

Comparisons have not been made in detail with a pre-war period due to the limitations of fixed base weighted indexes at extended time-distance from the base period. From 1938 to 1949 exports increased in volume by over 60 p.c. and imports by over 80 p.c. The following statement summarizes these changes:—

<u>Item</u>	<u>1938¹</u>	<u>1949</u>	<u>P.C. Change</u> <u>1949 over 1938</u>
	(1948=100)		p.c.
Exports of Canadian Produce—²			
Value indexes.....	27.2	97.3	+257.7
Price indexes.....	47.1	103.1	+118.9
Volume indexes.....	57.8	94.4	+ 63.3
Imports for Consumption—²			
Value indexes.....	25.6	104.7	+309.0
Price indexes.....	46.4	103.2	+122.4
Volume indexes.....	55.2	101.5	+ 83.9

¹ Mechanical conversions of indexes which utilize 1935-39 base weights, adjusted according to the price indexes (see footnotes 2 and 3, Table 19).

² Totals

PART II.—EXTERNAL TRANSACTIONS*

Section 1.—Canadian Balance of International Payments

Wide fluctuations have been a particularly prominent feature of the Canadian balance of payments in recent years. These fluctuations have been widest in the bilateral accounts with the United States and with the United Kingdom and other overseas countries.

The current surplus with all countries (excluding official contributions) has fluctuated from a low level of \$47,000,000 in 1947 to \$452,000,000 in 1948 with a decline in 1949 to \$180,000,000.

The widest change in the disequilibrium in the bilateral accounts occurred when the current deficit with the United States dropped from \$1,135,000,000 in 1947 to \$393,000,000 in 1948 and changed again to \$594,000,000 in 1949. There followed, however, another rapid reduction in bilateral disequilibrium in the latter months of 1949 and in the first half of 1950. This resulted principally from a sharp expansion in exports to the United States accompanied by some reduction in imports from that country in the second half of 1949.

Changes in the direction of Canadian trade have been a predominant influence on these fluctuations. The volume of exports to the United States expanded sharply in 1948 when embargoes and other controls on exports to that country were removed. Early in 1949 changing business conditions in the United States resulted in reduced demand which revived again in the latter part of the year and remained very strong at the opening of 1950. The restrictions imposed in November, 1947, under the Emergency Exchange Conservation program, led to reductions in the volume of imports from the United States, in 1948 particularly. Certain relaxations of these restrictions together with improving supplies in the United States and strong Canadian demands made for a higher volume of imports in some groups of commodities in 1949. In the latter part of the year, however, the volume of imports was generally lower due to some softening in Canadian demands and interruptions in United States supplies.

* Prepared in the International Payments Section, International Trade Division, Dominion Bureau of Statistics.