

in putting wood products in place in certain phases of construction. Superimposed on these effects was the more rapid growth of the housing market—and probably of the home improvement market—resulting from rising per capita consumer incomes. The plywood industry also illustrates another impact of technological change on demand for products and on industrial structure which undoubtedly applies widely—that is, the effect of improved methods of production within an industry on its costs and on the price competitiveness of its products. The plywood industry has been particularly subject to advances of this nature, which have helped to expand the use of its product; the DBS selling price index for the industry was lower for 1965 than for 1956, although prices of most lumber had risen over the period.

However, in the following analyses of industry groups attention is focused on the more readily observable types of technological innovation—changes in the product-use patterns of user industries and the development of new products. No attempt has been made to assess the undoubtedly important differential effects of improvements in the productivity of particular industries from automation or other cost-cutting procedures in production.

**Industry Groups.**—As shown in the comparisons of growth rates of industry groups on the opposite page, the *Miscellaneous manufactures* group grew almost twice as fast as manufacturing industries as a whole, both in the 20-year postwar period and in the latest 10 years, and has been the most rapidly growing industry group in both periods. The two most obvious influences on the relative growth rates of manufacturing industries generally—technological change and higher per capita income—appear to have played their part in this very rapid expansion also. Technological change made itself felt in the growth of at least two industries in the group—scientific and professional equipment manufacture and plastics fabrication: the increasing technical sophistication of both the civilian and defence economies, expressed partly in new products, stimulated the production of scientific equipment and instruments; higher consumer incomes probably also had an impact on the scientific and professional equipment industry, since it includes the manufacture of photographic equipment and supplies. Although production figures are not published because of the small number of producers, retail sales of cameras and photographic equipment showed an average annual increase of about 18 p.c. between the 1951 and 1961 Censuses of Merchandising. This increased demand actually represents both forces: technological innovation made photography somewhat more attractive to an unskilled mass public and higher incomes increased their willingness to spend money on it. Imports have met a good part of the demand but there must have been a substantial stimulus to domestic production as well. The rapid expansion of the fabrication of plastics is attributable to technical progress in the area of plastic materials produced mainly by industries in the Chemicals and allied products group.

*Products of petroleum and coal*, the second fastest growing industry group, achieved its greatest expansion during the first postwar decade but has since continued to grow at a substantial rate. The discovery of large crude petroleum resources in the Canadian west in the late 1940s had an influence through their effect on the cost of petroleum products relative to substitutes—a supply consideration lying outside the realm of technology. Rising consumer incomes have favoured automobile ownership; trucking has increased its share of inter-city transportation of goods; and greater relative use of oil for heating and the operation of railway locomotives have been forces acting upon the industry's growth.

The development of Canadian petroleum has also facilitated to some extent the expansion of the *Chemicals and allied products* group although the growth of this group rests largely on technological innovation in the field of chemistry. (This industry group has also been one of the most rapidly growing in the United States in the postwar period.) As already mentioned, the development of new plastics and their inroads upon the markets for other materials had an important influence on the growth of the *Miscellaneous manufactures* group; in turn, the supplying of the plastic resins used in the fabricating industry