

softening of prices so that the net income of farm operators declined by only about 4 p.c. The net national income of these four groups of claimants increased by 4 p.c. between 1948 and 1949 while personal income realized out of national income and government transfer payments to individuals (family allowances, unemployment insurance benefits, etc.) increased by 5 p.c.

Foreign Trade.—Canada's commodity exports reached a peak in 1948 at about \$3,100,000,000, the principal supports to this high level of trade being prosperity in the United States and the heavy reconstruction and relief needs of Western Europe, the latter made in some considerable part effective by extensive financial aid from the United States and Canada. Commodity exports dropped to \$3,000,000,000 in 1949 or by 3 p.c. in value terms and 5 p.c. in volume terms. The principal causes of the decrease were that the recovery of European production reduced emergency demands and continuing foreign exchange difficulties limited purchases in Canada. In spite of a recessionary movement starting in 1948 and continuing into 1949 in the United States, the value of commodity exports to that country remained unchanged from the 1948 level of \$1,500,000,000. Exports to the United Kingdom increased a little to \$700,000,000 while exports to the rest of the world were over 10 p.c. lower at \$800,000,000.

The value of exports of most agricultural products were lower, with lower prices and lower volume both contributing causes. The total value and volume of agricultural exports were higher, however, as a result of a substantial increase in exports of wheat. Exports of timber, pulpwood, wood-pulp and most types of paper were lower, but the loss in the wood-product exports was partly offset by an increase of over 10 p.c. in exports of newsprint. The strongest part of the export market, in spite of some significant downward revisions in prices early in 1949, was the primary and semi-processed metals and minerals, where a gain in value of exports of about 7 p.c. occurred. The metals contributing to the gain were copper, lead, nickel, zinc and iron ore. Losses were general in manufactured goods, but the exports of the iron and steel group were sustained by larger exports of locomotives, railway rolling-stock and farm implements.

Unlike merchandise exports, merchandise imports continued to rise in 1949, to reach a level of \$2,760,000,000, an increase of 5 p.c. in value and 2 p.c. in volume from 1948. The gains were registered in wood and paper products, iron products, non-ferrous metal products, chemical products and agricultural and related primary products. Imports of non-metallic mineral products and fibres and textiles were lower.

In the field of services (tourist expenditures, shipping charges, interest and dividends, etc.), preliminary estimates indicate that exports decreased slightly and imports were little changed from 1948. When these are added to commodity exports and imports, respectively, total exports of goods and services were close to \$4,000,000,000 in 1949, a decrease of about 2 p.c. from the preceding year, and total imports were a little more than \$3,800,000,000, an increase of about 5 p.c.

In September, 1949, there was a world-wide downward adjustment of the value of national currencies in terms of the United States dollar. This adjustment came too late in the year to affect significantly Canada's external trade. Its probable effect in 1950, in part notable early in the year but probably more marked later in the year, would be to reduce further Canada's exports to the non-dollar area and encourage imports from that area, since most of the countries involved