they have been drifting downward and are now at about $800 million. If our overseas friends could get back their traditional share of our import market, they would be earning an additional $200 million a year with which to balance and eventually expand their consumption of Canadian products.

It is still too early for the world to have witnessed the full effect of the world-wide realignment of exchange rates which occurred last September. The immediate arithmetical implications of these currency devaluations, so far as we are concerned, were to raise the cost of our imports from the United States by 10 per cent, to reduce to the United States the cost of our exports by 9 per cent, to reduce the cost of our imports from most other countries by 24 per cent and to raise the cost of our exports to most other countries by 31 per cent. At the same time United States exports would cost most other countries 44 per cent more, and relative prices between most of these other countries would be unchanged.

Changes in price relationships of this magnitude naturally set in motion all over the world a stream of price adjustments that is still going on. Some basic commodities traded in relatively free international markets, such as the base metals, were adjusted almost immediately to the United States dollar price; many other prices have moved much more slowly, and some hardly at all. The general effect, however, has been to reduce very considerably the wide international price disparities which had been developing at an alarming rate during the three preceding years.

The effect on Canadian trade has already been noticeable and is in a satisfactory direction. Notwithstanding the relaxation of many of our import controls, our imports from the United States have been declining for the past four months, and our exports have been increasing. In the four months November to February inclusive, our exports to the United States increased by nearly $60 million as compared with the same months a year ago, and our imports declined by about $25 million. That is, for these four months an adverse balance of trade of nearly $100 million a year ago has been reduced to an adverse balance of only $15 million.

In the same four months our exports to the United Kingdom declined by $20 million, and our imports from the United Kingdom were down by $3 million. Our overseas exports as a whole, however, were down by more than $100 million in these four months, and our overseas imports down by $12 million.

In a world where so many other factors are changing, one cannot isolate the effects of currency changes in any precise way, but I think that those which took place last fall should play a beneficial role in helping to correct the imbalance in the trading relationships between North America and the rest of the world. I should emphasize, however, that currency changes alone and of themselves are no cure for basic problems of maladjustment. They can do little more than give time in which the more fundamental measures can be put to work. However, so far as Canada is concerned, it already seems clear that the action we took in September last has, under the conditions presently prevailing, improved our trading position.

As the house is aware, exports of gold are not included in our merchandise trade figures. Gold production, however, has recently been showing a steady and welcome increase each year, due to the combined stimulus of an improved supply of