

building lots, design and construction techniques and provision of such extra features as appliances. When 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 1972-77 with a base of 1971 = 100 are shown in Table 21.24. Indexes are also available on a 1976 base for Canada and 19 cities beginning in January 1975.

**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 1956-76 are given in Table 21.25. Prices contained in the index are for units of construction work put in place by contractors. Also included are prices of materials usually supplied by the highways department.

**Electrical utility construction indexes.** The price indexes of electrical utility construction, which include those of distribution systems, transmission lines, transformer stations, hydroelectric and steam-electric generating stations, give an estimate of the impact of price change on the cost of materials, labour and equipment used in building and equipping electrical utilities. The index provides an estimate of how much 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 1971-77 are presented in Table 21.26.

**Price indexes of machinery and equipment.** Table 21.27 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 government or by prices collected directly from foreign manufacturers. All prices have been adjusted as relevant to include duty, exchange and federal sales tax.

### Farm input price indexes

21.3.4

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 a 1958 farm income and expenditure survey. The time base is 1961 = 100. Indexes for 41 series are published quarterly for Eastern, Western and all Canada. Annual averages for the total index are provided from 1968 to 1977 in Table 21.28.

### Balance of international payments

21.4

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 21.29 for 1971-77. Table 21.30 contains some additional information on Canada's official international monetary assets for the period 1975-77 and Table 21.31 contains a detailed presentation of the Canadian balance of international payments for 1976-77.

### Current account

21.4.1

During 1977 international transactions in goods, services and unilateral transfers led to a current account deficit of \$4.2 billion. A surplus of \$2.9 billion on merchandise trade was the second highest ever recorded but was more than offset by the continuing growth in the deficit on non-merchandise transactions which climbed to \$7.1 billion.

Merchandise exports rose by more than 17% to \$44.6 billion while merchandise imports increased by 13% to \$41.7 billion, resulting in a trade surplus \$1.8 billion higher