

these establishments were in a position to reap the economies of large-scale production. Cheap water power, numerous by-products and locations near the ore-bodies were other advantages which enabled Canadian firms to sell large tonnages of refined metal in the world's markets at competitive prices. Unfortunately, they were soon to be faced with the general decline in industrial demand for metals which characterized the early 1930's. High United States tariffs also restricted sales in that country. It was not until about 1935 that industrial recovery and the first stages of rearmament in Europe led to production again approaching capacity. During World War II many ore-bodies were "high graded", removing the best ore and losing the lower-grade deposits. After the War, production declined owing not only to a fall in demand but also because of a return to better conservational practices. Improved technology has permitted the treatment of rock which formerly would have been classified as waste. However, the past few years have witnessed a renewed defence demand and the output of base metals in Canada during 1952 reached a post-war peak. Although production of copper was down 4 p.c. as the result of a strike, output of all other major base metals was up from the previous year. Nickel production increased by 2 p.c., lead production by 7 p.c., zinc by 9 p.c. and aluminum by 12 p.c.

The transportation equipment group includes three of Canada's largest industries: motor-vehicles ranked fourth with a production of \$767,000,000, railway rolling-stock ninth with \$332,000,000 and motor-vehicle parts twelfth with \$277,000,000. The establishment and rapid growth of the motor-vehicle industry in Canada was particularly influenced by early tariff policies and by the strong demand for North American type vehicles in many Commonwealth countries and the existence of trade preferences granted by some of these territories to Canada. Another characteristic of the industry has been American ability to supply relatively low-cost components and sub-assemblies, patent rights, technical and managerial skill, research facilities and large amounts of investment capital. During the post-war period, the Canadian motor-vehicle industry has tripled its capacity. In 1939 there was one passenger car for every 9.5 persons in the country; in 1952 there was one for every 6.3 persons. In the latter year the industry was particularly stimulated by the reduction, in April and May, of excise taxes and suspension of consumer credit regulations. Domestic sales expanded rapidly and, along with sizable export orders and defence contracts, kept the industry at peak levels of activity for the remainder of the year.

Canada's railway rolling-stock industry experienced periods of extraordinary activity during and immediately after the two World Wars. It also encountered several years of moderate prosperity in the 1920's and became one of the nation's most depressed industries a few years later. Generally speaking, the level of activity in this industry has been closely linked with the financial position of the Canadian railways. The facilities of locomotive and car-building companies, dependent almost entirely upon the railways' program of new investment in rolling stock, have been used in an intermittent fashion and prolonged plant shut-downs have not been uncommon. On the other hand, outlay on repair and maintenance has usually been necessary on a continuing basis and railway shops and parts suppliers have been