

Canada had a credit balance from external trade of \$279,000,000 in 1938 against \$316,000,000 in 1937. Exports of domestic products then totalled about \$913,000,000 and goods re-exported about \$43,000,000, while imports were \$677,000,000. Exports in 1937 were \$1,110,000,000, goods re-exported \$15,000,000, and imports \$809,000,000.

Internal Trade.—Except in the automotive and a few other lines dealing in durable or luxury merchandise, retail trade was well maintained. Monthly sales for twelve lines of retail business dealing in food, clothing, and household effects and requirements fluctuated within a limit of 8 p.c. from the same months of 1937, while dollar sales revealed a decline of only 2 p.c. for the year.

There were 121,411 new motor vehicles sold for \$135,300,000 in 1938, a decrease of 16 p.c. in number and 9 p.c. in value from the 144,441 units which retailed for \$149,200,000 in 1937. In the last quarter the unfavourable comparison was reversed, sales having shown advances of 11.4 p.c. and 6.1 p.c., respectively.

Transportation.—Railway operations reflected the general level of business activity. The scope of decline in the traffic movement was indicated by a drop of 7.8 p.c. in carloadings, the total having been 2,429,000 cars against 2,635,000 in 1937. The traffic in grain, ore, and pulpwood recorded increases, contrasting with declines in other main groups. The decline in gross revenues of the Canadian National was more than \$15,000,000, or nearly 5 p.c., and the decline in net revenue between ten and eleven million dollars. Gross operating revenues of the Canadian Pacific were \$142,300,000 against \$145,100,000, a decline of only 2 p.c.

The traffic passing through the Welland canal rose to a new high point during the navigation season of 1938. Large shipments of grain were the chief factors in the increased traffic, which amounted to 12,600,000 tons against 11,700,000 in 1937. The St. Lawrence system also created a new record with 9,236,000 tons against 9,195,000. The increases in grain, gasoline, sugar, and hard coal were the main factors in the general result. The marked decline shown in the downward movement of iron ore through the combined locks of the Sault Ste. Marie canal was one of the factors in the severe drop in the total movement on that canal during 1938.

Employment.—Employment averaged greater during 1938 than in any other year in the post-War period excepting 1937, 1930, and 1929. Most branches of factory employment reported that activity was reduced from the level of 1937 but afforded more employment than in 1936. The mining industry, as a whole, showed slight improvement over the previous maximum reached in the preceding year, the metal division recording the main increase. Logging was quiet following the exceptional activity of 1937. Highway work afforded more employment than in any other year since 1934, partly owing to unemployment relief projects. Building showed no general change from 1937.

It was estimated that the number of wage-earners employed in 1938 averaged 2,303,000 against 2,369,000 in the preceding year, while wage-earners unemployed numbered 401,000 against 337,000. Aside from 1937, the unemployment situation was better than in any other year since 1930.

The number receiving direct aid in 1938 averaged 870,100, a distinct improvement over the 965,900 recipients in the preceding year. The reduction was mainly limited to those receiving urban aid.

Prices.—The prospect of heavier field crops was a bearish influence leading to an accelerated decline in prices during July and August, 1938. Subsequently the decline was practically halted and fluctuations in the general average were insignificant in the weeks following the first of September. The increase in rearmament expenditures on a widespread scale was one of the main influences in supporting metal