

The first phase of development took place between 1867 and 1900. Rising prosperity until 1873 brought about continuing expansion of manufacturing capacity particularly in such fields as flour and grist-mill products, leather boots and shoes, and log products such as lumber, lath and shingles. Manufacturing weathered the depressed economic conditions of the latter part of the 1870's and a good part of the 1880's, aided particularly by the high quality of Canadian natural resources and the fact that they could be developed at low cost, partly because of their growing accessibility as the railway network expanded in Canada and partly because cheap ocean transport became available.

The period 1900 to 1920 was characterized by rapid population increase and the opening up of the West. The program of railway construction, the growth of cities and towns, the equipping of western farms and the extension of community facilities in both eastern and western Canada gave great impetus to the production of capital goods. World War I brought about a notable acceleration of industrial diversification with particularly striking effects on the refining of non-ferrous metals, the expansion of the steel industry and the shipbuilding and aircraft industries. Following the War international competition became very keen and Canadian industries experienced some adjustment, particularly in the short though severe recession of 1921. This check was temporary and expansion was resumed up to the crest of 1929 with particular emphasis on pulp and paper, transportation equipment, non-metallic mineral products and chemicals. As a result of the depression of the 1930's when economic activity was at a low ebb, Canadian industries were unprepared for the avalanche of military orders following 1939; nevertheless conversion to war production was accomplished in two years. Expansion of productive capacity in manufacturing during the war years was particularly striking in such fields as tool making, electrical apparatus, chemicals and aluminum.

About two-thirds of the industrial structure created during that period was found to be adaptable to peacetime uses after the War. Although reconversion, modernization and expansion necessitated large capital outlays and although supply shortages slowed down the implementation of the program, most of the work was completed by the end of 1947. From 1950 onward, two developments contributed particularly to manufacturing expansion in Canada. First, the intensive search for new minerals and other natural resources brought about a number of important discoveries and rapid development followed in such fields as crude oil, natural gas, iron ore, non-ferrous metals and a number of less important metals. This new development and the resulting need for equipment for exploration and processing gave great impetus to Canadian industries producing capital goods. Further, the availability of a greater quantity and variety of indigenous raw materials led to the creation of more processing capacity and to the establishment of advanced raw-material and power-using industries. Foremost among these was the chemical industry, which became increasingly diversified. In particular, major discoveries of oil and gas made feasible the establishment of such industries in central Alberta notwithstanding the great distance to the principal markets of the North American Continent.

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 1953.—Manufacturing industry continued to expand in 1953 under the influence of a growing population and a broadening economic base. The gross value of shipments by manufacturers reached \$17,785,416,854, a 4.7 p.c. increase over 1952.