Canada's position as a trader is based largely on the country's natural resources, and is reflected in the industrial structure. Three industries stand out as major exporters—the pulp and paper mills, the non-ferrous smelting and refining plants, and the sawmills—all of them closely concerned with the processing of Canada's natural resources. The aluminum plants forming part of the smelting and refining industry are an exception since they process imported raw materials, but the reason for their location in Canada is the abundant supply of another natural resource—water power.

Slaughtering and meat packing and the butter and cheese industry, two other resource-based industries appearing among the leading fifteen in value of shipments, were once important exporters but are now occupied in supplying the home market because demand for their products from a larger and more wealthy population has increased faster than production. The bakeries and the manufacturers of miscellaneous food preparations are also turning out much greater quantities of food for the growing population. However, growth of population is only one way in which Canada is providing a domestic market for more and more industrial produce. The range of industries supplying domestic needs has greatly extended and at the same time the major export industries are finding a greater market for their products in Canada. Growth stimulates growth. Canada's mines, forest industries, transport systems and service trades expand, and that expansion requires building materials, machinery and equipment. Every new factory provides an increased market for capital goods and for raw materials or semi-finished products. Thus a growing market for existing products calls for increased output and a demand for new products springs up, which is met by imports until the market is able to support domestic production.

Despite a downturn in production in the autumn of the year, the manufacturing industries of Canada in 1957 established new highs in number of employees, salaries and wages paid and selling value of factory shipments. Shipments at $22,183,594,311 were the highest on record and exceeded by 2.5 p.c. the high mark attained the previous year. The employment picture was not so impressive. Although there was an increase of 0.4 p.c. in persons employed in 1957 as compared with 1956, the number still was only 31,610 higher than the record employed in 1953. Salaries and wages paid at $4,819,627,999 and value added by manufacture at $9,822,084,726 exceeded the previous highs of 1956 by substantial margins. On the other hand, the physical output of manufactured products declined by 1.8 p.c. despite the small increase in number of employees; a drop of about 2 p.c. in the average number of hours worked per week in 1957 contributed to this result. The decrease in the volume of production, which contrasted with the increase in selling value of factory shipments was more or less accounted for by an increase in the wholesale prices of partly and fully manufactured goods. The output of non-durable goods recorded a minor increase of 0.9 p.c. but the production of durable goods was down by 4.6 p.c., resulting in a net decline of 1.8 p.c. for manufacturing as a whole. The total index for manufacturing in 1957 stood at 142.5; for non-durable goods it was 139.3 and for durable goods 146.2. Since the end of the War, both durable and non-durable goods experienced almost uninterrupted expansion in volume of production, the only exceptions being 1954 and 1957 for the former and 1954 for the latter. However, the durable goods sector increased by 92 p.c. between 1946 and 1956 while the non-durables advanced only 54 p.c. during the same period.

The high level at which the manufacturing industries of Canada operated during 1957 was the result of two main factors. First was the continued high spending on capital goods, such as construction and machinery and equipment of all kinds, which rose 8 p.c. from $8,036,000,000 in 1956 to $8,717,000,000 in 1957; construction was up by $511,000,000 and expenditures for machinery and equipment by $170,000,000. This high expenditure had the effect of stimulating certain durable goods industries to a marked degree. The volume of output of the hydraulic cement industry advanced 20.6 p.c., output of cement rising from 5,021,683 tons in 1956 to 6,049,098 tons in 1957. Bridge-building and structural steel was 15.8 p.c. higher, and heavy electrical machinery as well as industrial machinery and machine tools recorded minor gains. The output of the primary iron and steel industry dropped 5.9 p.c.; production of pig iron at 3,718,350 tons was 150,147 tons higher but