

actual cost data are not available quality changes are assumed to be proportional to differences in selling prices at a selected point in time. Indexes for the periods covered are shown in Table 21.25.

Highway construction indexes. These relate to prices paid by provincial governments in contracts awarded for highway construction. They are base-weighted indexes and measure the effect of price change on the cost of specified new highway construction projects represented by contracts of approximately \$50,000 or more awarded by provincial governments. Indexes for the period 1964-73 are given in Table 21.26.

Prices contained in the index are for units of construction work put in place, such as a cubic yard of earth excavation or a ton of bituminous hot-mix paving. Also included are prices of some materials, such as culvert pipe, usually supplied to the contractor by the highways department. *Prices and price indexes* (Catalogue No. 62-002) for December 1967 contains details of the problems of estimating price change for highway construction.

Electrical utility construction indexes. The price indexes of electrical utility construction, which include those of distribution systems, transmission lines, transformer stations and hydro-electric generating stations, give an estimate of the impact of price change on the cost of materials, labour and equipment used in constructing and equipping electrical utilities. The index provides an estimate of how much more, or less, it would cost to reproduce the base-period program of construction in another period using the same construction technology and assuming similar rates of profit and productivity. Price indexes for the years 1965-74 are presented in Table 21.27.

Price indexes of machinery and equipment. Table 21.28 shows base-weighted price indexes of machinery and equipment purchased by the construction and by the forestry industries. Prices used for the indexes are, for the most part, selling prices reported monthly by manufacturers, although in some cases distributors' prices are used. Prices of imported machinery and equipment are included in the index, represented either by commodity price indexes of the US Bureau of Labor Statistics or by prices collected directly from foreign manufacturers. All prices have been adjusted as relevant to include duty, exchange and federal sales tax.

21.3.4 Farm input price indexes

Farm input price indexes measure, through time, changes in prices of commodities and services used as inputs into the agriculture industry. The weights for the indexes are based on the 1958 Farm Income and Expenditure Survey. The time base is 1961 = 100. Indexes for 41 series are published quarterly for eastern, western and total Canada. Annual averages for the total index are provided from 1965 to 1974 in Table 21.29.

21.3.5 Security price indexes

Security price indexes measure, through time, the effect of price change on the value of a portfolio consisting of high quality as opposed to more speculative stocks. The portfolio represents stocks of Canadian companies listed on the major Canadian stock exchanges. In the case of the mining index, eligible issues are for producing mines only. The indexes in Table 21.30 express current prices as a percentage of prices in 1961.

21.4 Balance of international payments

The Canadian balance of international payments summarizes transactions between residents of Canada and those of the rest of the world. Current account transactions, which measure the flow of goods and services between Canada and other countries, are included, with minor adjustments, as a component of gross national expenditure. Capital account transactions between residents and non-residents are included in the financial flow accounts. A summary of the Canadian balance of international payments is provided in Table 21.31 for 1968-74. Table 21.32 contains some additional information on current account transactions during that period and details of the Canadian balance of international payments for 1973-74 are presented in Table 21.33.

International conditions. In 1974 many developed countries experienced a reduction in economic tempo as they tried to cope, at one and the same time, with the problems of inflation and recession. These difficulties were exacerbated by the disequilibrating effects on their