

Subsection 10.—Comparison of the Volume of Imports and Exports.

The statistics of the external trade of Canada are analysed in this subsection to reveal changes in the physical volume of external trade as well as in the dollar value of that trade. Value figures alone may be 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 objective is attempted with regard to world trade in Subsection 1 of this chapter in which the internationally familiar term 'quantum' has the same significance as 'volume' here. Table 22 which follows serves the same purpose with regard to Canadian external trade.

The method adopted for ascertaining the fluctuations in volume has been to take a base year—1936—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 this 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 a more remote year is undertaken, the margin of error is very much greater. Certain new commodities have come into existence in the course of the period, 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 at present correspond with those of a year as long past as 1914. For these reasons comparisons with the pre-war fiscal year ended 1914 were discontinued after 1929. This comparison for 1929 and certain previous years appeared on pp. 581-583 of the 1930 Year Book. For similar reasons the retention of 1926 as the base year was tending to lessen the reliability of recent calculations, and, consequently, 1936 has been taken as a new base year in the present edition. Comparisons with 1936 are carried back to 1932.

In Table 22 the values and volumes of imports and exports, respectively, for the years 1932 to 1937 are compared with 1936, for the main groups, as follows: the