

38.2% processed) one sees a contraction of the percentage of goods exported in processed form, and an almost equal expansion of the percentage of goods exported in semi-processed form. It should be borne in mind, however, that a decrease in percentage does not always indicate a decrease in the absolute volume of exports. In this case, all three categories expanded by more than 250% over the decade, but because the rate of growth of the processed exports was smaller than that of the other exports, processed goods came to make up a smaller share of Canada's total exports.

Since inflation has become a significant force it is essential to separate its effects from those attributable strictly to an increase in the volume of goods exported. Inflation can be viewed as the sum of price increases. It is necessary, therefore, to deflate the three categories of exports at different rates, each of which reflect price increases in the particular category. Examining the difference produced by using constant dollars to eliminate the effects of inflation, is startling. In current dollars one notes that raw materials constituted a greater proportion of our total exports in 1980 than in 1971. This seems to show that Canada's attempts to increase the value added content of our exports, and decrease our raw material exports, have failed. Constant dollars present a contrasting picture. Not only has there been a decline over the last decade in the proportion of Canada's exports shipped in raw form, from 27.1% to 18.5% there has been an actual decrease in the value (in constant dollars) of raw exports, from \$4.72 billion to \$4.70 billion (see Appendix G). In addition, one notes that unlike the results using current dollars, those using constant dollars show no rise after the oil crisis. Thus, one can see that the rise was attributable not to the increased level of raw exports relative to processed ones, but to the high increases in the price level of raw exports relative to those of processed goods.

There are indications that the Canadian export picture is improving and will continue to do so. Even in constant dollars total exports have increased by approximately 50% over the decade. Most of this change is accounted for by increases in the constant value of processed goods. Processed goods accounted for almost 50% of total exports in the late seventies. This increase from less than 40% in 1971 indicates that Canada has managed to alter the pattern of our exports to favour those with higher degrees of processing. In summary, the value of Canada's exports has increased dramatically in all stages of fabrication, but increased raw materials prices seem to have compensated for