

In response to the greatly increased demand for building materials, a post-war expansion has been shown in the clay products and other structural materials group. The value of output in this group increased about 27 p.c. during 1946.

Electric Power.—Following a temporary decline in the demand for electric power during the reconversion period consumption has risen sharply and by the winter of 1946 a shortage had developed in some areas. The Hydro-Electric Power Commission of Ontario has begun construction on a number of projects which will add substantially to this industry's productive capacity over the next few years. In comparison with actual expenditures on new capital equipment of \$27,000,000 in 1945 and \$57,000,000 in 1946, the industry has planned to spend \$124,000,000 in 1947

Manufacturing.—One of the major developments during the war period was the increased contribution of manufacturing to the nation's products. Much of the gain centred in such war industries as aircraft, shipbuilding and munitions of various kinds and it was accompanied by the construction and equipment of a large number of new manufacturing plants under a Government-financed program. At the War's end, when these industries were forced to reduce their production sharply, many of these factories became available for peacetime uses. Some were sold to new or expanding industries; others were purchased directly by the company which had operated the plant during the War.

The extent to which this wartime shift to manufacturing will be retained on a permanent basis is not yet clear. Canada's new synthetic rubber industry and her expanded steel industry are two examples of an expanded industrial capacity which has continued at a high level. Electrical apparatus is another industry that has greatly increased in importance and it now employs more than double the number it did in the pre-war period. On the other hand, because of the present intense demand for goods of all types, Canada is importing many manufactured goods which may be produced to a greater extent in this country when shortages become less acute. Employment in manufacturing fell off sharply at the end of the War but as reconversion progressed it moved up rapidly and currently accounts for about 27 p.c. of total employment (June 1947).

Transportation.—In some respects the return to peacetime production has seen an accentuation rather than an easing of the burden on Canada's railway system. Carloadings have risen to the limit permitted by the available equipment and priorities have been necessary to ensure that the most urgent needs are met. This problem was accentuated by the necessity of diverting lake shipping from grain to coal in the fall of 1946. As a result, during the winter of 1946, the railways were required to haul to export positions a large amount of grain which would normally have been shipped by water. Addition to the railways' equipment was deferred while Canada's output of railway cars and locomotives was sent largely to foreign markets during the first post-war year. Only in early 1947 were substantial orders placed by Canadian railways. Faced with rising costs the railways have applied for permission to increase their freight rates by 20 p.c. and their case is currently being considered by the Board of Transport Commissioners.