Subsection 11.—Comparison of the Volume of Imports and Exports.*

The statistics of the external trade of Canada have not, until lately, been analysed in detail to reveal the physical volume of external trade as well as the dollar value of that trade, and have therefore been somewhat misleading when used to show the physical growth of production and external trade. When, for example, Table 1 of this chapter is examined, it seems to show stagnation in our external trade between the early 70's and the middle 90's of last century and a very rapid growth thereafter. Yet we know that the apparent stagnation was partly due to the 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 after 1897, especially in the war period, 1914 to 1921. Since 1929 another precipitate decline in prices has exaggerated the actual decrease of trade. 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 revalue 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 inconsiderable. 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 1935 correspond with those of 1914. For these reasons comparisons with the pre-war fiscal year ended 1914 have been discontinued since 1929. This 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 1929 to 1934 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 had 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 values of the imports or exports in each year expressed as percentages of 1926, are then given. These are

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*Further information as to the methods adopted in making the following analyses will be found on p. 836 of the Annual Report on the Trade of Canada for the fiscal year ended Mar. 31, 1935, published by the Dominion Bureau of Statistics.