

providing incentive for the opening up and developing of new mineral resource areas. Some slackening in construction activity was evident following the unusually high levels reached during the mid-1950's but demand for housing proved to be a sustaining influence during most of the period.

The industry divisions consisting of manufacturing, transportation, storage and communication, trade, and finance, insurance and real estate all expanded at roughly the same average rate during the 1935-62 period—close to 5 p.c. The rates of growth of these industries for the postwar period diverged slightly but still fell within the range of 4 to 5 p.c. During the latter period, public administration and defence also had a growth rate within this range. Although these industries expanded at about the same rates, the manufacturing, trade, and transportation, storage and communication industry divisions, which together account for about one half of total output, also showed strikingly similar cyclical patterns. In fact, these are the three industry divisions within the Canadian economy that showed the most pronounced and consistent patterns of cyclical swings during the postwar period.

The Second World War and, to some extent, the Korean War provided strong impetus to the output of the manufacturing industries and to transportation. Within manufacturing, it was the durable manufactures component which expanded considerably during both periods of hostilities and which benefited from the need for machinery and equipment during the investment boom and from consumer demand during the early part of the postwar expansion. Non-durables maintained a fairly steady rate of expansion for most of the period, largely in response to increased population and demand for industrial materials. Trade was less strongly affected by defence requirements. Retail trade, in particular, exhibited a relatively smooth expansionary path.

The community, recreation, business and personal service industry division was relatively insensitive both to cyclical and irregular influences but, along with some other steadily expanding industries such as finance, insurance and real estate, and non-durables, it helped to sustain aggregate production and growth during periods of contraction and expansion. Within the division, business services showed very rapid advances, reflecting increased use of advertising, accounting and legal services. Among the community services group, education and hospitals showed very pronounced gains but recreation services did not participate in the general upsurge during the 1950's. Within the personal services group, one of the more interesting developments was the decline in the domestic service component, while other industries such as restaurants, hotels and motels made considerable gains. Thus, while this division as a whole showed a less-than-average rate of growth, some of its components were among the most rapidly and steadily expanding in the economy.

The rates of growth in the forestry, agriculture, and fishing and trapping divisions were also below average and were subject to pronounced irregular fluctuations in output. Forestry experienced sharp year-to-year fluctuations because of the nature of its production process and also, to some extent, because of its sensitivity to changes in world demand and price. The volume of agricultural production varies, of course, with the crop produced and its output depends to a far greater extent on weather conditions and similar factors than to changes in prices and demand. It is interesting to note, however, that particularly poor crop years have coincided with the cyclical declines in the gross domestic product during the postwar period. Generally speaking, there has been a lack of buoyant expansion in agricultural production but, although the rate of growth was low, the year-to-year changes were sometimes quite spectacular. In absolute terms, the industry production levels have continued to rise over the longer term, and this increase has been accomplished with a declining labour force.