

period, they did not expand relatively to the same extent as the shipbuilding and aircraft industries. When European supplies were cut off early in the War, the Canadian basic steel industry had to rely on the United States for a greater supply and had to increase its own steel-making capacity to meet the abnormal wartime requirements. However, development of the iron and steel group of industries did not halt with the end of hostilities. Canada's industrialization program, together with the strong postwar demand for consumer durable goods, led to a steady expansion of this group of industries so that by 1959 the index had advanced to 147, the highest on record, and exceeded the wartime high by 15 points. The output of pig iron in 1939 was only 755,731 tons and the output of steel ingots and castings 1,551,054 tons; in 1959 production of these commodities reached record levels of 4,182,755 tons and 5,901,487 tons, respectively.

The Manufacturing Situation in 1960

The recovery that took place during 1959 in manufacturing production, following the moderate recession of 1957-58, was maintained, more or less, in 1960. In that year, the value of factory shipments amounted to \$23,747,457,083 and value added by manufacture to \$10,517,332,701, both the highest on record. Salaries and wages at \$5,207,167,393 were 2.3 p.c. higher than in the previous year, but number of employees and physical volume of production were fractionally lower, recording declines of 1.1 and 0.3 p.c., respectively. The trend in recent years for the same volume of output to be produced with fewer employees was also apparent in 1960; the physical volume of manufactures produced increased by 49 p.c. in the 1949-60 period and the number of persons employed by only 10.5 p.c. The higher salaries and wages paid in 1960 resulted from the continuing advance in earnings, a trend common to all other sectors of the economy. It should be noted also that the addition of about 372,000 persons to the population in 1960 supplemented labour income and had a stimulating influence on the output of the consumer goods industries.

Of tremendous importance in sustaining the high level of production in 1960 was the continued high spending on capital goods, such as construction and machinery and equipment of all kinds. Investment in capital goods amounted to \$8,262,000,000 although this was \$155,000,000 less than in 1959; on machinery and equipment expenditures were \$101,000,000 higher than in 1959 but construction expenditures were \$256,000,000 lower. However, the big drop in the spending on construction projects had only a moderate effect on the industries producing building materials. An increase in the export of timber, lumber and shingles counterbalanced the decline in domestic demand, resulting in a net decrease of only 0.4 p.c. in the volume of wood products manufactured; the output of cement, however, dropped 7.9 p.c.

Export demand for Canadian manufactured products was also a strong factor in stimulating the high level of production in 1960. Exports of partly manufactured products at \$1,640,637,000 were \$186,736,600 higher than in 1959 and exports of fully manufactured goods at \$1,969,655,000 were \$109,021,000 higher. On the whole, exports of partly and fully manufactured products increased 9.0 p.c. Substantial improvements were shown in the amounts of lumber and timber, shingles, wood pulp, newsprint, aluminum and its products, nickel, copper and its products, zinc, automobiles and parts, crude artificial abrasives, fertilizers, lead and lead products and non-farm machinery going abroad but, at the same time, declines occurred in such major export items as veneer and plywood, whisky, wheat flour, farm implements and machinery, aircraft, synthetic resins and their products and uranium ores and concentrates.

As already mentioned, the physical volume of production for manufacturing as a whole reached an all-time high of 149.8 in 1959 but declined somewhat to 149.3 in 1960, a drop of 0.3 p.c. Between 1959 and 1960 the volume of non-durable or consumer goods produced increased 1.1 p.c. but the volume of durable goods manufactured declined by 2.1 p.c. Since the end of the Second World War the production of durable goods industries experienced an almost uninterrupted expansion but recorded an increase in volume of only