

substantial part of our overseas exports on credit and pay cash for our imports Canadian exchange reserves fell from \$1,500 million at the end of 1945 to about \$500 million by November 1947.

On November 17, 1947 I announced a programme to safeguard our exchange reserves and to reduce the deficit in our balance of payments with the United States. The main emphasis was on positive measures to expand exports to dollar markets and encourage a more rapid development of our natural resources and productive capacity. But since these were essentially long-term measures, which could not be expected to yield immediate results the Government imposed a series of short-term emergency measures to halt the decline in our reserves. I promised then that the restrictive aspects of the programme would be relaxed as soon as the improvement in our exchange position made such relaxation possible.

More than two years have passed since the emergency measures were first imposed. You are familiar with the very substantial progress made during 1948 when our reserves went up from a dangerous low of \$461 million in December, 1947, to \$998 million in December, 1948. Consistent with this big improvement, I was able to announce a series of relaxations in that year. When I reviewed the developments for 1948, about this time last year, I said - "A continuation of present favourable trends will enable the Government to consider making further relaxations from time to time during 1949".

. As compared with the \$998 million level of our exchange reserves at the beginning of 1949, we entered 1950 with reserves at \$1,117 million, an increase of \$119 million. In the light of the difficult world trade situation this was a very satisfactory outcome and is a tribute to the remarkable adaptability of the Canadian economy to rapidly changing conditions.

The gratifying rise in our exports since 1947, particularly to dollar markets, has made it possible to add substantially to our exchange reserves and at the same time has enabled us to relax the restrictions progressively. In the early part of last year, a large number of prohibited imports were removed entirely from restriction and others were switched to the quotas. All the quotas were increased by roughly 25 per cent. Later in the year all controls on fresh fruits and vegetables were taken off. Yesterday I announced further relaxations to become effective in the second and third quarters of this year.

When these changes which I announced yesterday go into effect, the outright prohibitions will have been eliminated on all but a relatively small group of imports. In a little more than two years since the programme was introduced we have been able to reduce the effect of the restrictions by approximately one half. The time has not yet come when we are able to eliminate the restrictions completely but I think you will agree that we have made substantial progress towards this end.

In looking to the future I can only reiterate the promise I made when the emergency restrictions were first imposed. We intend to get back as soon as possible to more normal trade practices. This remains our basic goal. We