

United Kingdom have been valued all along at \$4.86 $\frac{2}{3}$ to the £, although for two years after Sept. 21, 1931, the actual value of the £ was below that figure, dropping as low as \$3.70, and the actual value of imports from the United Kingdom was thereby greatly exaggerated. More recently, when the exchange value of the £ was above par, imports from the United Kingdom were undervalued. Similar difficulties have resulted from disturbances in exchange levels with other countries, and the placing of arbitrary valuations upon their currencies, as in the case of imports from Japan.

A further discrepancy in valuation of imports from the United Kingdom existed from 1920 to Mar. 31, 1935, in connection with distilled spirits, an important item in imports from that country. The valuation of Canadian imports of spirits from the United Kingdom included, during this period, the excise duty in addition to the British export valuation, an excess valuation aggregating over \$200,000,000 for the period 1920-34. The excise duty has been excluded from the valuation of such imports since Apr. 1, 1935.

2. Even where the statistics cover the same period of time, there are quantities of goods on their way from the exporting to the importing country at the beginning and end of the period.

3. By far the greatest discrepancies occur from the impossibility of determining the country of final destination for exports or the actual country of origin for imports. A considerable proportion of Canada's exports to overseas countries (10.8 p.c. in 1939) is shipped via the United States. Some of this is credited by importing countries to the United States. Canadian grain exports, for example, are frequently routed through the United States in bond. Most of this grain leaves Canada with the United Kingdom as the stated destination, but large quantities are later diverted to other European or overseas countries and some is taken out of bond for consumption in the United States. Thus the Canadian record of exports to the United Kingdom may be \$100,000,000 or more in excess of Canadian products actually received by the United Kingdom, while stated exports to other overseas countries are short this amount. Again, United States grain is routed through Canada and shipped from Montreal and is therefore frequently shown by other countries as imported from Canada, while it is included in United States statistics as an export to Canada. As mentioned above, purchases in bonded markets in England, Germany, Belgium and France are included in Canadian imports from those countries but are not included by those countries in exports to Canada.

For more detailed discussion of this subject see pp. 31-38 of the Condensed Preliminary Report on the Trade of Canada, 1939, published by the Dominion Bureau of Statistics.

Treatment of Gold in Trade Statistics.—Exports of gold in Canadian trade statistics were distinguished heretofore as between monetary and non-monetary. Monetary gold exports were described as those that entailed a reduction in the Dominion's monetary gold stocks. All other gold exported (classed as non-monetary) was shown as merchandise, and included with the total merchandise exports.

The fact that gold is a money metal gives it peculiar attributes that distinguish it from other commodities in trade. 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