

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 represent faithfully 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 Sect. 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 (see also p. 585).

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 exports of domestic gold and of foreign gold, as well as earmarkings by the Bank of Canada. Admittedly, the statistics in this connection are somewhat complicated, but they represent complicated facts. However, it is very necessary that the effects of fluctuations in the movement of gold should be borne in mind in dealing with statistics of trade. Gold may now form a very large item in the value of annual exports (Canada's production in 1939 is estimated as worth over \$181,000,000) so that fluctuations in the movement may materially affect the apparent value and distribution of Canada's trade. For instance, in one year the major part of the gold may be shipped to London, in another year to New York, or it may be accumulated under earmark, resulting in wide variation in the value and proportion of exports to the United Kingdom and the United States. So far exports have been confined almost entirely to these two countries. It may sometimes be desirable to view movements of trade in strictly commercial commodities alone. In order to facilitate doing so, a statement of non-monetary gold exports is given below, which will enable the student to make the desired adjustments to the trade statistics given in the main body of this chapter.