

The second development was the outbreak of the war in Korea, leading to the establishment of a three-year \$5,000,000,000 defence program. Three industries in particular received great stimulus from the rearmament program: the aircraft industry, which, for the first time, began production of jet aircraft and jet aircraft engines; the electronics industry, which produced a great variety of new items, from equipment for Canada's northern radar screen to infantry pack radio sets; and the shipbuilding industry, which not only revived after several years of decline following the end of World War II but which drew increasingly on Canadian equipment-producing industries to fit out, power and arm the newly built naval vessels. A major characteristic of the expansion of Canadian manufacturing industries encouraged by the rearmament program was the adaptability of many of the new developments to civilian use. An outstanding example was the comparative ease with which a television industry was established in Canada.

Developments in 1952.—The manufacturing industry continued to advance during 1952 under the impetus of a strong consumer goods market, increased private investment spending for construction, machinery and equipment as well as higher governmental expenditures for goods and services. At the beginning of the year, over-all production and employment levels were about the same as in 1951 but the changing pattern of demand was bringing about a shift in emphasis away from the consumer and toward an improvement in Canada's industrial and defence potential. However, by mid-1952 a considerable strengthening in consumer demand had taken place. The removal, early in the year, of the special excise taxes on durables and the suspension of consumer credit regulations stimulated hard-goods purchasing. In addition, average personal income in real terms was rising significantly. Consumers appeared to be showing less resistance to prevailing prices, which had roughly stabilized, and many buyers, who in the post-Korean buying boom had bought ahead of their current needs, seemed to be returning gradually to the market for replacement needs. This increase in consumer demand continued throughout the second half of 1952 but was not enough to cause a resurgence of inflationary pressures. However, it did help to eliminate some of the soft spots that had existed previously and it also contributed toward some firming in over-all activity.

The gross value of production of the manufacturing industries continued its upward trend in 1952 reaching \$16,982,687,035, a 3.6-p.c. increase over 1951. Part of the 1952 advance in value was accounted for by an increase of 2.2 p.c. in the physical volume of production and the balance by price increases. The index of physical volume of production stood at 246.3 (1935-39=100), being four points above the record wartime level attained in 1944. Accompanying the rise in output was an increase of 2.4 p.c. in the number of persons employed and of 11.0 p.c. in the amount of salaries and wages paid. Salary and wage payments at \$3,637,620,160 were the highest on record, and exceeded the previous high reported in 1951 by \$361,339,243.

No definite trend was established in 1952. Although the durable goods industries as a unit operated at a higher level of production than the consumer industries, both divisions reported advances and declines. In the durable goods sector the transportation equipment group reported the greatest advance in production with