

**Post-War Period to 1952.**—The most impressive characteristic of the Canadian economy in the post-war period has been the sustained high rate of industrial expansion and resource development and the accompanying growth in the country's productive capacity. During the years from 1947 to 1952, the physical output of goods and services as measured by the gross national product in constant dollars increased by 26 p.c., or 5 p.c. per year, compounded annually, compared with an average increase of 4 p.c. per year during the period from 1926 to 1952.

Accompanying the expansion in the country's physical volume of output from 1947 to 1952, the population of Canada increased by 15 p.c. This increase in population has provided a wider market for the country's production and made available additional workers for the labour force. Almost without exception, the labour force was fully employed during the period, the proportion of persons without jobs varying annually between 1.5 p.c. and 2.7 p.c. The number of persons with jobs increased by approximately 8 p.c. between 1947 and 1952, substantially below the rise of 26 p.c. in the physical volume of production, and indicating a considerable gain in output per person.

The first stage in Canada's post-war development covered the period of reconversion and transition to a peace economy ending in 1948. It was characterized by powerful consumer demand, the progressive relaxation of controls, and rapidly rising prices, and must be viewed in the light of two fundamental considerations: the large volume of wartime savings accumulated by individuals and by businesses, and the enormous backlog of deferred demand for all types of consumer and investment goods generated by wartime shortages and restrictions. Accordingly, consumer expenditures rose to new high levels in the reconversion period and business embarked on a capital expansion program of large magnitude. The increases in expenditure of the personal and business sectors offset the sharp declines in government expenditure on goods and services which might otherwise have brought about a serious fall in production and employment. The transition to a peacetime economy was accomplished with a minimum of dislocation and only a moderate and short-lived drop in the physical volume of production. The heavy domestic and foreign demands on production, coupled with high and rising prices in export markets and of imported goods and materials, exerted powerful upward pressures on the Canadian price level.

Though inflationary pressures continued throughout most of 1948, there was a pronounced levelling off in prices toward the end of the year. The strong sellers' market which had existed since the end of World War II appeared to have weakened considerably in 1948, reflecting the attainment of a better balance between supply and demand. At the same time, there was an easing off in external pressures on the Canadian price level.

The next stage of Canada's post-war development, 1949 to mid-1950, was, in general, one of comparative price stability accompanied by a high level of production, employment and income. The excessive demands of the previous few years had yielded to a more balanced pattern in relation to the supply of goods and services. A notable feature of the year 1949 was the levelling off in the quarterly rate of expenditure for fixed investment in durable assets and, for the year as a whole, the value and volume gains in investment expenditures were considerably less than in the preceding two years. However, consumer expenditures remained high in 1949 and, in volume terms, showed a very substantial gain over the previous year.