

it is of significance that in 1952 there was an increase in the volume of exports and in capital investment and a slight improvement in per capita consumption. The outstanding feature of the defence program is in its specialized technical aspects rather than in its requirements of manpower, materials and productive capacity in the more general sense.

Foreign Trade.—Events which followed the outbreak of the conflict in Korea had a pronounced stimulating effect on Canada's trade with other countries. A major portion of the new stimulus to activity in the Canadian economy had its origin in the foreign market. Rising production levels in other countries meant larger requirements of many raw and processed materials for which Canada is an important and economic source of supply. The accompanying rise in activity and in the demand for goods in Canada resulted, in turn, in a heavier flow of imports. Nevertheless, the respective trends of exports and imports followed a somewhat different course in the period since 1950.

In response to urgent demands from abroad, Canadian exports rose steadily during 1951 with availability of supply being the main limiting factor to the volume shipped. The value of merchandise exports in 1951 reached \$3,963,000,000, 26 p.c. above the 1950 figure. Higher prices and more unit volume contributed about equally to this rise. In 1952 the general pressure of demand for raw materials slackened somewhat as evidenced by the levelling and, in some instances, decline in prices but the foreign market continued to absorb virtually all the available supply of important export items. Thus, sales abroad continued to mount and for the full year the value of exports showed an increase of 10 p.c. over the same period in 1951. With average prices being unchanged, the physical volume of shipments also rose by 11 p.c. or approximately at the same rate of increase realized in the preceding year.

Throughout the two-year period under review larger shipments of grain, metals and wood products made up nearly all the increase in the total value of exports. Commencing in the latter months of 1951 and continuing through 1952, exports of automotive products increased sharply, particularly to Latin-American countries, and by the end of 1952, shipments of defence equipment to the United States were of increased importance.

The 1950-51 boom brought a much quicker expansion in imports than in exports. For one thing supply limitations did not exert the same restrictive effects. In the United States, by far the largest source of supply, soaring production levels had in many fields kept pace with market demands. Even in instances where supplies remained tight, as in the case of steel, Canadian purchases increased markedly. The removal of all the remaining emergency exchange import controls on Jan. 1, 1951, also contributed to the overflow of Canadian demand into the United States market. Thus, in the first six months of 1951, Canadian purchases abroad were 45 p.c. above the corresponding period of 1950. However, in the third quarter of the year the scramble after goods in the foreign market began to subside. For the year 1951 the value of merchandise imports stood at \$4,085,000,000, 29 p.c. above the 1950 level (13 p.c. higher in terms of unit volume).

The easing in purchasing from abroad, which commenced in the latter half of 1951, continued well into 1952 and reflected the over-building of inventories during the earlier buying splurge and also the decline in demand pressures in Canada. However, following the firming in the domestic market, import levels again started