

the records of capital expenditures year by year in the postwar period. Yet it is not only rate of growth that is significant. There have been other periods when Canada's population has grown more rapidly and, in many respects, the rate of industrial expansion in the late 1920's was relatively as great as in the postwar years. But the real significance of the latter period is that never before has there been an advance on such a broad industrial front.

Noteworthy also is the changing emphasis of Canadian manufacturing activity. By 1949 the period of postwar conversion had passed and Canada had entered a new phase of economic expansion which derived its dynamic from the discovery of new resources and the application of new processes. Thus, even the sharp recession in the United States in the year 1949 failed to have significant effects in Canada. The influence of the Korean war and the consequent rearmament program gave an added impetus to the expansion of Canadian industry and to the development of Canadian basic resources. Capital expenditures that contributed most to the defence of Canada were given priority. Additional capacity was created to meet requirements of the specialized defence program—aircraft, electronic equipment, ships and guns—many items of which had never before been produced in Canada. Measures such as steel control, credit regulations and deferred depreciation had the desired effect—a shift gradually took place toward the further expansion of basic industrial capacity and away from investment in consumer goods and services.

The stability of current levels of manufacturing is indicated by the fact that such activity is the result of business assessments of resources and market potentialities. Millions of dollars are being invested in oil because the prairies can produce oil as economically as other great fields on the North American Continent. Petrochemical plants are being erected because the raw materials are readily at hand. The establishment of great smelting enterprises has been based on the coincidence of abundant and cheap hydro-power and access to ocean transportation, both of which are essential to low-cost production. The exploitation of the Ungava iron deposits rests on the belief that the steel industry of the North American Continent will need the high-grade ores involved in order to meet continually increasing demands. No country is in a more favourable position than Canada to supply uranium for the production of atomic energy.

Of strategic importance, and probably of even greater long-term significance to the Canadian economy, has been the growing world-wide shortage of raw materials—a shortage born of rising levels of employment and income and accentuated by the course of international events, especially since 1950. These demands have shown few signs of abating and have led to substantial increases in Canadian primary manufacturing capacity, particularly for light metals, nickel, chemical fertilizers and cheaper grades of paper.

In recent years the demands stemming from population growth and a rising standard of living have been noticeable at all levels. In food processing, a steady up-grading in the quality of foods sold on the domestic market has been even more important than the increased production required for a growing population. The two together have almost doubled the dollar sales of processed foods in this country since 1945. At the intermediate level, other important changes have taken place. Many of Canada's new chemical plants, for example, have been built with the domestic consumer in mind. Frequently using petroleum or natural gas as a source of raw material, they have gone a long way toward making Canada independent of imports in such categories as vanillin, nylon and rayon intermediates, and plastics for packaging and similar uses.

The tremendous development that has taken place in Canada during the decade preceding 1957 is strikingly illustrated by the increase of 70.3 p.c. in the physical volume of manufactured products between 1946 and 1956 as compared with an increase of only 31 p.c. in population. Part of this increase in production resulted from increased demands from abroad for Canadian manufactured goods, part to the demands imposed on Canadian industry as a result of the expansion in the economy during the same period, and part to an increase in the standard of living of the Canadian people. The advance of 91.9 p.c. in the output of durable goods, consisting mainly of building materials, transportation