

few months of the year, production of goods and services in 1974 was again higher than in the previous year. The volume of industrial production was up between 3 and 4 per cent over 1973 levels, although this was a reduction from the annual increases of about 8 per cent in each of the two preceding years. An important element in the slower output rise was the extensive loss of production owing to industrial disputes.

Earlier in the year, the industrial economy operated close to capacity. However, as the year progressed there were indications of increasing slackness in several major industrial sectors, with layoffs and reduced hours of work more in evidence in the late fall than has been usual in the past two or three years.

Transportation-equipment industries remained close to the very high tempo of activity reached in 1973. Motor-vehicle production fell only a little short of last year's 1.6 million units. While output of passenger-cars was down slightly for the year, commercial vehicles showed a significant increase. There were also higher levels of production in the railway rolling-stock and shipbuilding industries.

Continuing strength in business-capital investment bolstered activity in Canada's industrial- and electrical-equipment industries and in machinery manufacture. These sectors have shown solid increases in 1974, and were sustaining high levels of activity at the year end.

Owing to very high demand for steel in domestic and international markets primary steel production has again advanced and reached a record level of almost 15 million tons for the year. Aluminum production also showed a significant gain over 1973 levels.

In the non-durable sector of manufacturing, there were important increases in production of chemicals, leather, fertilizers and petroleum and coal products.

Primary and resource industries have shown mixed trends over the past year. In general, market demands continued to be strong for pulp-and-paper products, and the industry operated at a higher level of capacity than in 1973. The lumber and plywood sectors, on the other hand, have experienced slackening demand and falling prices for their products. Metal-mining and -processing industries (other than steel and aluminum), which were under great pressure of demand last year, have also seen a falling-off in orders and a downturn in prices as a result of the economic slowdown in several major industrial countries.