

In the early years of the depression, the trade of Europe declined less than that of other continents. The decline was particularly severe for North America during that period. However, the share of Europe in world trade has declined steadily since 1932. In 1932, the quantum of total trade (imports plus exports) of Europe stood at 75.5 p.c. of its 1929 level; that of other continents at 72 p.c. In 1935 the quantum of total trade of Europe was still only 76 p.c. of the 1929 level while that of other continents was 88 p.c. The increase which has taken place in the quantum of world trade since 1932 must therefore be attributed mainly to trade between continents other than Europe. The trade of Europe in 1935 continued to be hampered by the restrictive measures applied by the majority of European countries in the endeavour to maintain the gold parity of their currencies.

International trade benefited from a relatively high degree of currency stability in 1935. But exchange restrictions—in Europe in particular—continued to obstruct the exchange of goods; and the recent tendencies of commercial policy based on the principle of "bilateralism" affected the direction of trade even in certain countries outside Europe where such tendencies had hitherto been of little importance. As a result, there was a further decline in the share of convenient and beneficial "triangular" transactions in total world trade.

The foregoing brief outline of the recent course of world trade, taken from the League of Nations reports, is presented as a background against which Canada's position in world trade may be viewed. It should be noted that the figures of Canadian imports in Statement I have been adjusted for over—or under—valuation of imports from the United Kingdom because in Canadian recorded imports the value of the pound sterling is taken as \$4.86 $\frac{2}{3}$.

According to these League of Nations figures, Canada, in 1935, stood ninth in imports (if allowance be made for the incompletely reported imports of Italy), fifth in exports and sixth in total trade, whereas in 1929 she was fifth in each category. From 1929 to 1932, Canada's share in total world trade declined from 3.68 p.c. to 3.24 p.c. due to a great decline in the share of imports more than offsetting a slight increase in the share of exports. From 1932 to 1935, Canada's share in total world trade increased to 3.49 p.c. The share of imports was still very low although increasing somewhat in the latest year. The greatest decline in its share of world trade occurred in the case of the United States. The United Kingdom, Japan, Belgium, Netherlands, and Union of South Africa were some of the leading countries to show increases in their share of the world's trade since 1929.

In the section of Statement I dealing with indexes of gold prices, it may be seen how Canada's barter position in world trade suffered on account of the uneven price decline since 1929, affecting the average prices of her exports more than those of her imports. There has been a distinct improvement in this respect, however, since 1932. Japan, Argentina, China, British Malaya, and the Netherlands Indies have been at a greater disadvantage than Canada as a result of this uneven price decline. In the case of the United States and of industrial countries of Europe, on the other hand, the barter advantage was greatly increased in the early years of the depression, but has tended to decline since 1932.

Changes in the quantum of world trade are indicated by the indexes in the last part of Statement I. Taking the year 1927 as 100, the quantum of Canadian imports in 1935 was still only 74.7 compared to 87.4 for total world imports. The Union of South Africa and Japan had a higher quantum of imports in 1935 than in 1929, while for the United Kingdom the quantum of imports was comparatively little below that of 1929. Imports of the United States declined rather less than