

CHAPTER XVI.—CAPITAL EXPENDITURES AND CONSTRUCTION

CONSPECTUS

	PAGE		PAGE
SECTION 1. CAPITAL EXPENDITURES ON CONSTRUCTION AND ON MACHINERY AND EQUIPMENT.....	688	Subsection 2. Contracts Awarded and Building Permits Issued.....	703
SECTION 2. THE CONSTRUCTION INDUSTRY....	696	Subsection 3. Construction of Dwelling Units.....	707
Subsection 1. Value of Construction Work Performed.....	696	Subsection 4. Government Aid to House Building.....	709

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 may take place from year to year in the level of investment and, because of this variability, 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, office buildings, and all housing whether rented or owner occupied. 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.

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

* Information is given in greater detail in the Department of Trade and Commerce annual report, *Private and Public Investment in Canada*.