

taken steps that will enable us to regulate consumer credit. In the spring of this year we obtained from Parliament powers to ensure priority for direct defence orders. At the recent special session this fall we sought and were granted special standby powers to regulate essential materials and services, for the dual purpose of speeding up our defence production and at the same time preventing undue dislocation of the civilian economy.

The Government is continuing its programme for the long-term growth and development of the country. The period we are in now is neither one of all-out war nor yet is it one of peace. It is a little of both. In our zeal to defeat the aggressor quickly, we must not overlook those activities that belong to more normal times.

In assessing the effect our preparedness programme will have on the Canadian economy, it must be remembered that we are now operating close to capacity, with production and employment at record levels. On the trade side, our position is most satisfactory. In the face of continuing dollar shortages, it has been the Government's policy to maintain the overall volume of our exports and at the same time bring our trade with individual countries and trading areas into better balance. It now looks as if our exports in 1950 will be even higher than in 1949. After allowing for rising prices in certain commodities, there will still be substantial increases in the volume of goods sold outside of Canada. As we anticipated at the beginning of the year, there has been some decrease in sales to sterling markets but this has been more than offset by increased sales to the United States. In fact, our exports across the border are running more than a third higher than the 1949 rate. This has, of course, been a decisive factor in maintaining Canadian prosperity. It has also helped to reduce still further the gap in our American trade. As you know, our total trade with all countries has always been in very close balance but we have been running a deficit in our trade with the United States. In 1947, when we had to impose import restrictions to help correct a situation that had become critical, the deficit was around one billion dollars. Last year it was down to about \$400 million; for the first eight months of this year it was less than \$100 million. And in closing the gap in our American trade I think it is worth noting that we have at the same time been able to increase the volume of our total trade with that country.

In our trade with the United Kingdom and the rest of the sterling area, we have also achieved a sounder balance.

As a result of efforts on the part of both Canada and the United Kingdom, sales of sterling area goods to this country have increased some 15 per cent, while the difference between exports and imports for this year so far is only a quarter of what it was in the same period last year. With increased prices and a strong demand for such raw materials as wool, rubber and tin, and in view of the improved financial position of the sterling area as a result of dollar-earning and dollar-saving