

Defence construction is included but all other defence expenditures are excluded. Excluded also from capital expenditures are outlays for the accumulation of inventories and the acquisition cost of land.

Designed to last, capital assets 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 assets requires the diversion of resources from production for current consumption to the production of capital goods which will be used in production for future consumption. Thus, the rate of investment spending reflects the extent to which a growing nation is providing for the future, or is becoming industrialized; it also reflects the opinion of businessmen as to future prospects and of governments as to future demands for their services. It will be noted from Table 1 that since 1927 there have been two periods when capital spending accounted for a substantial portion of the gross national product.

### 1.—Capital Expenditures in Canada, 1927-54

NOTE.—Actual expenditures 1927-52, preliminary actual 1953, intentions as of May 1, 1954.

Year	Capital Expenditures	P.C. of Gross National Product	Year	Capital Expenditures	P.C. of Gross National Product
	\$'000,000			\$'000,000	
1927.....	1,087	19.2	1941.....	1,463	17.2
1928.....	1,296	21.2	1942.....	1,542	14.6
1929.....	1,518	24.6	1943.....	1,485	13.3
1930.....	1,287	23.2	1944.....	1,309	11.0
1931.....	881	19.3	1945.....	1,284	10.8
1932.....	491	13.0	1946.....	1,703	14.2
1933.....	327	9.2	1947.....	2,489	18.1
1934.....	416	10.3	1948.....	3,175	20.3
1935.....	505	11.6	1949.....	3,502	21.3
1936.....	590	12.6	1950.....	3,815	21.2
1937.....	828	15.5	1951.....	4,577	21.3
1938.....	773	14.8	1952.....	5,285	22.9
1939.....	765	13.4	1953.....	5,679	23.4
1940.....	1,048	15.3	1954.....	5,826	..

As indicated in Table 1 above, for the seventh successive year, total capital expenditures in 1954 will likely absorb more than one-fifth of the gross national product. This high rate of growth was paralleled in only one other period over the span for which data have been recorded. However, the capital expansion that took place during 1927-1931 was not sustained over such a long period as it has been during the post-war period, 1948-1954, and capital outlays exceeded 20 p.c. of gross national product for only three years. Investment spending at this level is indicative of the long-run development of the country, as well as being important in the year in which it is made in giving employment and income to those engaged in the provision of capital facilities. One of the most important recipients of benefit from the investment program, the construction industry, is dealt with in Section 2 of this Chapter.

The following tables give statistics of capital, repair and maintenance expenditures for the years 1952-1954. Of immediate interest are the estimates for 1954, indicating increased outlays for house building, retail outlets, office buildings, mining development, utilities and institutional facilities—mainly a continuation of the 1953 spending pattern.