

CHAPTER XVI.—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 together with summaries of other available statistics for 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; construction of dwelling units, and Government aid to house building.

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

One of the most important determinants of the level of economic activity within the nation at any time is the volume of investment spending being undertaken by business and by governments. Past experience shows that, for the nation as a whole, extensive changes can take place from year to year in the level of investment and it is because of this variability that capital expenditures form one of the most dynamic factors affecting the level of employment and income in a country.

Capital expenditures are those outlays made to replace, modernize or expand the nation's stock of physical capital, represented by such things as factory buildings, mines, stores, theatres, hospitals, railways, telephone lines and power installations, together with the machinery and equipment used to enable workers to produce with greater efficiency an increasing volume of goods and services. Also included in the stock of capital are government-owned assets of a physical nature, such as roads, canals and office buildings, and all housing, whether rented or owner-occupied.

* See also Introduction to this Volume entitled "The Canadian Economy in 1954". Information is given in greater detail in the Department of Trade and Commerce Annual Reports, *Private and Public Investment in Canada*.