

As the tempo of change to a peacetime basis picked up, the outlay of the non-government sector of the economy on physical durable assets increased rapidly. According to Table 2, such capital expenditure amounted in 1945 to \$349,146,000 in 1946 to \$606,623,000, and the forecast outlay for 1947 is \$1,033,557,000 for all business groups covered in the survey. Of the total expended and projected outlay on capital account for the three years of \$1,989,326,000, it is possible to allocate \$1,443,000,000 regionally, as follows: Maritimes, \$65,000,000; Quebec, \$423,000,000; Ontario, \$682,000,000; Prairie Provinces, \$113,000,000; and British Columbia \$160,000,000. Of the total expended and projected outlay of \$914,000,000 on the part of the manufacturing industries, the shares of the leading cities have been: Montreal, \$134,000,000; Toronto, \$147,000,000; Hamilton, \$50,000,000; Windsor, \$30,000,000; Winnipeg, \$12,000,000; and Vancouver, \$34,000,000.

Forecast of Capital Expenditure in 1947.—Business groups covered by the survey expected to make approximately \$1,000,000,000 of the forecasted aggregate new capital expenditure of a little over \$1,700,000,000 in 1947 (Table 1). This total (covering the surveyed group only) represents an increase of 70 p.c. over the estimated value of investment actually achieved by these groups during 1946. The most marked expansion appears likely to take place in the mining industry, where the expected outlay is several times that of the previous year. In utilities, the investment planned for 1947 is nearly twice that accomplished in 1946. A substantial increase, 73 p.c., is also indicated for the construction industry, and for a number of commercial groups covered in the survey. In spite of some decline of output and employment in manufacturing following the conclusion of the War, good business prospects for 1947 are inducing this important group of industries to plan an investment program 48 p.c. greater than that undertaken in 1946. Woods operations alone of the principal groups covered have indicated a moderate decline in the expected value of investment during the coming year.

For those private sectors not included in the survey, independent estimates have been made of what might be considered reasonable objectives for the year, taking into account the availability of materials and other relevant considerations. These estimates add \$700,000,000 to the total outlay and represent an increase of approximately 33 p.c. over the realized program for 1946.

The 70 p.c. increase in the surveyed sector of the business economy plus the estimated 33 p.c. in the unsurveyed sector give a combined increase of 53 p.c. in the aggregate demand for new physical durable assets over 1946. An investment program of this magnitude reflects not only the need for replacement, modernization and expansion of industry, but also a healthy optimism about economic development in the future on the part of business enterprise. The expansion indicated, however, is so substantial over a short period of time that the question arises as to the desirability of a sharp increase in investment activity that may be followed by a serious decline when market prospects lose their present buoyancy.

With respect to probable realization in 1947, another survey* recently conducted shows that producers of the principal basic and building materials expect, during 1947, to increase their aggregate production by amounts varying generally

* "Production of Basic and Building Materials in Canada: Outlook, 1947" published by the Economic Research Branch, Department of Reconstruction and Supply.