

External Trade.—The substantial gain in external trade was a feature of the economic betterment of the year. The total exports of merchandise in 1935 were \$742,400,000 compared with \$660,300,000 in 1934, an increase of \$82,000,000 or 12.4 p.c. Exports of coin and bullion not included with merchandise exports also scored an advance due to the increase in the quantity. The value of imports advanced from \$513,500,000 in the preceding year to \$550,300,000, a gain of 7.2 p.c.

Transportation.—Railway traffic in 1935 showed only a modest increase over the preceding year. The gain in carloadings over 1934 was 1.5 p.c., the total having been 2,358,393 cars against 2,324,621. The decline in the grain movement was 10,218 cars, or 3.2 p.c., and coke recorded a decline of 5.2 p.c. Minor recessions were shown in live stock, coal and lumber. An encouraging feature was the gain of nearly 24,000 cars, or 4.6 p.c. in the movement of miscellaneous commodities. Forestry products such as pulpwood, pulp and paper and miscellaneous wood products were moved in greater volume. Ore recorded a gain of 8.0 p.c. The index of employment in transportation averaged 81.2 for 1935, compared with 80.3 in 1934 and 79.0 in 1933.

Employment.—From Jan. 1 to Dec. 1, there were only two interruptions in the general upward movement of employment. The index on Dec. 1, stood at 104.6 or 10.8 p.c. higher than at the opening of the year. The average increase during this period in the years 1921 to 1934, was between 7 and 8 p.c., so that the increase during 1935 was unusually great. The index of employment, based on the 1926 average as 100, averaged 99.4 in the twelve months, satisfactorily comparing with the averages of 96.0 in 1934, 83.4 in 1933 and 87.5 in 1932. However, the 1935 average was lower than in 1931 and immediately preceding years.

Prices.—The general level of wholesale prices was well maintained for the two years following the sharp rebound from the low point of the depression during 1933. Since January, 1934, the Canadian index of wholesale prices has fluctuated within a narrow range, around 72 p.c. of the 1926 levels, although a slight gain in the last quarter was sufficient to result in a new high point on the recovery. Animal products and non-ferrous metals recorded advances in the latter part of the year, while several main groups were at a lower level than in the last quarter of 1934.

Throughout the decline persisting from August, 1929, to the early months of 1933, raw material prices had fallen more rapidly than those for finished products and the resultant contraction in primary producers' incomes affected business adversely. Abnormally low prices received by primary producers, who represent roughly one-half of the occupied population of Canada, had greatly diminished purchasing power. This disparity had been greatly reduced during 1933 and 1934, and the gain in the prices of raw materials of about 4 p.c. compared with a slight decline in the price of manufactured goods, shows that the gap was further narrowed in the twelve months ended December, 1935.

Subsection 2.—Other Principal Events of 1935 and 1936.

The Throne.—On May 6, 1935, the twenty-fifth anniversary of the accession of H. M. King George V to the Throne was celebrated throughout the British Commonwealth of Nations. On Jan. 20, 1936, the news of the death of His Majesty was received with world-wide regret. The Prince of Wales succeeded to the Throne, taking the title of King Edward the Eighth.