the first quarter of 1952, production of clothing was 15 p.c. below the level of the same period in 1951. In other textiles a year-to-year comparison in the second quarter showed a 30 p.c. drop.

Throughout 1952, influences contributing to a strengthening of demand for consumer goods included the continuing increase in money incomes, a moderate decline in the consumer price level, the suspension of consumer credit regulations and the removal of the special commodity taxes in the April Budget. As consumer purchasing increased, excessive inventories were gradually adjusted and by the latter part of 1952 production in consumer goods industries had increased substantially above the depressed levels of the previous period. By the last quarter of 1952, activity appeared to be at a generally high level throughout all segments of Canadian industry except perhaps in logging where the current season's cut was expected to be considerably below that of 1951.

During the 1951-52 period, Canadian agriculture was subject to unusually divergent influences. In 1951, western grain producers obtained much better than average yields but owing to unusually bad weather conditions much of the grain was of low grade and a large portion of the crop was not harvested until the next spring. This was followed by the new record crop of 1952. Throughout these two years overseas demand for Canadian wheat and other grain remained strong owing, in part, to poor crops in other important export countries. In addition, large amounts of feed grain were marketed in the United States. Transportation and handling facilities were not adequate to move the huge export surpluses on hand and this constituted the principal limiting factor to the volume of export sales. As a result there was a substantial increase in grain stocks in Canada.

Meanwhile, Canada's live-stock industry suffered a major setback with the outbreak of foot-and-mouth disease, in Saskatchewan, in February 1952. This brought an automatic closing of the United States border to all Canadian live stock and related products, involving the loss of a market which, in recent years, had absorbed up to 20 p.c. of Canada's cattle and beef production. At the same time, hog marketings increased greatly, resulting in a substantial surplus of meat in Canada during 1952. The beef surplus was, to some extent, alleviated by an arrangement whereby the United Kingdom bought Canadian beef in place of the New Zealand product which, in turn, was sold in the United States market. By the end of 1952, about 65,000,000 lb. of beef had been shipped to the United Kingdom under this arrangement. To assist the Canadian industry over this difficult period, the Agricultural Prices Support Board provided support to both pork and beef by purchasing surplus supplies at designated prices and it was announced that support for beef prices would continue until the United States embargo against Canadian live stock was lifted.

Mainly as a result of the good crops in 1951, Canadian farm income rose by 32 p.c. over that of the previous year. In 1952, the rise in crop production was more than offset by lower prices for agricultural products and increased operating costs and it was estimated that farm income in 1952, though remaining well above the 1950 level, would be a little below that realized in 1951.

The Defence Program.—The building up and equipping of Canada's Armed Services, together with the provision of a considerable volume of equipment for other NATO countries, were among the principal new demands on the country's resources during 1951 and 1952. Actual outlays for direct defence purposes increased from $493,000,000 in 1950 to three to four times this amount in 1952. Such outlays