

By c. 10 the Agreement of Mar. 30, 1920, with the city of Ottawa for a cash payment in lieu of part of rates and taxes for civic services and water, and in settlement of certain claims, which has been extended annually, is further extended for another year as from July 1, 1937.

The powers and duties of the High Commissioner for Canada in the United Kingdom as well as the manner of appointment of himself, his officers, and clerks are re-enacted in c. 30. The High Commissioner's Act (c. 92, R.S.C.) is repealed.

To enable Canada to fulfil her part of the North Pacific Pelagic Sealing Convention (1911), c. 39, the Pelagic Sealing (Convention) Act, 1938, empowers the Governor in Council to make regulations for the purpose of carrying out the Convention. Classes of officers who may board and search vessels are described and seizure and detention of vessels for reasonable cause, the same to be held for later adjudication by the Exchequer Court of Canada, is authorized. The importation into, or possession within, Canada of skins taken in contravention to the Act is prohibited as well as of skins belonging to American, Russian, or Japanese herds. Conditions under which Indians may carry on pelagic sealing are stated and no national or inhabitant of Canada shall engage in, nor shall a vessel registered in Canada be used for, the killing or capturing or pursuing of sea otters in Convention waters beyond three miles from shore.

Section 2.—Principal Events of the Year.

Subsection 1.—The Economic and Financial Year, 1938.*

Economic conditions showed improvement toward the end of 1938, after having been relatively steady during the first eight months. Productive operations rose in September and continued active for the rest of the year, the index of the physical volume of business averaging only 8 p.c. below the high level of 1937. The gain in the output of field crops was about 37 p.c., but the decline in prices resulted in a 5 p.c. reduction in value. Industrial employment was relatively well maintained, the index receding only 2 p.c. from the average of 1937. Tourist expenditures were estimated at over \$273,000,000, a decline of 6 p.c. from the preceding year.

The financial background continued strong, deposits of the banks reaching a new high point. Prices of Dominion bonds averaged higher than at any time since the early years of the century. Despite sharp fluctuations common stock prices were well maintained over the year, no important trend either in an upward or a downward direction having developed. Wholesale prices were reactionary, the downward movement which began in July, 1937, having been continued until the end of the year under review. The indexes of the physical volume of business for the latest three years are given below, the base year being 1926.

Month.	1936.	1937.	1938.	Month.	1936.	1937.	1938.
January	106.2	118.9	111.8	August	113.5	123.4	110.6
February	104.8	115.0	106.7	September	120.0	123.8	119.2
March	104.0	118.7	108.8	October	121.5	127.4	118.6
April	111.0	124.0	112.4	November	118.0	127.9	123.4
May	107.6	122.0	110.7	December	118.4	121.4	115.6
June	111.1	126.0	108.4				
July	110.8	126.5	109.1	AVERAGES	112.2	122.7	112.9

* Prepared by Sydney B. Smith, M.A., Business Statistician, Dominion Bureau of Statistics. See also the bulletin "Business Conditions in Canada, 1938", which may be obtained from the Dominion Statistician, Price, 25 cents.