average price or unit value had been the same in each year as it was in 1926. In other words, the figures on the basis of 1926 average values enable a comparison to be made of the imports or exports for the given years on the basis of variations in quantity only, variations due to different prices having been eliminated. Index numbers of declared values, that is, the total declared value of the imports or exports in each year expressed as a percentage of 1926 are then given. This is followed by the index numbers of average values, which show the prices at which goods were imported or exported in each year expressed as a percentage of the price in 1926. Finally, the index numbers of physical volume show the relative quantity of merchandise imported or exported in each year expressed as a percentage of the quantity of the same merchandise in 1926.

For an analysis in greater detail dealing similarly with sub-groups and principal commodities imported and exported, the reader is referred to pp. 758-771 of the Annual Report on the Trade of Canada for 1931, published by the Dominion Bureau of Statistics.