

throughout the camp, taking precedence only beneath the blue UN standard.

Among the floats sponsored by the various Canadian units were a North American Indian scene complete with tepee and family in colourful native dress; a mural representing each province with a soldier dressed in the attire of the chief industry of that province; a scene depicting Niagara Falls with illustrated power plant installations of both the Canadian and American side; illustrations of three prominent Canadian projects, the St. Lawrence Seaway, the Alberta oilfields and the aluminium smelter and hydro-electric power plant near Kitimat, B.C.; and a soldier on horse back wearing the uniform of the RCMP against a backdrop of the Canadian Parliament Buildings in Ottawa.

Films of the Calgary Stampede, Canadian travel posters, a swim party in the nearby Mediterranean and a programme of sports also were included in the celebrations.

Sports included donkey polo, volley ball, donkey baseball and a camel race, complete with pari-mutuel betting facilities run by members of the Royal Canadian Army Pay Corps. The camels were ridden by native drivers.

RCAF personnel from 115 Air Transport Unit performed the flypast at the conclusion of parade square activities.

A late buffet supper was held in the afternoon for the troops and their guests from other international contingents of the UN force.

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### SMALLER DEFICIT

Canada's deficit from current transactions in goods and services with other countries in the first quarter of this year was \$293 million, appreciably less than that of \$417 million in the corresponding period of 1957 but still higher than in any quarter before 1956. The greatest change occurred in the sharp contraction in the size of the import balance in commodity trade to \$69 million from \$226 million as imports fell more than exports. The deficit from all other current transactions was \$224 million, somewhat larger than the preceding year's \$191 million and was responsible for most of the imbalance. The major part of this underlying imbalance continued to be from deficits on income and travel accounts, business services, personal remittances and official contributions. The increases over the previous year were not general and were partly due to non-recurring transactions.

Among leading influences upon the size of the deficit was the impact of reduced business investment in Canada towards contracting merchandise imports. But at the same time the generally higher levels of some branches of production and of incomes had sustaining ef-

fects upon many kinds of Canadian expenditure abroad, both in the case of some commodity imports and in other current transactions. As merchandise exports fell only slightly in total value from the previous year compared with a drop of 13 per cent in imports, the import balance on merchandise trade was reduced to \$69 million in 1958 from \$226 million. This change in balance occurred in a period when there was a deterioration in the terms of trade as import prices rose appreciably and export prices fell slightly.

### SERVICES & NON-MERCHANDISE ITEMS

The deficit in non-merchandise transactions in the first quarter of 1958 was \$33 million larger than a year earlier. At \$224 million it was only slightly less than the record deficit in the fourth quarter of 1957. This increase in the deficit as compared to the same quarter of last year was the result of divergent and partially offsetting movements in the major items of the accounts. There was a small reduction in the deficits on income and on transportation accounts and some increase in gold available for export. At the same time the deficit on travel account remained unchanged. In contrast there were larger deficits from miscellaneous current transactions, inheritances and migrants' funds and from larger official contributions.

The increase in the deficit for miscellaneous services and all other "invisible" items was the major factor contributing to the enlarged non-merchandise deficit. Receipts continued to decline in the first quarter of 1958, reaching at \$84 million the lowest level since early 1955. A factor in the decline was a further reduction in United States defence expenditures in Canada compared with the previous year. Payments for these miscellaneous transactions increased still further in the first quarter, reflecting in the main sustained and substantial expenditures for miscellaneous business services and income, personal and institutional remittances, and Canadian Government defence commitments in NATO. In addition there were some extraordinary payments of a non-recurring nature by the Canadian Government.

### TRANSACTIONS BY AREAS

The decrease in the deficit from \$417 million to \$293 million from the first quarter of 1957 to the first quarter of 1958 is more than accounted for by a decline of \$153 million in the deficit with the United States. Somewhat offsetting these favourable movements vis-a-vis the United States was a smaller surplus with overseas countries which occurred in the case of transactions both with the United Kingdom and with other countries. Almost the whole of the \$153 million decline in the deficit with the United States was related to merchandise trade.