

large proportion of resources was diverted to the war effort, resulting in the expansion of many defence-oriented industries. At the same time, shortages of consumer goods and investment goods were created in other areas while income and savings were rising. During the immediate postwar period a certain amount of industrial dislocation occurred as a result of re-tooling and a large-scale changeover to peacetime production, coupled with major labour unrest in some industries. This phase of readjustment, however, did not generally extend beyond 1946, following which production resumed its upward trend.

The postwar period was marked by several major expansions. The first was based on satisfying the backlog of war-deferred investment and consumer demand and on supplying the needs of the war-devastated countries, especially for various materials. Following this expansion there was some slowing down in production, but the requirements of defence-supporting industries after the outbreak of the Korean hostilities, and stock-piling requirements at home and abroad, introduced a second expansionary period. The third was the investment boom of the mid-1950's during which output reached a new high level. These strong demand influences combined to make most of the period one of fairly rapid and sustained growth. Production data reveal a diminishing rate of increase during the late 1950's, as external sources of supply for many commodities multiplied and as the competition encountered by many Canadian producers intensified. At the same time, there was an absence of strong stimulants to domestic demand, such as the deferred demand and the population growth of the preceding periods. During the early 1960's, however, the first waves of the postwar generation were beginning to exercise a growing influence on the demand for goods and services. This appears to be one of the major influences affecting the current expansion which began early in 1961. Some of the other notable features of the current expansion have been: the relatively slow growth of imports compared with previous expansions, particularly after the stabilization of the Canadian dollar and other government measures in mid-1962; the increase in exports, especially during the latter part of 1963, reflecting large wheat sales abroad; the substantial gains in motor vehicle and primary iron and steel production; and the above-average output of mining and agriculture during 1962 and 1963.

Along with the increases in total final demand, there were also shifts in the composition of demand, which affected the output of the various industries. Imports retained roughly the same relative share of the GNP but the share of exports declined from 26.4 p.c. in 1935 to 21.1 p.c. in 1963, an indication of the growing importance of the domestic market as an outlet for the products of Canadian industry. Government expenditure and business gross fixed capital formation made considerable relative gains but personal expenditure on goods and services as a percentage of total expenditure declined from 77.4 p.c. in 1935 to 63.3 p.c. in 1963.

Even more remarkable than some of the demand-induced changes were the striking changes brought about by the technological discoveries and innovations that transformed whole production processes and opened up previously unknown areas in the fields of manufacturing, transportation and communication. Newer industries, such as air transport, assumed major importance in a comparatively short time; entirely new industries, such as gas pipelines, appeared; and a profusion of new products were created, such as the petrochemicals of the chemicals industry and the television and other electronic products of the telecommunication equipment industry. As was to be expected, the industries in a position to benefit from such innovations were among the most rapidly expanding in the economy, although the impact of the expansion spread through the entire economic system. The changes in production and demand also influenced the level of employment in the various industries; there was a considerable shift in employment during the postwar period from