

The import control consists of prohibition of certain types of imports, admitting others under quotas and the licensing of imports of capital goods and certain other goods. As a result of restrictions placed on the extension of credit to foreign governments, it is expected that loans abroad will be down substantially in 1948 compared with 1947.

Off-shore purchases made under the European Recovery Program are not expected to increase directly the total volume on Canadian exports. However, at least for the time being, payment in dollars will be received for the full amount of the exports. This will assist in halting the drain on Canadian dollar reserves that previously resulted to a large extent from sales to Europe on credit. Without resort to borrowing, actual improvement in the dollar reserves can only be achieved to the extent that Canada is able to sell for cash more goods and services than she buys.

Canada's emergency dollar savings program, however, cannot provide a long-term solution for her balance of payment difficulties. Thus, as U.S. assistance to Europe draws to an end there is a strong possibility that Canada's cash sales to Europe will decline. Meanwhile assuming continuous prosperity in Canada, there is no assurance of any decline in demand for types of goods now procured in the United States. Under such circumstances, and excluding continued recourse to import restrictions, the only way Canada's foreign exchange reserve can be maintained is by increasing exports to dollar area markets, or through greater dependence on domestic sources of supply.

Direct Efforts to Increase Canadian Trade

The Canadian Government has been engaged actively in encouraging foreign trade. The Department of Trade and Commerce, which is primarily responsible for this work, has been strengthened since the end of the war. In particular, the scope of its functions have been widened by the incorporating of certain units from the Department of Reconstruction and Supply, and its Foreign Trade Service has been expanded by numerous additions to staff and by the establishment of a new division.

The important units taken over from the Department of Reconstruction and Supply were the Economic Research and the Public Projects Branches. The Economic Research Branch was set up late in the war to help formulate a program for maintaining a high level of employment and income in the country. It undertakes to forecast levels of employment and income, exports and imports, investment and consumer expenditures, supply of labour and materials, progress of industrial development, changes in cost-price and supply-demand relations, productivity, inventory holdings and savings habits of the Canadian people. This information is assembled into national forecasts of employment and income and supplemented by special reviews of the outlook for development of major economic regions and the more important industries. It is now proposed to add a section to the Branch which will concern itself primarily with the domestic effects of economic developments abroad. The Public Projects Branch supplements the work of the Economic Research Branch in the engineering field. It is building up a shelf of fully-planned projects that can be undertaken when unemployment and low income threaten.

Canada's Foreign Trade Service has been strengthened to cope with expanding Canadian trade. Its Trade Commissioner Service today has representatives serving in 45 offices in different parts of the world. The functions of these officers is to keep the industries in foreign lands in close touch with those of Canada and to watch for and report opportunity for export or import trade. In recognition of the saying that trade is a two-way street, the Foreign Trade Service has added an import division which concerns itself with the solution of problems involved in this special aspect of trading. The division's duties include procuring desirable imports into Canada, arranging adequate shipping space for essential imports, and seeing that Canada receives her fair share of any goods that are