

force itself. By 1972, the trend had climaxed and unemployment rates fell in 1973 and 1974. With the weakness in economic activity in 1975, unemployment rates jumped to 6.9%.

Manufacturing, particularly durable goods manufacturing, is a major element in the strength of the Canadian economy. Motor vehicle and parts manufacturing has been one of the underlying reasons for this strength. The growth in motor vehicle production slowed due to a strike in 1970 but resumed its pattern of strong year-to-year growth until 1975. Many other durable goods industries also benefited from strong consumer demand. Major appliance manufacturers, small appliance manufacturers, and manufacturers of household radio and television sets all had growth rates above the rate of growth of the total economy. These industries were also weaker in 1974 and 1975 as price increases and higher levels of unemployment caused consumers to postpone purchases. A number of the other durable goods-producing industries have sustained high levels of output in the 1970s due to the increases in residential construction activity in the US and Canada. These include sawmills, veneer and plywood mills and a number of components of the non-metallic mineral products manufacturing industries.

The performance of the construction industry has been a conspicuous feature of the economy. Heavy injections of industrial capital took place in the mid-1960s to develop additional facilities or expand capacity. Pace setters were such industries as petroleum and coal products, chemicals, pulp and paper, and electric power. Outlays for social capital such as hospitals and educational institutions also increased. Construction projects for Canada's Centennial and Expo 67 provided an extra stimulus. However, since 1967 tightened monetary conditions, rising costs, a mid-1969 decision to defer capital cost allowances on commercial projects in some areas and strikes in 1969, 1970, 1972 and 1974 all restrained output in this sector. Residential construction tends to be one of the more volatile sectors of the economy. The relevant demographic factors have indicated that a solid demand for housing exists. Despite this, less favourable supply conditions such as scarcity of mortgage funds and rising interest rates and construction costs have from time to time adversely affected residential construction, particularly in 1966, the latter half of 1969 and the first half of 1970. Strikes in 1970 and, to a lesser extent in 1972, exacerbated the situation. However, both private and public mortgage funds had become increasingly available from the latter part of 1970 until mid-1974. This impetus contributed to the continuing growth in construction and other sectors of the economy. Construction (especially in the residential sector) declined in 1974 and 1975 adding to the weakness in aggregate real domestic product.

The community, business and personal services group has grown at a fairly steady pace in the past decade tending to be relatively insensitive to short-term fluctuations and has thus been one of the sustaining forces in the economy. Health and welfare services, services to business management and miscellaneous services have been prime contributors since 1968. In 1970, 1974 and 1975 the rate of increase in output of this industry group outstripped that of the aggregate output of the economy.

In summary, since the end of 1970, total production increased strongly until the end of 1973 and then remained substantially unchanged during 1974 and 1975. At the aggregate level there was renewed strength in domestic demand. External demand was also very strong in the 1971 to 1973 period and resulted in a rapid advance in the volume of merchandise exports. During this 1971 to 1973 period, the goods-producing industries were the dominant force in the economy. However, in 1974 and 1975, the volume of merchandise exports declined and the service-producing industries provided most of the economy's sustaining strength.

Value added for goods-producing industries

21.2.2

The data contained in this section are published in Statistics Canada's report *Survey of production* (Catalogue No. 61-202). The scope of this report is limited to