

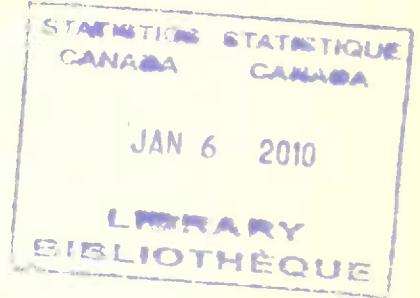
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*Shedden Smith*

DEPARTMENT OF TRADE AND COMMERCE

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**Private and Public Investment  
in Canada  
Outlook 1954**



Presented to Parliament by  
The Right Honourable C. D. Howe, M.P.  
Minister of Trade and Commerce



CANADA

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QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
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## INTRODUCTION

This report provides information for the year ahead on the probable level of capital expenditures on new construction and for machinery and equipment. These estimates cover the capital spending intentions of all sectors of the Canadian economy; business, institutions, governments and of individuals for housing. Along with the expenditure intentions for 1954 comparative figures are given for 1952 and 1953. The estimates for 1954 are based on intentions as recorded at the end of 1953 and reflect the situation at that time. Changes in policy during the year by the organizations surveyed or firming of plans as the year progresses may alter some of these estimates.

This report contains data on capital expenditures on a national basis only. Figures on capital spending by provinces and major cities will appear in a supplementary report to be published at a later date.

The surveys of intentions in the business sector covered about 17,000 establishments of all types including mines, manufacturing plants, utilities and retail stores. Surveys were also made of institutions, government departments and housing. Outlays in agriculture and in some of the smaller groups where direct surveys are more difficult to make were estimated independently on the basis of current trends and informed opinion in these fields.

For the purposes of this report, construction is defined to include all types of construction projects. Building construction is only part, although a large part, of the total. In addition outlays for such structures as dams, highways, sidewalks, sewers, bridges, mines, railway lines, transmission lines, etc. are included. Machinery and equipment expenditures cover such categories as railway rolling stock, motor vehicles used in business, manufacturing, mining and construction machinery, equipment for power plants, office and hospital equipment and a wide variety of other capital goods. Excluded, for the purposes of this report, are outlays for equipment for the Department of National Defence. Broadly speaking, the expenditures given in the report are those made for the building of structures and for the purchases of machinery and equipment which are to be used either in producing goods or providing services.

Repair and maintenance expenditures on structures and machinery and equipment are also given in the report but these are dealt with separately. By including these expenditures a more complete picture is provided of the demands likely to be made on labour and materials in accomplishing the programme.

Advance knowledge of the intended capital expenditures of business, governments and individuals on construction and on machinery and equipment is of particular importance for a number of reasons. The relative size of the intended programme serves as a valuable indicator of the outlook of management on general business conditions. Heavy investment in new productive facilities is planned, as a rule, only when conditions appear favourable for marketing the increase in production or services for which the facilities are being provided. Investment expenditures are, of course, not the only outlays affected in this way by changes in the economic outlook. They do, however, tend to fluctuate more sharply than other expenditure components and in consequence may have an effect on employment and income levels out of proportion

to their actual size. It is largely for this latter reason that it is important for both business and governments to have prior knowledge of the investment intentions of the economy as a whole as a guide in planning to meet the conditions which may arise.

This report on the outlook for investment in Canada in 1954 is a joint project of the Dominion Bureau of Statistics and the Economics Branch of the Department of Trade and Commerce.

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Ottawa,  
February, 1954.

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## SECTION I. APPRAISAL OF THE 1954 CAPITAL EXPENDITURE PROGRAMME

## The Total Programme

The capital expenditure intentions of business, institutions and governments and of individuals for housing for 1954 involve an outlay of \$5.8 billion. If this programme is realized it will mean that capital expenditures in 1954 will be about 3 per cent greater than the previous record of \$5.7 billion accomplished in 1953. With little change in prices anticipated for the current year the increase in the volume of capital spending should approximate that shown for value. This continues about the same rate of increase in the volume of capital spending realized in 1953 which in turn followed upon substantially greater increases in 1951 and 1952 occasioned by the outbreak of hostilities in Korea. A capital expenditure programme of the magnitude anticipated would absorb about 23½ per cent of the gross national product. This is about the same proportion as existed in 1953 and means that capital outlays will continue to provide as great a stimulus to the national economy as in the year just past.

The following table illustrates the trends in capital spending in recent years in both current and constant (1949) dollars.

Year	Capital Expenditures						Capital Expenditures As Percentage of Gross National Product	
	Construction		Machinery and Equipment		Total		Current	Constant
	Current	Constant	Current	Constant	Current	Constant		
	\$ Mill		\$ Mill		\$ Mill		Per Cent	
1947 <sup>1</sup> .....	1,424	1,681	1,065	1,265	2,489	2,946	18.1	19.0
1948 <sup>1</sup> .....	1,877	1,947	1,298	1,376	3,175	3,323	20.3	21.1
1949 .....	2,124	2,124	1,378	1,378	3,502	3,502	21.3	21.5
1950 .....	2,366	2,247	1,449	1,370	3,815	3,617	21.0	20.9
1951 .....	2,735	2,309	1,842	1,563	4,577	3,872	21.3	21.2
1952 .....	3,263	2,609	2,022	1,711	5,285	4,320	22.9	22.2
1953 .....	3,646	2,831	2,033	1,709	5,679	4,540	23.4	22.5
1954 .....	3,865	—	1,973	—	5,838	—	—	—

1. Newfoundland not included in these years.

## The Programme by Sectors

The strengths and weaknesses in the individual industrial sectors in the 1954 capital programme follow fairly closely the pattern which was first in evidence in 1953. In 1951 and 1952 the emphasis in capital expansion was on the defence, defence supporting and strategic resource development industries. To ensure that adequate resources were available for this development the government placed certain restrictions on less essential types of construction. At the beginning of 1953, with many of the defence and related projects either having been completed or nearing completion and with an easier supply situation for both labour and materials, the government found it possible to remove the restrictions on construction. The result was that in 1953 a rapid expansion took place in those types of construction which had formerly

been under restriction. Sharply increased outlays for housebuilding, retail outlets, office buildings and institutions more than offset declines in the manufacturing industries which had rapidly completed the new facilities required for re-armament.

The anticipation, in general terms at least, is that this pattern will continue in 1954. This is illustrated in the following table.

Sector	Capital Expenditures				Per Cent Distribution			
	1949	1952	1953	1954	1949	1952	1953	1954
	\$ Mill.				Per Cent			
Agriculture, fishing, forestry and the construction industry.....	500	667	635	563	14.3	12.6	11.2	9.6
Mining, quarrying and oil wells ..	122	211	280	312	3.5	4.0	4.9	5.3
Heavy manufacturing <sup>1</sup> .....	323	762	725	622	9.2	14.4	12.8	10.7
Other manufacturing .....	213	211	215	213	6.1	4.0	3.8	3.7
Sub-total.....	1,158	1,851	1,855	1,710	33.1	35.0	32.7	29.3
Trade, finance and commercial services .....	293	344	480	547	8.3	6.5	8.4	9.4
Utilities .....	679	1,159	1,168	1,239	19.4	21.9	20.6	21.2
Housing .....	776	826	1,086	1,122	22.2	15.6	19.1	19.2
Institutions .....	190	278	301	409	5.4	5.3	5.3	7.0
Government departments .....	406	827	789	811	11.6	15.7	13.9	13.9
Sub-total.....	2,344	3,434	3,824	4,128	66.9	65.0	67.3	70.7
Total Capital Expenditures..	3,502	5,285	5,679	5,838	100.0	100.0	100.0	100.0

1. Includes industries engaged principally in primary processing and in the manufacture of heavy equipment.

The major part of the additional strength in the 1954 programme comes in the service sector which is expected to increase its share of the total from 67 per cent in 1953 to 71 per cent in the present year. The transportation and communications industries, paced by pipe lines, telephones and railways, will increase their expenditures. The rate of increase is even more important in institutions and in the trade and finance sectors. Here an even greater effort is being made to catch up with the needs for schools, hospitals, retail outlets and office buildings in a nation which has shown tremendous growth and a pronounced shift to urban living over the past decade. Outlays by government departments, in spite of a marked decline in expenditures for defence facilities, are expected to be slightly above last year's total with the principal increase coming in municipal improvements. Housing expenditures will likely exceed the record totals of 1953.

The rate of expansion in the extractive and processing industries is expected to be much more spotty than in the case of the service industries. In 1954 this group of industries will likely account for about 29 per cent of the total programme compared with 33 per cent last year. A reduced rate of spending is anticipated in agriculture and the construction industry and in a number of the manufacturing industries notably iron and steel, non-ferrous metals, chemicals and the textile-clothing group. However, considerable strength is shown in other industries in this sector. Mining outlays in both the petroleum and metals fields are expected to be well above those of last year. In manufacturing, the foods and beverages, rubber products, printing and publishing, non-metallic mineral products and petroleum products industries all intend to spend more in 1954. The fact that projected capital outlays in some processing and extractive industries are lower in 1954 reflects, at least in part, the rapid build-up of capital facilities following the outbreak of hostilities in Korea. In expanding capacity



it is usually company policy to provide for anticipated needs for a number of years in the future. This has no doubt been the case with the stimulus of Korea concentrating certain types of expansion in a few years which normally would have been spread over a longer period. The bulk of the capital expenditures have already been made on such widely publicized projects as the Quebec-Labrador iron ore development, the Kitimat project and the Lynn Lake development. The fact that the total capital programme planned under these circumstances in the extractive and processing industries is even close to the 1953 level reflects the continuance of a strong growth potential in the Canadian economy.

### The Programme by Type

Of the total programme, close to \$3.9 billion, or 66 per cent, is expected to be spent on construction work and the remaining \$2.0 billion or 34 per cent, for purchases of machinery and equipment. This represents an increase of 6 per cent in construction spending and a small decline in the level of machinery purchases. Since the materials for construction, to a very large extent, come from domestic sources and a significant part of the machinery purchases come from abroad this will mean that the increased demands engendered by the larger capital programme will be met almost entirely by the Canadian producer.

Within the machinery programme the intentions are for declines in the purchases of agricultural implements, industrial and electrical machinery with partially offsetting increases in purchases of transportation equipment, office and store machinery and professional and scientific equipment.

Type	Capital Expenditures \$ Mill			Per Cent Distribution		
	1952	1953	1954	1952	1953	1954
Housing.....	826	1,086	1,122	15.6	19.1	19.2
Other Building Construction.....	1,108	1,168	1,285	21.0	20.6	22.0
Engineering Construction.....	1,269	1,328	1,380	24.0	23.4	23.7
Marine Construction.....	60	64	78	1.1	1.1	1.3
<b>Total Construction.....</b>	<b>3,263</b>	<b>3,646</b>	<b>3,865</b>	<b>61.7</b>	<b>64.2</b>	<b>66.2</b>
Machinery and Equipment.....	2,022	2,033	1,973	38.3	35.8	33.8
<b>Total Capital Expenditures.....</b>	<b>5,285</b>	<b>5,679</b>	<b>5,838</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The distribution of construction expenditures among housing, other building, engineering and marine construction is expected to remain fairly close to that of 1953. In estimating housing expenditures at about 3 per cent above those of 1953, a level of completions of about 104,000 units has been allowed for compared with the 101,000 completed in 1953. Housing starts have been assumed to remain close to the 106,000 of last year. It has also been assumed that there will be a slight increase in the cost of housebuilding. The strength in "other building" construction is expected to be in the store, office building and institutional type of structure with some declines appearing in industrial building. In engineering construction the reduction anticipated in railway building and in power facilities will likely be offset by increases in pipe line construction, mining development and such municipal improvements as sewers, streets, etc. On the whole it is not anticipated that the pattern of material and labour demands that will result from the 1954 programme will differ very much from that in existence in 1953.

### **Repair and Maintenance Expenditures**

In addition to the \$5.8 billion expected to be spent for capital purposes, outlays of \$2.0 billion are planned for repair and maintenance purposes, an amount about equal to that spent in 1953. This is made up of close to \$1.0 billion for repairs to structures and \$1.1 billion for repairs to machinery and equipment.

Adding expenditures for repairs to structures to those for new construction gives a total of \$4.8 billion, an increase of 5 per cent from 1953. This represents the overall increase in demands on the construction industry. Similarly, outlays for repair to existing machinery and for purchases of new machinery are expected to total over \$3.0 billion, or 2 per cent less than the 1953 total.

### **Factors Affecting the Realization of the Programme**

The capital expenditure programme as outlined reflects, for the most part, the stated intentions of business, institutions and governments. The possibility of this programme being realized will depend upon the availability of the necessary physical resources, upon there being sufficient available funds to finance such a programme and upon there being no substantial change in the general business outlook.

During 1953, for the first time in the post-war period, most materials used in construction were in ample supply and none was so scarce as to exert any appreciable restrictive effect upon the total volume of construction achieved. The construction programme, however, which included large power development projects, raised the requirements of cement to an unprecedented level. A rise of more than 20 per cent in cement production, together with moderately high imports, brought the total available supply roughly into line with requirements; even so, delays in shipments were experienced in some regions, particularly on the Prairies and in Central Canada.

During 1954 the supply of building materials procurable from domestic and foreign sources should be ample to permit completion of the somewhat larger construction programme. At the same time, the volume of construction which is planned makes it likely that the requirements for some materials will be higher than ever before. Under these circumstances, temporary local delays in shipments of some materials are almost bound to occur. But, under the favourable overall supply conditions which will prevail, none of these situations should be either serious or prolonged.

The outlook, too, in regard to the supply of investment funds is favourable. The proposed new housing measures are intended to improve the supply of institutional funds for new house-building. Over the past several years there have been substantial inflows of capital from abroad, principally from the United States although more recently significant amounts have been coming from the United Kingdom. Every evidence suggests that in 1954 Canada will continue to provide favourable opportunities for the investment of foreign capital. On the whole, the supply of funds likely to be available should be ample to meet the demands of the 1954 capital programme.

With both materials and investment funds likely to be in adequate supply in 1954, the accomplishment of the planned capital programme will depend upon there being no marked deterioration in the present business outlook. While it is very difficult to assess at all precisely how capital spending would be affected if business activity were to decline, it is reasonable to assume that within the year capital expenditures would in total react relatively slowly to any such change. Many capital projects take several years to complete and orders for large items of machinery and equipment are usually placed well in advance of anticipated delivery dates. Thus a substantial part of the 1954 programme is already firmly committed. In this regard, there is evidence that the total value of large projects carried over into 1954 was at least as

great as that carried over into 1953, while the carryover of uncompleted houses was about 14 per cent greater. It is highly unlikely that any change in business conditions would affect this part of the 1954 programme. Another major part of the projected programme which is not too sensitive to changes in the business outlook includes government and institutional projects. Such projects are not likely to be altered in the current year, in a downward direction at least, by any changes in business conditions. With respect to those outlays which are more subject to variation, it should be borne in mind that the anticipated investment programme for 1954 is based on estimates submitted during a period of considerable apprehension and uncertainty as to the future trend of business activity.

Under these circumstances, it appears very likely that even if a deterioration in general business activity were to occur, the capital programme that is presently planned should come close to completion. On the other hand, if business conditions continue to be favourable it is probable, as has happened in the past, that the stated investment intentions may actually understate the value of capital expenditures that may be accomplished.

**SECTION II. REFERENCE TABLES - CAPITAL, REPAIR AND  
MAINTENANCE EXPENDITURES, 1952 TO 1954**

**TABLE 1. Summary by Sectors, Canada, 1952 to 1954<sup>1</sup>**  
(Millions of Dollars)

Item No.	Type of Enterprise	Capital Expenditures			Repair and Maintenance Expenditures			Capital, Repair and Maintenance Expenditures			
		Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Total	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1	Agriculture and Fishing .....	1952	82	473	555	65	113	178	147	586	733
		1953	85	452	537	68	122	190	153	574	727
		1954	83	405	488	71	130	201	154	535	689
2	Forestry .....	1952	19	20	39	20	28	48	39	48	87
		1953	18	17	35	17	26	43	35	43	78
		1954	17	16	33	14	23	37	31	39	70
3	Mining, Quarrying and Oil Wells .....	1952	140	71	211	11	48	59	151	119	270
		1953	189	91	280	13	45	58	202	136	338
		1954	223	89	312	14	46	60	237	135	372
4	Manufacturing .....	1952	344	629	973	95	364	459	439	993	1,432
		1953	307	633	940	91	377	468	398	1,010	1,408
		1954	289	546	835	85	375	460	374	921	1,295
5	Utilities .....	1952	701	458	1,159	258	340	598	959	798	1,757
		1953	722	446	1,168	275	352	627	997	798	1,795
		1954	704	535	1,239	276	346	622	980	881	1,861
6	Construction Industry .....	1952	5	68	73	3	69	72	8	137	145
		1953	7	56	63	3	41	44	10	97	107
		1954	8	34	42	2	37	39	10	71	81
7	Housing .....	1952	826	-	826	203	-	203	1,029	-	1,029
		1953	1,086	-	1,086	213	-	213	1,299	-	1,299
		1954	1,122	-	1,122	225	-	225	1,347	-	1,347
8	Trade - Wholesale and Retail .....	1952	96	101	197	33	33	66	129	134	263
		1953	171	114	285	32	32	64	203	146	349
		1954	203	135	338	32	31	63	235	166	401
9	Finance, Insurance and Real Estate....	1952	37	14	51	6	2	8	43	16	59
		1953	61	16	77	7	2	9	68	18	86
		1954	94	20	114	7	2	9	101	22	123
10	Commercial Services .....	1952	29	67	96	11	41	52	40	108	148
		1953	38	80	118	12	41	53	50	121	171
		1954	18	77	95	10	41	51	28	118	146
11	Institutional Services .....	1952	245	33	278	32	7	39	277	40	317
		1953	268	33	301	35	8	43	303	41	344
		1954	366	43	409	37	8	45	403	51	454
12	Government Departments <sup>2</sup> .....	1952	739	88	827	175	35	210	914	123	1,037
		1953	694	95	789	185	36	221	879	131	1,010
		1954	738	73	811	191	34	225	929	107	1,036
13	Total (Items 1 to 12) .....	1952	3,263	2,022	5,285	912	1,080	1,992	4,175	3,102	7,277
		1953	3,646	2,033	5,679	951	1,082	2,033	4,597	3,115	7,712
		1954	3,865	1,973	5,838	964	1,073	2,037	4,829	3,046	7,875

1. Actual expenditures 1952, preliminary actual 1953, intentions 1954.

2. Includes expenditures of the Federal Government under the Capital Assistance programme.

TABLE 2. Manufacturing, Canada, 1952 to 1954<sup>1</sup>  
(Millions of Dollars)

Item No.	Type of Enterprise	Capital Expenditures			Repair and Maintenance Expenditures			Capital, Repair and Maintenance Expenditures			
		Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Total	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1	Food and Beverages.....	1952	26.6	50.7	77.3	12.5	36.0	48.5	39.1	86.7	125.8
		1953	26.1	57.3	83.4	12.7	35.9	48.6	38.8	93.2	132.0
		1954	40.3	52.4	92.7	11.9	34.6	46.5	52.2	87.0	139.2
2	Tobacco and Tobacco Products .....	1952	0.5	1.8	2.3	0.5	1.3	1.8	1.0	3.1	4.1
		1953	0.9	2.0	2.9	0.5	1.5	2.0	1.4	3.5	4.9
		1954	0.5	3.0	3.5	0.5	1.3	1.8	1.0	4.3	5.3
3	Rubber Products .....	1952	2.7	7.3	10.0	0.9	6.0	6.9	3.6	13.3	16.9
		1953	3.2	9.2	12.4	1.2	6.0	7.2	4.4	15.2	19.6
		1954	3.2	12.7	15.9	1.0	6.3	7.3	4.2	19.0	23.2
4	Leather Products .....	1952	0.6	1.7	2.3	0.6	2.0	2.6	1.2	3.7	4.9
		1953	0.7	1.7	2.4	0.6	2.1	2.7	1.3	3.8	5.1
		1954	0.6	1.1	1.7	0.6	2.0	2.6	1.2	3.1	4.3
5	Textile Products.....	1952	7.0	24.5	31.5	3.8	15.6	19.4	10.8	40.1	50.9
		1953	6.0	19.8	25.8	3.1	18.2	21.3	9.1	38.0	47.1
		1954	5.1	14.4	19.5	2.7	16.6	19.3	7.8	31.0	38.8
6	Clothing .....	1952	1.6	11.1	12.7	1.3	4.4	5.7	2.9	15.5	18.4
		1953	3.9	10.2	14.1	1.6	4.4	6.0	5.5	14.6	20.1
		1954	1.1	5.2	6.3	1.3	4.1	5.4	2.4	9.3	11.7
7	Wood Products .....	1952	9.3	22.5	31.8	6.1	23.5	29.6	15.4	46.0	61.4
		1953	8.5	22.1	30.6	6.6	24.2	30.8	15.1	46.3	61.4
		1954	5.6	16.4	22.0	5.7	21.2	26.9	11.3	37.6	48.9
8	Paper Products .....	1952	33.6	95.9	129.5	8.3	72.9	81.2	41.9	168.8	210.7
		1953	24.4	74.4	98.8	6.5	71.7	78.2	30.9	146.1	177.0
		1954	22.7	70.4	93.1	6.3	74.4	80.7	29.0	144.8	173.8
9	Printing, Publishing and Allied Industries.	1952	3.3	11.0	14.3	1.5	4.1	5.6	4.8	15.1	19.9
		1953	3.9	11.6	15.5	1.9	4.0	5.9	5.8	15.6	21.4
		1954	9.5	14.0	23.5	1.7	3.8	5.5	11.2	17.8	29.0
10	Iron and Steel Products .....	1952	46.2	89.7	135.9	16.1	64.8	80.9	62.3	154.5	216.8
		1953	36.7	75.7	112.4	17.0	67.1	84.1	53.7	142.8	196.5
		1954	20.0	59.5	79.5	15.7	65.3	81.0	35.7	124.8	160.5
11	Transportation Equipment .....	1952	37.1	25.0	62.1	11.6	31.1	42.7	48.7	56.1	104.8
		1953	44.1	49.2	93.3	11.0	31.9	42.9	55.1	81.1	136.2
		1954	30.0	62.3	92.3	9.5	31.3	40.8	39.5	93.6	133.1
12	Non-ferrous Metal Products.....	1952	35.1	35.6	70.7	8.5	34.2	42.7	43.8	69.8	113.4
		1953	29.6	48.7	78.3	7.0	37.7	44.7	36.6	86.4	123.0
		1954	17.0	45.2	62.2	6.9	38.1	45.0	23.9	83.3	107.2
13	Electrical Apparatus and Supplies....	1952	21.8	18.6	40.4	2.8	11.7	14.5	24.6	30.3	54.9
		1953	15.9	16.9	32.8	2.4	13.2	15.6	18.3	30.1	48.4
		1954	11.8	20.2	32.0	2.7	13.6	16.3	14.5	33.8	48.3
14	Non-metallic Mineral Products.....	1952	11.2	23.1	34.3	3.9	16.6	20.5	15.1	39.7	54.8
		1953	9.9	21.7	31.6	2.0	21.6	23.6	11.9	43.3	55.2
		1954	21.1	29.9	51.0	1.9	21.4	23.3	23.0	51.3	74.3
15	Products of Petroleum and Coal <sup>2</sup> .....	1952	41.1	36.4	77.5	11.2	9.5	20.7	52.3	45.9	98.2
		1953	57.2	22.3	79.5	11.5	10.1	21.6	68.7	32.4	101.1
		1954	81.1	18.0	99.1	11.3	11.3	22.6	92.4	29.3	121.7
16	Chemical Products .....	1952	61.2	79.8	141.0	4.5	26.6	31.1	65.7	106.4	172.1
		1953	33.7	93.8	127.5	4.4	24.1	28.5	38.1	117.9	156.0
		1954	17.4	33.1	50.5	4.3	27.2	31.5	21.7	60.3	82.0
17	Miscellaneous .....	1952	4.7	4.1	8.8	1.1	3.2	4.3	5.8	7.3	13.1
		1953	2.4	4.1	6.5	1.0	2.9	3.9	3.4	7.0	10.4
		1954	2.1	4.0	6.1	0.9	2.5	3.4	3.0	6.5	9.5
18	Capital Item Charged to Operating Expenses.	1952	—	90.2	90.2	—	—	—	—	90.2	90.2
		1953	—	91.7	91.7	—	—	—	—	91.7	91.7
		1954	—	83.7	83.7	—	—	—	—	83.7	83.7
19	Total (Items 1 to 18) <sup>3</sup> .....	1952	343.6	629.0	972.6	95.2	363.5	458.7	438.8	992.5	1,431.3
		1953	307.1	632.4	939.5	91.0	376.6	467.6	398.1	1,009.0	1,407.1
		1954	289.1	545.5	834.6	84.9	375.0	459.9	374.0	920.5	1,294.5

1. Actual expenditures 1952, preliminary actual 1953, intentions 1954.

2. This industry group now includes natural gas absorption plants.

3. Capital expenditures made out of Government Capital Assistance funds are not included in these figures.

**TABLE 3. Utilities, Canada, 1952 to 1954<sup>1</sup>**  
(Millions of Dollars)

Item No.	Type of Enterprise	Capital Expenditures			Repair and Maintenance Expenditures			Capital, Repair and Maintenance Expenditures			
		Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Total	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1	Central Electric Stations and Gas Works.	1952	398.0	134.7	532.7	26.9	18.7	45.6	424.9	153.4	578.3
		1953	420.2	94.8	515.0	32.5	24.8	57.3	452.7	119.6	572.3
		1954	377.9	91.5	469.4	35.4	29.9	65.3	413.3	121.4	534.7
2	Steam Railways and Telegraphs.	1952	92.2	146.1	238.3	192.6	186.6	379.2	284.8	332.7	617.5
		1953	99.6	167.9	267.5	203.2	194.1	397.3	302.8	362.0	664.8
		1954	78.2	232.2	310.4	193.3	178.1	371.4	271.5	410.3	681.8
3	Electric Railways .....	1952	17.9	5.5	23.4	5.6	15.4	21.0	23.5	20.9	44.4
		1953	12.5	13.2	25.7	5.4	14.5	19.9	17.9	27.7	45.6
		1954	11.2	10.9	22.1	5.5	14.8	20.3	16.7	25.7	42.4
4	Water Transport .....	1952	0.5	37.4	37.9	0.3	20.3	20.6	0.8	57.7	58.5
		1953	0.2	32.4	32.6	0.2	18.8	19.0	0.4	51.2	51.6
		1954	—	30.9	30.9	0.2	16.9	17.1	0.2	47.8	48.0
5	Motor Carriers .....	1952	4.1	22.0	26.1	1.5	36.5	38.0	5.6	58.5	64.1
		1953	3.1	16.8	19.9	1.3	30.0	31.3	4.4	46.8	51.2
		1954	4.1	15.8	19.9	1.2	30.5	31.7	5.3	46.3	51.6
6	Grain Elevators .....	1952	9.6	2.9	12.5	5.0	2.3	7.3	14.6	5.2	19.8
		1953	9.7	3.2	12.9	4.3	3.0	7.3	14.0	6.2	20.2
		1954	7.5	2.3	9.8	4.1	2.5	6.6	11.6	4.8	16.4
7	Telephones .....	1952	58.3	83.0	141.3	14.8	39.2	54.0	73.1	122.2	195.3
		1953	64.5	83.3	147.8	14.6	43.5	58.1	79.1	128.8	205.9
		1954	74.0	95.6	169.6	15.8	47.9	63.7	89.8	143.5	233.3
8	Broadcasting .....	1952	2.1	1.7	3.8	0.2	0.5	0.7	2.3	2.2	4.5
		1953	1.7	2.6	4.3	0.3	0.7	1.0	2.0	3.3	5.3
		1954	3.5	10.4	13.9	0.5	0.8	1.3	4.0	11.2	15.2
9	Municipal Waterworks .....	1952	41.2	4.0	45.2	8.5	2.2	10.7	49.7	6.2	55.9
		1953	34.7	3.4	38.1	9.8	3.7	13.5	44.5	7.1	51.6
		1954	48.2	3.3	51.5	14.8	3.1	17.9	63.0	6.4	69.4
10	Other Utilities <sup>2</sup> .....	1952	76.7	11.4	88.1	2.6	18.1	20.7	79.3	29.5	108.8
		1953	75.7	19.2	94.9	3.3	19.2	22.5	79.0	38.4	117.4
		1954	99.3	31.7	131.0	5.1	21.7	26.8	104.4	53.4	157.8
11	Capital Items Charged to Operating Expenses.	1952	—	9.2	9.2	—	—	—	—	9.2	9.2
		1953	—	9.2	9.2	—	—	—	—	9.2	9.2
		1954	—	10.1	10.1	—	—	—	—	10.1	10.1
12	<b>Total (Items 1 to 11).....</b>	1952	<b>700.6</b>	<b>457.9</b>	<b>1,158.5</b>	<b>258.0</b>	<b>339.8</b>	<b>597.8</b>	<b>958.6</b>	<b>797.7</b>	<b>1,756.3</b>
		1953	<b>721.9</b>	<b>446.0</b>	<b>1,167.9</b>	<b>274.9</b>	<b>352.3</b>	<b>627.2</b>	<b>996.8</b>	<b>798.3</b>	<b>1,795.1</b>
		1954	<b>703.9</b>	<b>534.7</b>	<b>1,238.6</b>	<b>275.9</b>	<b>346.2</b>	<b>622.1</b>	<b>979.8</b>	<b>880.9</b>	<b>1,860.7</b>

1. Actual expenditures 1952, preliminary actual 1953, intentions 1954.

2. Includes Air Transport, Warehousing and Oil and Gas Pipe Lines.

TABLE 4. Trade and Finance, Canada, 1952 to 1954<sup>1</sup>  
(Millions of Dollars)

Item No.	Type of Enterprise	Capital Expenditures			Repair and Maintenance Expenditures			Capital, Repair and Maintenance Expenditures			
		Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Total	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1	TRADE Wholesale .....	1952	20.0	18.1	38.1	4.5	7.0	11.5	24.5	25.1	49.6
		1953	26.0	17.3	43.3	5.0	6.2	11.2	31.0	23.5	54.5
		1954	24.0	13.9	37.9	3.5	5.5	9.0	27.5	19.4	46.9
2	Chain Stores .....	1952	17.1	16.5	33.6	3.8	4.3	8.1	20.9	20.8	41.7
		1953	29.6	19.3	48.9	3.9	4.1	8.0	33.5	23.4	56.9
		1954	32.8	22.7	55.5	4.0	4.0	8.0	36.8	26.7	63.5
3	Independent Stores .....	1952	38.8	38.0	76.8	14.0	12.2	26.2	52.8	50.2	103.0
		1953	71.2	43.3	114.5	12.8	11.3	24.1	84.0	54.6	138.6
		1954	85.9	55.5	141.4	13.9	11.0	24.9	99.8	66.5	166.3
4	Department Stores .....	1952	3.9	4.0	7.9	3.7	2.3	6.0	7.6	6.3	13.9
		1953	18.2	7.0	25.2	3.0	2.0	5.0	21.2	9.0	30.2
		1954	28.5	12.2	40.7	3.5	2.0	5.5	32.0	14.2	46.2
5	Automotive Trade .....	1952	15.6	14.8	30.4	7.0	6.8	13.8	22.6	21.6	44.2
		1953	25.5	16.6	42.1	6.7	8.6	15.3	32.2	25.2	57.4
		1954	32.0	17.9	49.9	6.7	8.6	15.3	38.7	26.5	65.2
6	Capital Items Charged to Operating Expenses.	1952	—	9.9	9.9	—	—	—	—	9.9	9.9
		1953	—	10.8	10.8	—	—	—	—	10.8	10.8
		1954	—	12.3	12.3	—	—	—	—	12.3	12.3
7	Sub-total (Items 1 to 6) .....	1952	95.4	101.3	196.7	33.0	32.6	65.6	128.4	133.9	262.3
		1953	170.5	114.3	284.8	31.4	32.2	63.6	201.9	146.5	348.4
		1954	203.2	134.5	337.7	31.6	31.1	62.7	234.8	165.6	400.4
8	FINANCE Banks .....	1952	9.3	4.9	14.2	2.8	0.9	3.7	12.1	5.8	17.9
		1953	9.5	4.5	14.0	3.3	1.0	4.3	12.8	5.5	18.3
		1954	15.3	4.5	19.8	2.5	0.9	3.4	17.8	5.4	23.2
9	Insurance, Trust and Loan Companies	1952	8.9	1.9	10.8	1.2	0.5	1.7	10.1	2.4	12.5
		1953	10.5	1.9	12.4	1.1	0.6	1.7	11.6	2.5	14.1
		1954	20.1	1.9	22.0	1.2	0.6	1.8	21.3	2.5	23.8
10	Other Financial <sup>2</sup> .....	1952	18.3	7.7	26.0	2.5	0.4	2.9	20.8	8.1	28.9
		1953	40.9	10.1	51.0	2.8	0.5	3.3	43.7	10.6	54.3
		1954	58.1	13.6	71.7	3.4	0.6	4.0	61.5	14.2	75.7
11	Sub-total (Items 8 to 10) .....	1952	36.5	14.5	51.0	6.5	1.8	8.3	43.0	16.3	59.3
		1953	60.9	16.5	77.4	7.2	2.1	9.3	68.1	18.6	86.7
		1954	93.5	20.0	113.5	7.1	2.1	9.2	100.6	22.1	122.7
12	Total (Items 7 and 11) .....	1952	131.9	115.8	247.7	39.5	34.4	73.9	171.4	150.2	321.6
		1953	231.4	130.8	362.2	38.6	34.3	72.9	270.0	165.1	435.1
		1954	296.7	154.5	451.2	38.7	33.2	71.9	335.4	187.7	523.1

1. Actual expenditures 1952, preliminary actual 1953, intentions 1954.

2. The largest part of this item is accounted for by expenditures of real estate companies and companies engaged in the sale of stocks and bonds. Most of the remainder is capital outlay by insurance agents and companies conducting personal and business credit operations.

**TABLE 5. Services, Canada, 1952 to 1954<sup>1</sup>**  
(Millions of Dollars)

Item No.	Type of Enterprise	Capital Expenditures			Repair and Maintenance Expenditures			Capital, Repair and Maintenance Expenditures			
		Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Total	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1	COMMERCIAL SERVICES Laundries and Dry Cleaners	1952	0.8	3.1	3.9	1.0	2.3	3.3	1.8	5.4	7.2
		1953	1.7	4.4	6.1	0.9	1.9	2.8	2.6	6.3	8.9
		1954	0.7	2.9	3.6	0.8	1.8	2.6	1.5	4.7	6.2
2	Theatres .....	1952	2.3	1.8	4.1	0.6	0.5	1.1	2.9	2.3	5.2
		1953	5.5	2.9	8.4	0.7	0.5	1.2	6.2	3.4	9.6
		1954	4.1	2.9	7.0	0.6	0.5	1.1	4.7	3.4	8.1
3	Hotels .....	1952	11.8	5.5	17.3	8.2	6.1	14.3	20.0	11.6	31.6
		1953	12.5	6.2	18.7	8.8	6.5	15.3	21.3	12.7	34.0
		1954	4.5	4.3	8.8	7.8	5.9	13.7	12.3	10.2	22.5
4	Other Commercial Services <sup>2</sup>	1952	13.8	57.1	70.9	1.4	31.5	32.9	15.2	88.6	103.8
		1953	18.2	66.4	84.6	1.3	32.1	33.4	19.5	98.5	118.0
		1954	8.6	67.0	75.6	1.3	32.7	34.0	9.9	99.7	109.6
5	Sub-total (Items 1 to 4)....	1952	28.7	67.5	96.2	11.2	40.4	51.6	39.9	107.9	147.8
		1953	37.9	79.9	117.8	11.7	41.0	52.7	49.6	120.9	170.5
		1954	17.9	77.1	95.0	10.5	40.9	51.4	28.4	118.0	146.4
6	INSTITUTIONAL SERVICES Churches.....	1952	25.2	1.8	27.0	5.2	0.8	6.0	30.4	2.6	33.0
		1953	25.0	2.9	27.9	6.0	0.9	6.9	31.0	3.8	34.8
		1954	27.8	3.3	31.1	6.2	1.0	7.2	34.0	4.3	38.3
7	Universities .....	1952	9.4	3.7	13.1	2.4	0.3	2.7	11.8	4.0	15.8
		1953	15.7	3.6	19.3	2.2	0.3	2.5	17.9	3.9	21.8
		1954	14.8	3.4	18.2	2.1	0.3	2.4	16.9	3.7	20.6
8	Schools .....	1952	129.3	15.6	144.9	14.1	2.0	16.1	143.4	17.6	161.0
		1953	122.6	13.7	136.3	15.2	2.4	17.6	137.8	16.1	153.9
		1954	139.8	15.0	154.8	16.6	2.4	19.0	156.4	17.4	173.8
9	Hospitals .....	1952	81.4	11.9	93.3	10.5	3.7	14.2	91.9	15.6	107.5
		1953	104.4	13.5	117.9	11.3	4.4	15.7	115.7	17.9	133.6
		1954	183.2	21.3	204.5	12.1	4.2	16.3	195.3	25.5	220.8
10	Sub-total (Items 6 to 9)....	1952	245.3	33.0	278.3	32.2	6.8	39.0	277.5	39.8	317.3
		1953	267.7	33.7	301.4	34.7	8.0	42.7	302.4	41.7	344.1
		1954	365.6	43.0	408.6	37.0	7.9	44.9	402.6	50.9	453.5
11	GOVERNMENT DEPARTMENTS	1952	738.9	88.2	827.1	175.5	34.8	210.3	914.4	123.0	1,037.4
		1953	694.0	94.6	788.6	185.0	36.3	221.3	879.0	130.9	1,009.9
		1954	737.9	72.7	810.6	191.2	33.5	224.7	929.1	106.2	1,035.3
12	Total (Items 5, 10 and 11)	1952	1,012.9	188.7	1,201.6	218.9	82.0	300.9	1,231.8	270.7	1,502.5
		1953	999.6	208.2	1,207.8	231.4	85.3	316.7	1,231.0	293.5	1,524.5
		1954	1,121.4	192.8	1,314.2	238.7	82.3	321.0	1,360.1	275.1	1,635.2

1. Actual expenditures 1952, preliminary actual 1953, intentions 1954.

2. Includes estimates for other commercial vehicles not covered, recreation and amusement centres other than theatres, professional services and independent restaurants.



TABLE 6. Private and Public, Canada, 1952 to 1954<sup>1</sup>

(Millions of Dollars)

Item No.	Type of Enterprise	Capital Expenditures			Repair and Maintenance Expenditures			Capital, Repair and Maintenance Expenditures			
		Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Total	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>PRIVATE</b>											
1	Business Enterprises .....	1952	1,204	1,684	2,888	365	877	1,242	1,569	2,561	4,130
		1953	1,299	1,724	3,023	373	889	1,262	1,672	2,613	4,285
		1954	1,295	1,575	2,870	355	883	1,238	1,650	2,458	4,108
2	Institutions and Housing .....	1952	801	12	813	210	3	213	1,011	15	1,026
		1953	1,110	14	1,124	220	4	224	1,330	18	1,348
		1954	1,246	22	1,268	229	4	233	1,475	26	1,501
3	Sub-total (Items 1 and 2) .....	1952	2,005	1,696	3,701	575	880	1,455	2,580	2,576	5,156
		1953	2,409	1,738	4,147	593	893	1,486	3,002	2,631	5,633
		1954	2,541	1,597	4,138	584	887	1,471	3,125	2,484	5,609
<b>PUBLIC</b>											
4	Government Owned Enterprises <sup>2</sup> .....	1952	304	217	521	140	161	301	444	378	822
		1953	342	181	523	149	149	298	491	330	821
		1954	369	282	651	161	148	309	530	430	960
5	Government Operated Institutions and Housing <sup>3</sup> .	1952	215	21	236	22	4	26	237	25	262
		1953	201	19	220	24	4	28	225	23	248
		1954	217	21	238	28	4	32	245	25	270
6	Government Departments .....	1952	739	88	827	175	35	210	914	123	1,037
		1953	694	95	789	185	36	221	879	131	1,010
		1954	738	73	811	191	34	225	929	107	1,036
7	Sub-total (Items 4 to 6).....	1952	1,258	326	1,584	337	200	537	1,595	526	2,121
		1953	1,237	295	1,532	358	189	547	1,595	484	2,079
		1954	1,324	376	1,700	380	186	566	1,704	562	2,266
8	<b>Total Private and Public (Items 3 and 7).</b>	1952	<b>3,263</b>	<b>2,022</b>	<b>5,285</b>	<b>912</b>	<b>1,080</b>	<b>1,992</b>	<b>4,175</b>	<b>3,102</b>	<b>7,277</b>
		1953	<b>3,646</b>	<b>2,033</b>	<b>5,679</b>	<b>951</b>	<b>1,082</b>	<b>2,033</b>	<b>4,597</b>	<b>3,115</b>	<b>7,712</b>
		1954	<b>3,865</b>	<b>1,973</b>	<b>5,838</b>	<b>964</b>	<b>1,073</b>	<b>2,037</b>	<b>4,829</b>	<b>3,046</b>	<b>7,875</b>

1. Actual expenditures 1952, preliminary actual 1953, intentions 1954.

2. These categories cover, in general, government owned establishments whose principal source of revenue is derived from the provision of goods and services to the public.

3. These categories include only federal government housing, provincial hospitals, schools and universities, and municipal hospitals and schools.

TABLE 7. Governments, Canada, 1952 to 1954<sup>1</sup>

(Millions of Dollars)

Item No.	Type of Enterprise	Capital Expenditures			Repair and Maintenance Expenditures			Capital, Repair and Maintenance Expenditures			
		Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Total	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>FEDERAL GOVERNMENT:</b>											
1	Government Owned Enterprises <sup>2</sup> .....	1952	52	101	153	107	129	236	159	230	389
		1953	50	93	143	114	121	235	164	214	378
		1954	48	195	243	120	117	237	168	312	480
2	Government Operated Institutions and Housing <sup>3</sup> .....	1952	55	—	55	3	—	3	58	—	58
		1953	43	—	43	4	—	4	47	—	47
		1954	25	—	25	5	—	5	30	—	30
3	Government Departments .....	1952	335	55	390	38	8	46	373	63	436
		1953	282	60	342	36	12	48	318	72	390
		1954	292	39	331	34	9	43	326	48	374
4	Sub-total (Items 1 to 3) .....	1952	442	156	598	148	137	285	590	293	883
		1953	375	153	528	154	133	287	529	286	815
		1954	365	234	599	159	126	285	524	360	884
<b>PROVINCIAL GOVERNMENTS:</b>											
5	Government Owned Enterprises <sup>2</sup> .....	1952	189	96	285	17	14	31	206	110	316
		1953	243	63	306	19	12	31	262	75	337
		1954	266	66	332	21	14	35	287	80	367
6	Government Operated Institutions and Housing <sup>3</sup> .....	1952	26	5	31	6	1	7	32	6	38
		1953	30	4	34	6	1	7	36	5	41
		1954	35	5	40	7	1	8	42	6	48
7	Government Departments .....	1952	233	14	247	80	14	94	313	28	341
		1953	249	17	266	92	11	103	341	28	369
		1954	253	17	270	98	11	109	351	28	379
8	Sub-total (Items 5 to 7) .....	1952	448	115	563	103	29	132	551	144	695
		1953	522	84	606	117	24	141	639	108	747
		1954	554	88	642	126	26	152	680	114	794
<b>MUNICIPAL GOVERNMENTS:</b>											
9	Government Owned Enterprises <sup>2</sup> .....	1952	63	20	83	16	18	34	79	38	117
		1953	49	25	74	16	16	32	65	41	106
		1954	55	21	76	20	17	37	75	38	113
10	Government Operated Institutions and Housing <sup>3</sup> .....	1952	134	16	150	13	3	16	147	19	166
		1953	128	15	143	14	3	17	142	18	160
		1954	157	16	173	16	3	19	173	19	192
11	Government Departments .....	1952	171	19	190	57	13	70	228	32	260
		1953	163	18	181	57	13	70	220	31	251
		1954	193	17	210	59	14	73	252	31	283
12	Sub-total (Items 9 to 11) .....	1952	368	55	423	86	34	120	454	89	543
		1953	340	58	398	87	32	119	427	90	517
		1954	405	54	459	95	34	129	500	88	588
13	<b>Total (Items 4, 8 and 12) .....</b>	<b>1952</b>	<b>1,258</b>	<b>326</b>	<b>1,584</b>	<b>337</b>	<b>200</b>	<b>537</b>	<b>1,595</b>	<b>526</b>	<b>2,121</b>
		<b>1953</b>	<b>1,237</b>	<b>295</b>	<b>1,532</b>	<b>358</b>	<b>189</b>	<b>547</b>	<b>1,595</b>	<b>484</b>	<b>2,079</b>
		<b>1954</b>	<b>1,324</b>	<b>376</b>	<b>1,700</b>	<b>380</b>	<b>186</b>	<b>566</b>	<b>1,704</b>	<b>562</b>	<b>2,266</b>

1. Actual expenditures 1952, preliminary actual 1953, intentions 1954.

2. These categories cover, in general, government owned establishments whose principal source of revenue is derived from the provision of goods and services to the public.

3. These categories include only federal government housing, provincial hospitals, schools and universities, and municipal hospitals and schools.

TABLE 8. Business and Other, Canada, 1952 to 1954<sup>1</sup>

(Millions of Dollars)

Item No.	Type of Enterprise	Capital Expenditures			Repair and Maintenance Expenditures			Capital, Repair and Maintenance Expenditures			
		Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Total	
1	Business Enterprises <sup>2</sup> (excluding Utilities)	1952	947	1,443	2,390	325	698	1,023	1,272	2,141	3,413
		1953	1,191	1,459	2,650	328	686	1,014	1,519	2,145	3,664
		1954	1,283	1,322	2,605	325	685	1,010	1,608	2,007	3,615
2	Utilities .....	1952	701	458	1,159	258	340	598	959	798	1,757
		1953	722	446	1,168	275	352	627	997	798	1,795
		1954	704	535	1,239	276	346	622	980	881	1,861
3	Sub-total (Items 1 and 2) .....	1952	1,648	1,901	3,549	583	1,038	1,621	2,231	2,939	5,170
		1953	1,913	1,905	3,818	603	1,038	1,641	2,516	2,943	5,459
		1954	1,987	1,857	3,844	601	1,031	1,632	2,588	2,888	5,476
4	Other <sup>3</sup> .....	1952	1,615	121	1,736	329	42	371	1,944	163	2,107
		1953	1,733	128	1,861	348	44	392	2,081	172	2,253
		1954	1,878	116	1,994	363	42	405	2,241	158	2,399
5	Total (Items 3 and 4).....	1952	3,263	2,022	5,285	912	1,080	1,992	4,175	3,102	7,277
		1953	3,646	2,033	5,679	951	1,082	2,033	4,597	3,115	7,712
		1954	3,865	1,973	5,838	964	1,073	2,037	4,829	3,046	7,875

1. Actual expenditures 1952, preliminary actual 1953, intentions 1954.

2. Includes expenditures in agriculture, fishing, forestry, mining, manufacturing, the construction industry, rental housing, trade, finance and commercial service.

3. Includes expenditures in owner-occupied housing, institutional services and government departments.

### SECTION III. DEFINITIONS, COVERAGE AND QUALITY OF ESTIMATES

#### Definitions

The purpose of this report is to set out the anticipated gross expenditures, both new and repair, of the whole Canadian economy on durable physical assets. These comprise in general the facilities and tools used to produce goods and services.

Housing is not generally considered a capital expenditure in the sense mentioned above, but it has been included in this report because it forms a large proportion of construction expenditures and has cyclical fluctuations similar to those which characterize business, institutional and government capital expenditures.

The main emphasis of the report is on capital rather than repair and maintenance expenditures. New investment expenditures include the cost of procuring, constructing and installing new durable plant and machinery whether for replacement of worn or obsolete assets or as net additions to existing assets. Included are purchases from persons outside the business together with the value of work on capital assets undertaken by business with its own working force. Gross outlay is asked for on the questionnaire forms with no deduction for scrap or trade-in value of old assets. Excluded are expenditures made for the purchase of previously existing buildings and other structures, for used machinery and equipment and for land, since outlay of this type involves only the transfer of property and not the creation of a capital asset.

The intention is to include the cost of all new plant and equipment which normally has a life of several years or more. For this reason, companies were asked to report as capital expenditures all purchases charged to fixed assets account. This method of reporting omits certain types of equipment which are bought regularly out of ordinary revenue and charged to current or operating account. Adjustments have been made where necessary to take account of such omitted capital items and separate figures are shown in the relevant tables under "capital items charged to operating expenses."

Repair and maintenance expenditures represent the outlays made to maintain the existing stock of durable physical assets in a normal state of repair.

#### Reconciliation between Private and Public Investment and "New Construction and New Machinery and Equipment" as per National Accounts

New capital investment as shown in this report covers all capital outlays by both private groups and government authorities on durable physical assets. This coverage is therefore somewhat greater than the "new construction and new machinery and equipment" figures included as a component part of Gross Domestic Investment published in the National Accounts. Generally speaking, the National Accounts series includes only those phases of business or industry whose principal source of revenue is from the sale of goods or services to the public. This excludes the items noted in the reconciliation table below, the largest of which is direct government department outlays. All these items are included under government expenditures for goods and services in the National Accounts.

A reconciliation between private and public new investment and "new construction and new machinery and equipment" as used in the National Accounts is shown below for the years 1952, 1953 and 1954.

#### Coverage

Estimates for most of the sectors covered in this report are based on questionnaire surveys. Government expenditure figures are based on a direct survey of municipal, provincial and Federal departments or agencies. The per cent coverage in each of

TABLE 9. Reconciliation with National Accounts Investment

		Housing	Other Construc- tion	Machinery and Equipment	Total
Private and Public Capital Expenditures .....	1952	826	2,437	2,022	5,285
	1953	1,086	2,560	2,033	5,679
	1954	1,122	2,743	1,973	5,838
Deduct: direct government outlays <sup>1</sup> .....	1952	- 40	- 876	- 104	-1,020
	1953	- 24	- 841	- 113	- 978
	1954	- 18	- 902	- 95	-1,015
New construction and new machinery equipment expenditures as per National Accounts.	1952	786	1,561	1,918	4,265
	1953	1,062	1,719	1,920	4,701
	1954	1,104	1,841	1,878	4,823

1. In addition to government built, non-rental housing, this category consists of expenditures for provincial hospitals, provincial and municipal schools and those outlays made directly by government departments.

these surveys is given in the following table headed "Coverage of 1953-54 Survey". Those groups for which independent estimates were made are listed in the table with a blank in the per cent column.

The total coverage of the survey may be expressed in several ways. Actually reported expenditures account for 85.0 per cent of total outlays in those groups covered by direct survey and for 72.4 per cent of total estimated expenditures in all sectors. The estimates of total outlays in the groups covered by survey, amounting to 89.0 per cent of all spending, are thought to be of a better quality than the remaining 11.0 per cent which represent independent estimates based on much less complete information.

The figures in the various tables of this report and those to follow in the regional supplement are estimates of total expenditures. In order to approximate full coverage for Canada, adjustments were made to allow for those firms which did not report. In manufacturing, the method used to inflate the reported expenditures was to multiply the known expenditures by a factor obtained by dividing the total value of production in 1951 of all the firms in each industry by the corresponding 1951 total for the firms reporting in the 1954 survey. In carrying out this procedure it has been assumed that the proportion of production of the reporting establishments in both 1951 and 1954 has not changed significantly during the period and further that there is a close relationship between total value of production and capital investment. In the utilities, trade, finance and institutional and commercial services sectors the same principle has been followed using appropriate basic data for the sector concerned. Expenditures reported by establishments for which no production or other basic data are available are included as "net additions". Since reporting firms accounted for 72.4 per cent of the total, it is believed that the estimating procedure for the non-reporting firms and the sectors not covered by direct survey, amounting to 27.6 per cent, does not introduce any great margin of error into the total. Estimates for individual industries or regions are, of course, subject to greater error than the total figures for Canada.

Both the 1953 preliminary actual expenditures and the 1954 forecast expenditures were reported by business establishments on the same questionnaire form. With the reported figures covering both years coming from the same group of establishments and with the estimating techniques for non-reporting firms the same for each year, the percentage change from 1953 to 1954 can be calculated with more precision than the absolute magnitude of expenditures in the two years.

TABLE 10. Coverage of 1953-54 Survey

Item No.	Type of Enterprise	Per Cent Coverage <sup>1</sup>	Item No.	Type of Enterprise	Per Cent Coverage <sup>1</sup>
1	<b>Agriculture and Fishing</b> <sup>2</sup> : (Table 1) .....	...		<b>Housing</b> <sup>4</sup> : (Table 1) .....	<b>77.0</b>
2	<b>Forestry</b> <sup>3</sup> : (Table 1) .....	<b>44.9</b>		<b>Trade</b> : (Table 4)	
3	<b>Mining, Quarrying and Oil Wells</b> <sup>3</sup> : (Table 1) .....	<b>85.7</b>	1	Wholesale <sup>5</sup> .....	43.7
	<b>Manufacturing</b> : (Table 2)		2	Chain Stores .....	72.5
1	Food and Beverages .....	83.1	3	Independent Stores <sup>2</sup> .....	—
2	Tobacco and Tobacco Products .....	99.2	4	Department Stores .....	97.5
3	Rubber Products .....	98.6	5	Automotive Trade .....	83.1
4	Leather Products .....	80.9		Total (Items 1 to 5) .....	42.1
5	Textile and Textile Products .....	88.6		<b>Finance</b> : (Table 4)	
6	Clothing .....	69.9	1	Banks .....	100.0
7	Wood Products .....	62.6	2	Insurance, Trust and Loan Companies .....	94.2
8	Paper Products .....	94.5	3	Other Financial <sup>2</sup> .....	—
9	Printing, Publishing and Allied Industries .....	75.2		Total (Items 1 to 3) .....	36.4
10	Iron and Steel Products .....	79.8		<b>Commercial Services</b> : (Table 5)	
11	Transportation Equipment .....	96.8	1	Laundries and Dry Cleaners .....	37.8
12	Non-ferrous Metal Products .....	97.1	2	Theatres .....	39.3
13	Electrical Apparatus and Supplies .....	91.2	3	Hotels .....	43.8
14	Non-metallic Mineral Products .....	81.4	4	Other Commercial Services <sup>2</sup> .....	—
15	Products of Petroleum and Coal .....	98.3		Total (Items 1 to 4) .....	12.9
16	Chemical Products .....	92.1		<b>Institutional Services</b> : (Table 5)	
17	Miscellaneous .....	77.1	1	Churches .....	64.8
	Total (Items 1 to 17) .....	88.5	2	Universities .....	72.2
	<b>Utilities</b> : (Table 3)		3	Schools .....	71.1
1	Central Electric Stations .....	91.3	4	Hospitals .....	66.5
2	Steam Railways and Telegraphs .....	100.0		Totals: (Items 1 to 4) .....	68.8
3	Electric Railways .....	100.0		<b>Government Departments</b> : (Table 1) .....	<b>89.2</b>
4	Water Transport .....	81.0		Total: Groups Covered by Direct Survey .....	85.0
5	Motor Carriers .....	58.9		<b>Total: All Groups</b> .....	<b>72.4</b>
6	Grain Elevators .....	73.0			
7	Telephones .....	98.6			
8	Broadcasting .....	83.1			
9	Municipal Waterworks .....	63.2			
10	Other Utilities .....	97.2			
	Total (Items 1 to 10) .....	93.7			
	<b>Construction Industry</b> <sup>3</sup> : (Table 1) .....	<b>40.7</b>			

1. Coverage is calculated by expressing expenditures of reporting firms as a percentage of total estimated expenditures.

2. Independent estimates were made of expenditures in this group.

3. In manufacturing and primary industries only establishments having a gross value of production of over \$100,000 were canvassed in entirety. Thus, coverage is lower for groups where there are a large number of small companies such as forestry and construction.

4. Coverage for residential housing is calculated by expressing public and privately initiated housing covered by survey as a percentage of total estimated completions.

5. This group was surveyed on a sample basis only.

Housing estimates were made on a different basis from those based on information submitted directly by business or government agencies. Appraisals of the probable volume of housing construction were made by field representatives of the Central Mortgage and Housing Corporation who consulted local officials, builders, contractors, supply firms, and other individuals and firms concerned with future housing construction projects. Using information obtained from these sources and their own knowledge, the representatives of the Corporation made estimates of privately initiated housing for all municipalities in Canada with a population of 5,000 and over. The five regional offices and the head office of the Corporation checked these estimates. Independent estimates were made of privately initiated housing in areas with a population of less than 5,000, and of the total volume of public or government initiated housing likely to be undertaken next year. Finally, an allowance was made for conversions which amounted to a small part of the total. Allowing for probable changes in construction costs, supplementary estimates were then prepared for the value of new construction work performed and alterations and repair and maintenance work likely to be undertaken in 1954.

### Quality of Estimates

In considering the accuracy or correctness of any analysis of investment intentions, two separate factors should be kept in mind. First, it is necessary to consider the extent to which investment plans are formulated in advance. Second, consideration ought to be given to the comparison of anticipated investment expenditures with the actual investment statistics once they are available for the period in question.

So far as the first point is concerned, it should be noted that it is not always easy to obtain reliable data on the future plans of business firms. Some firms do not decide upon their complete investment programme at the beginning of the year and are unable to state their intentions precisely. Generally, however, new investment expenditures, particularly those on structures and large installations, need previous planning and preparation and most firms are able to give a good estimate of expected outlay in replies to queries about their intended investment. In addition, the seasonal character of construction in Canada frequently means that early decisions must be made regarding the year's plans.

In considering how closely statements of intentions compare with actual realization, it should be kept in mind that the figures given for 1954 represent the capital expenditures intentions of businessmen and others at the time the surveys are made. These intentions may change for a variety of reasons as the year progresses. Changes in the general business outlook may make it desirable to either modify or expand investment spending, changing price trends may result in revision of cost estimates, and shortages of materials or labour may slow down progress on projects. In addition individual businesses have different planning periods and in some cases plans are kept flexible as a matter of policy.

The following table illustrates how closely the 1953 statement of investment intentions compares with actual realization. Preliminary estimates of total capital expenditures in 1953 exceeded intentions by 4.8 per cent. However, within this total, construction spending was just over 6 per cent greater than indicated by the original intentions and outlays for machinery and equipment were a little over 2 per cent greater. These variations reflect, to some extent, such unpredictable influences as an unusually long construction season and changes in the plans of prospective home owners after the beginning of the year as evidenced by an increase of almost 11 per cent in expenditures for housing over the original estimates for 1953. If expenditures on housing are deducted from the totals, the increase in capital expenditures is 3.4 per cent above the intentions indicated at the beginning of the year with trade, finance and commercial services showing the greatest percentage increase. Total spending in all the major categories except the institutions showed an increase in capital expenditures over original intentions.

In considering this comparison, it should be kept in mind that the 1953 preliminary actual figures are still subject to further revision as more information becomes available. However, these revisions do not as a rule affect the overall totals appreciably although there are sometimes significant changes within some of the groups.

The 1952 preliminary actual figures published last year have now been finally revised and any changes are included in the 1952 figures contained in this report.

TABLE 11. Comparison of 1953 Intentions with 1953 Realization

(Millions of Dollars)

Item No.	Type of Enterprise		Capital Expenditures			Repair and Maintenance Expenditures			Capital, Repair and Maintenance Expenditures		
			Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Total
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Primary Industries and Construction Industry.	Intentions 1953	265	617	882	89	228	317	354	845	1,199
		Realized 1953	299	616	915	101	234	335	400	850	1,250
2	Manufacturing .....	Intentions 1953	312	579	891	92	360	452	404	939	1,343
		Realized 1953	307	633	940	91	377	468	398	1,010	1,408
3	Utilities .....	Intentions 1953	667	476	1,143	273	359	632	940	835	1,775
		Realized 1953	722	446	1,168	275	352	627	997	798	1,795
4	Trade, Finance and Commercial Services.	Intentions 1953	241	190	431	61	105	166	302	295	597
		Realized 1953	270	210	480	51	75	126	321	285	606
5	Institutions .....	Intentions 1953	270	35	305	31	8	39	301	43	344
		Realized 1953	268	33	301	35	8	43	303	41	344
6	Housing .....	Intentions 1953	981	—	981	244	—	244	1,225	—	1,225
		Realized 1953	1,086	—	1,086	213	—	213	1,299	—	1,299
7	Government Departments ....	Intentions 1953	696	92	788	137	58	195	833	150	983
		Realized 1953	694	95	789	185	36	221	879	131	1,010
8	Total (Items 1 to 7) ....	Intentions 1953	3,432	1,989	5,421	927	1,118	2,045	4,359	3,107	7,466
		Realized 1953	3,646	2,033	5,679	951	1,082	2,033	4,597	3,115	7,712









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