

Industrial Expansion, 1935-63.—Industrial development since 1935 showed certain well-defined patterns. Individual industries flourished or, in rare instances such as coal mining, declined but all the major industry groups expanded. Development, however, was not uniform throughout the period. Three major types of factors affecting the expansionary paths of industries were in evidence in the Canadian economy at some point during the period.

The first may be described as some special factor at work in a particular industry, the effects of which would be most noticeable in that industry—for example the demand for uranium which had an important influence on the mining industry during the latter half of the 1950's; the opening up of new mineral resources such as the iron ore mines in Quebec-Labrador; and certain technological innovations such as the development of synthetic textiles or television. The second type of factor is much more general in its effects and in its causes. Such factors as increased demand for consumer goods resulting from a rising standard of living and a growing population, shifts in world trading patterns or shortages causing increased demand for export goods; the surge of investment activity associated with replacement cycles; attempts to broaden the base of economic activity through investment in research, social overhead capital, education, improved management and marketing techniques, or a more efficient production process (or a confluence of all these factors) appear to lie at the root of such postwar expansions as the investment boom of the mid-1950's or the rapid expansion in production immediately following the Second World War. The third type of factor would be some unique and far-reaching event, of which the Second World War and the Korean War might serve as conspicuous examples. Each afforded a powerful stimulus to growth in a large cross-section of industries.

All three factors, jointly or in turn, have reacted on the various industries resulting in the upswings in aggregate production. The effect of these factors on the individual industries is revealed to some extent by their relative rates of growth.

12.—Growth Rates of the Main Industrial Groups, 1935-63 and 1946-63

Industry	1935-63	1946-63	Industry	1935-63	1946-63
	p.c.	p.c.		p.c.	p.c.
Agriculture.....	1.0	1.4	Trade.....	5.1	4.0
Forestry.....	3.1	1.4	Finance, insurance and real estate....	4.9	5.0
Fishing and trapping.....	2.0	1.9	Public administration and defence....	3.3	4.3
Mining.....	7.3	9.0	Community, recreation, business and personal service.....	4.0	3.6
Manufacturing.....	4.9	3.9			
Construction.....	6.5	5.4	Real Domestic Product.....	4.4	4.1
Electric power and gas utilities.....	8.4	9.6			
Transportation, storage and commu- nication.....	5.0	4.3			

Foremost in growth was the electric power and gas utilities industry which showed an average annual compound rate of growth of close to 10 p.c. during the postwar period and a longer-term growth rate of 8.4 p.c.; large-scale hydro-electric power developments along with the expansion of natural gas distribution helped to sustain this remarkable performance. The mining and construction industries ranked second and third, respectively. All three industries were strongly affected by technological advances, new discoveries and a fairly well sustained demand for their products. In the case of mining, this demand frequently came from abroad, resulting in relatively high export sales and 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.