

Statisticians in 1935, by the Dominion Bureau of Statistics in conference with the Bank of Canada and the Department of National Revenue. In former times there was a movement of gold from Canada in the form of "gold-bearing quartz, dust, nuggets, and gold bullion obtained direct from mining operations". When the Royal Mint in Ottawa began to refine gold, exports formerly shipped as "gold-bearing quartz, dust, etc.", began to be exported in the form of bullion and were recorded under "coin and bullion" as distinct from "merchandise". In order to maintain comparability with the statistics of previous years it was considered expedient to adopt the present procedure. It was also felt that since gold, like other great export staples, is a product of Canadian resources and industry and, in large part, is exported independently of domestic monetary considerations, it ought not to be excluded from the statistics of exports, and should not be classed as 'money' when it bears no relation to the Canadian monetary system. The change was inaugurated on Apr. 1, 1936, and appropriate revisions made in the trade statistics for previous years back to 1926. Prior to this time no substantial revision was necessary. When the change was made it was considered that there would be no re-exports of non-monetary gold, *i.e.*, exports (non-monetary in character) of previously imported gold; therefore no provision was made for this distinction with respect to exports of foreign products. However, it was found, as will be indicated below, that in order to faithfully represent the facts of the case the distinction was necessary for foreign exports as well as domestic exports and, accordingly, that has been done since Apr. 1, 1938. Since June 1, 1931, gold exports have been valued at the monthly average current market price.

Certain difficulties, however, arise when gold is included with ordinary commercial commodities.

The fact that gold is a money metal gives it peculiar attributes that distinguish it from other commodities. In particular, the movement of gold in international trade is determined almost exclusively by monetary factors. The amount of exports may fluctuate widely from month to month owing to other than ordinary trade or commercial considerations. The nationality of gold does not affect its value as an export asset and, therefore, domestic and foreign gold are mutually substitutable. It is doubtless correct to treat new gold based on current production as a commodity of mineral origin and so classify it in export statistics, but it may happen that foreign (*i.e.*, previously imported) gold may be exported without reducing monetary stocks. At certain times recently, substantial amounts of foreign gold coin have been exported owing to the premium obtainable on coined gold. Exports of domestic bullion were correspondingly smaller, since it was substituted for the foreign gold in stocks held in Canada. Furthermore, gold does not move in international trade in any direct or normal relation to sales and purchases. It may be sold abroad without moving out across the frontier. Trade statistics deal only with physical movements, sales or purchases of gold which do not involve an actual movement being more properly taken care of in the "International Balance of Payments" statements dealt with in Sec. 5 of this chapter. Domestic gold added to earmark stock, although sold abroad, does not appear in export statistics because it remains in Canada. In view, however, of the relation to external trade, statistics respecting holdings of earmarked gold are now appended in the Bureau of Statistics trade reports with an explanatory footnote, while in this edition of the Year Book they are shown in Statement XV under Sec. 5, p. 563.

To comprehend in its entirety, therefore, the effect of gold movements upon the figures of the export trade of Canada, it is necessary to consider non-monetary