

Capital Expenditures in Recent Years.—During the past, investment in capital goods expanded greatly during years of prosperity. Investment in Canada in physical durable assets (excluding direct government outlay) rose sharply during the boom of the late 1920's and reached \$1,100,000,000 in 1929. By 1933, expenditures of this type had declined to \$218,000,000. They then turned upward, reaching \$632,000,000 in 1937, followed by a moderate reduction in the next two years. In 1939, non-governmental investment in physical durable assets comprised 9 p.c. of the gross national product of \$5,495,000,000 achieved in that year.

In the years following 1939, production and national income expanded rapidly as a result of wartime conditions. There was a consequent impetus to capital-goods investment, not only in munitions and related industries, but in other fields where the war-induced increase in the national income raised production substantially above the pre-war level. However, the large-scale war requirements for basic materials kept the production of capital goods to the minimum necessary for the successful prosecution of the War. Consequently, an accumulation of needs for capital goods took place among the industries less essential for war.

In spite of this postponement of capital formation, the requirements for war production alone necessitated a large investment program, particularly during the early years of the War. Investment in physical durable assets by the non-governmental sector of the economy stood at \$842,000,000 in 1941, and receded to only moderately lower levels for the next three years.

Capital Expenditure in the Reconversion Period.—After the end of the War, the demand for capital goods was accentuated not only by the accumulation of replacement needs, but also because of the requirements of an expanded and altered peacetime market. These extensive demands could not be filled immediately; time was required for the necessary reorganization of the nation's productive facilities. Reconversion of industry which had commenced before V-E Day was speeded up with the conclusion of the War in August, 1945. In the transition period that followed, plans were made for re-equipment, modernization and expansion of industry to meet civilian needs.

11.—New Investment in Durable Physical Assets (Excluding Direct Government Investments), 1945-47

Type of Enterprise	1945 Preliminary Actual	1946 Estimated Actual	1947 Forecast
	\$'000,000	\$'000,000	\$'000,000
Manufacturing.....	171	300	443
Mining.....	15	14	47
Woods operations.....	16	21	17
Utilities.....	117	217	432
Construction industry and commercial groups covered in survey ¹	30	55	95
Totals, Business Enterprise Covered in Survey.....	349	607	1,034
Remaining commercial groups ² and agriculture (excluding housing).....	167	216	258
Totals, All Business Enterprise Other Than Residential Real Estate.....	516	823	1,292
Institutions and residential buildings ³	226	312	447
Totals, Investment in Durable Physical Assets.....	742	1,135	1,739

¹ Includes construction companies, banks, warehousing, wholesale establishments, chain retail stores (including chain restaurants, chain service stations, etc.), department stores, laundry and dry cleaning establishments and theatres. ² Includes independent stores, hotels, garages, office buildings, recreation halls and all other commercial establishments not covered above. ³ Includes residential construction by Wartime Housing Limited.