

although difficulties have been encountered in certain consumer goods industries, and some reversals have been suffered in exports. The high level of demand for exports of primary foodstuffs and raw materials has sustained the demand for manufactured goods here in Canada by giving rise to generally high levels of employment and purchasing power. At the same time, exports of many manufactured goods have shown significant increases.

For example, in 1951, exports of motor vehicles increased by about 26,000 units in comparison with the preceding year. Exports of agricultural machinery increased by about \$20 million last year. Exports of combines alone increased by almost 2,300 units. Similarly, exports of chemicals increased by 30 per cent over the 1950 figure of \$100 million. The electrical industry in Canada is not only expanding its production for the home market, but is also becoming a more important exporter. Last year, the exports of the electrical industry were about 65 per cent greater than in 1950. These are examples of what sales promotion in foreign markets can do.

I believe, too, that many of our manufacturing industries are becoming more and more competitive in international trade. Sometimes they are able to increase their foreign business, despite the array of overseas restrictions against dollar goods, which is no mean accomplishment. I fully expect that as these industries continue to expand and search vigorously for markets, Canada will become an important supplier to the world of secondary products. We have the necessary ingredients of success in this field -- diversified raw materials, cheap hydro-electric power, and an increasingly skilled and versatile labour force. All of this is conditional, of course, on the eventual attainment of stability and security throughout the world. It is inevitable that export trade in some lines of manufactured goods will suffer to some extent as long as we face the threat of war.

Let me turn now to the situation we face in some of our important markets abroad, and first of all to the United Kingdom and the sterling area. We in Canada are in deep sympathy with our friends in the United Kingdom, who confront renewed problems of adverse trade balances and falling reserves on a more serious scale than ever before.

We have noted the attitude of resolution with which the financial authorities of the sterling area countries came together in consultation at the beginning of this year. We have been encouraged by increasing recognition on their part that these problems can be solved only by the adoption of fundamental corrective measures. At the meeting of Commonwealth Finance Ministers, it was recognized that the crisis cannot be overcome, nor can sterling be sufficiently strengthened, by restrictive measures along, such as the imposition of cuts upon imports. Additional import restrictions will be needed, however, as temporary corrective measures, as a tourniquet is used for first aid. It was recognized in a positive way that each of the sterling area countries should henceforth attempt to live within its means, so that the sterling area as a whole may regain economic stability.

In many countries of the world, deficits in external trade accounts have been surface symptoms of underlying lack of balance in their domestic economies. Inflation and rising prices have been a familiar condition in countries