

have increased in relative as well as absolute terms since 1926 include transportation equipment, which rose from an average of 12.6 p.c. for 1926-29 to 17.3 p.c. in 1962, electrical apparatus from 4.2 p.c. to 7.9 p.c. and rubber, leather and other miscellaneous commodities from 11.3 p.c. to 16.5 p.c. Imports of textiles and clothing have shown the greatest stability of any group over the 1926-62 period, and have become much less significant in relative terms, their proportion of the total declining from an average of 22.9 p.c. in the 1926-29 period to only 8.2 p.c. in 1962.

Exports of commodities produced by secondary manufacturing have become more important than in 1926, rising from an average of \$154,000,000 or 12.5 p.c. of all exports in 1926-29 to \$1,120,000,000 or 18.2 p.c. of the total in 1962. This growth has been accompanied by substantial changes in composition. In 1926-29, exports of transportation equipment accounted for 25.2 p.c. of the total compared with 9.8 p.c. in 1960, while the share of rubber, leather and miscellaneous commodities has fallen from 30.3 p.c. to 7.3 p.c. Groups gaining in relative importance over the period include iron and steel products which rose from 22.6 p.c. of the 1926-29 total to 43.3 p.c. of the 1962 total, chemicals and allied products from 8.4 p.c. to 20.9 p.c., electrical apparatus from 2.4 p.c. to 5.6 p.c., and non-ferrous metal and non-metallic mineral products from 4.1 p.c. to 6.4 p.c.

Despite the rapid growth and development of domestic secondary manufacturing, Canadian imports have continued to be mainly products of secondary manufacturers and exports mainly raw materials and commodities produced by primary processing industries. Nevertheless, it is significant that since 1926, and especially during the past three years, secondary manufacturing in Canada has contributed an increasing proportion to Canadian exports.

The Domestic Market.—The domestic market for goods produced by secondary manufacturing has expanded rapidly and Canadian secondary manufacturing has become more dependent for its growth on this market. The growth of the domestic market has been the result of an expanding population with larger incomes and a propensity for spending an increasing proportion of its income on durables. In addition, the growth in the proportion of the national income expended on capital investment has meant increased demands for construction goods and capital equipment. Consequently, the domestic market for consumer durables, construction goods, and capital equipment has risen more rapidly than has the demand for consumer semi-durables.

The domestic market for secondary manufactures increased from an average of \$2,300,000,000 in the 1925-29 period to \$16,000,000,000 in 1960. Of this growing market, Canadian secondary manufacturing held a larger share in the postwar years than in 1926-29, despite the great expansion in imports. On the other hand, while exports of secondary manufactures have become a more significant part of total Canadian exports, their share of total output has actually declined. Over the years 1926-29, an average of 27.7 p.c. of the domestic market for secondary manufactures was supplied by foreign producers. This proportion dropped to an average of 19.0 p.c. during the period 1935-38, because of the low level of investment and the higher level of tariff protection that resulted from the Imperial Economic Conference of 1932. By 1947 the proportion of the Canadian market accruing to foreign producers had again risen to 25.1 p.c., and this level was generally maintained during the postwar period, with the exception of 1948 and 1949 when foreign exchange controls restrained imports. The domestic market took 93.9 p.c. of the output of Canadian secondary manufacturing in 1960 compared with an average of 91.5 p.c. in the 1926-29 period. Exports by secondary manufacturing declined over this period from an average of 8.5 p.c. of total output to 6.1 p.c. In summary, secondary manufacturing has become more and more oriented toward the domestic market.

The share of the domestic market for secondary manufactures obtained by foreign producers rose most significantly for rubber and leather products and for clothing and textiles. On the other hand, the wood products industry, the paper products industry