

CHAPTER XVIII.—CAPITAL EXPENDITURES AND CONSTRUCTION

CONSPECTUS

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NOTE.—The interpretation of the symbols used in the tables throughout the Year Book will be found facing p. 1 of this volume.

This Chapter provides data on the capital expenditures made by all sectors of the Canadian economy on construction and on machinery and equipment along with summaries of other available statistics on the construction industry. Section 1 describes the purpose of capital expenditures and shows the amounts spent by each of the various industrial or economic sectors.* Section 2 brings together a number of summaries of related series on construction activity: value of work performed by type of structure, value of materials used, salaries and wages paid and numbers employed; contracts awarded and building permits issued; Government aid to house-building; and construction of dwelling units.

Section 1.—Capital Expenditures on Construction and on Machinery and Equipment

Capital expenditures are those outlays made to augment and to replace the nation's stock of physical capital. This stock of capital is represented by such things as factory buildings, mines, stores, theatres, railways, telephone lines, power installations and the machinery and equipment used therewith to enable the workers to produce with greater efficiency an increasing volume of goods and services. Included also in the stock of capital are government-owned assets of a physical nature, such as roads, canals and office buildings, and all houses whether rented or owner-occupied. Excluded from capital expenditures are outlays for the accumulation of inventories and for the acquisition of land.

Capital assets are designed to last and assist in providing goods and services over a period of years; some types of assets, such as motors, may have a useful life of a very few years while others, such as buildings or power installations, may continue in profitable use for fifty years or more. The creation of these capital goods involves the diversion of resources from producing such items as food and clothing that give immediate satisfaction to the production of capital goods, which

* See also the Introduction to this Volume under "The Canadian Economy in 1953". Information is given in greater detail in the Department of Trade and Commerce Annual Report, *Private and Public Investment in Canada*.