

Gains in Manufacturing

With these shifts in the geographical direction of Canada's trade, significant changes have also taken place in the content of that trade. They started with the onset of the First World War. Until then, Canadian trade had grown steadily through the export of staples and the import of capital equipment and manufactured goods. As the war progressed, and greatly increased its demands on the productive capacity of the major allies, Canada developed as an industrial producer (though on a somewhat limited scale). This development was accelerated considerably in the years after the war. A principal factor was the establishment of branch plants in Canada, particularly by United States industries. In many cases, branch plants were established or expanded to take advantage of imperial tariff preferences.

The result was a sizable upsurge in exports of manufactured goods from Canada, the pace of which was accelerated yet again by the exigencies of the Second World War, and then again by the demands of the immediate postwar period as the war-torn countries tackled the urgent problems of reconstruction and pent-up consumer demand.

The gains thus made by Canada as an industrial producer had to be consolidated, and in some cases adjusted, in the 1950s as world industry and exports regained their competitive positions. Again, in the 1960s, Canadian export trade has expanded considerably in diversity and in specialization in manufactures.

The development of manufacturing as a major feature of the Canadian economy is delineated in broad terms in the following table:

Net Value of Production of Commodity Producing Industries

(Selected years - rounded percentages of total production)

	<u>1919</u>	<u>1939</u>	<u>1943</u>	<u>1963</u>
Agriculture	44	23	20	12
Manufacturing	33	41	54	55
Other Primary Industries and Construction	23	36	26	33

The more recent strong uptrend of manufactures in Canadian export trade is illustrated in a comparison of the increases in the value of broad classes of export commodities, for specified periods:

Canadian Exports - Commodity Share and Changes

(percentage of current values)

	<u>1946</u>	<u>1956</u>	<u>Change %</u>	<u>1966</u>	<u>Change %</u>
	Share %	Share %	1946-56	Share %	1956-66
Foods	37.1	23.1	13	19.3	77