

Considering the business investment program in 1957, major increases occurred in transportation and storage where a gain of 50 p.c. followed one of 87 p.c. in the previous year, and in public utility operation where a gain of 24 p.c. followed one of 49 p.c. in 1956. These two groups, which had absorbed about 29 p.c. of total business investment in 1956, accounted for 54 p.c. of the total in 1957. The two major projects mentioned earlier, the Seaway and the Trans-Canada Pipeline, were in part responsible for the importance of these two groups. The increases in capital expenditures in service industries, trade and communications were also fairly large, ranging from 16 to 19 p.c. On the other hand, capital expenditures in manufacturing were only slightly higher than in the previous year, with substantial increases in some manufacturing industries nearly counterbalanced by declines in others. In mining, quarrying and oil wells, there was a further advance over 1956 but in the other primary industries, and in the construction industry, capital expenditures were lower than in the preceding year, much the most marked rate of decline being in forestry where new investment fell by more than 40 p.c.

Expenditures on new residential construction in 1957 amounted to \$1,424,000,000, 7 p.c. lower than in 1956. In response to easier conditions in mortgage markets and an improved supply of labour and materials, housing starts, which on a seasonally adjusted basis had been falling during 1956, made a strong recovery during 1957, and by the last quarter of the year were running at a rate of nearly 150,000 units compared with about 86,000 in the first quarter. For the year as a whole, about 122,000 housing units were started and about 117,000 completed, compared with 127,000 starts and 136,000 completions in 1956.

Of the 9-p.c. increase in total business gross fixed capital formation, about half represented higher prices. The largest element of price increase, about 5 p.c., was in the machinery and equipment sector, with the result that the volume of such purchases was lower by 2 p.c. In residential construction the price factor amounted to about 3 p.c., leaving this component lower in real terms by about 9 p.c.; in non-residential construction, the element of price increase was somewhat larger, leaving the volume of such expenditures higher by more than 20 p.c.

#### INVESTMENT IN INVENTORIES

The addition to inventories is estimated to have been \$142,000,000 in 1957 compared with \$815,000,000 in 1956. This sharp decline in the rate of accumulation reflects some liquidation of farm stocks and a marked slackening in the rate of build-up of business inventories, which amounted to \$243,000,000 in 1957 compared with about \$545,000,000 in 1956. The peak rate of accumulation reached in the second quarter of 1956 gave way to a falling rate of investment in stocks which continued until the last quarter of 1957 when some liquidation took place.

The lower rate of investment in business inventories in 1957 was common to almost all industry groups but was especially pronounced in manufacturing. Among manufacturing industries, the most marked decline occurred in iron and steel and in pulp and paper products; two other industries, electrical apparatus and supplies and wood and wood products, shifted from accumulation in 1956 to liquidation in 1957. Only a few manufacturing industries showed a higher rate of accumulation in 1957 than in 1956, foods and beverages being among them. There was some build-up in the clothing industry in 1957, as opposed to a drawing-down of stocks in 1956.

Additions to stocks of retailers and wholesalers were also much lower in 1957 than in the preceding year. In the durable groups there was either a smaller rate of accumulation or actual liquidation; in the non-durables group, however, accumulation in some instances was higher than in the preceding year.

#### EXPORTS AND IMPORTS OF GOODS AND SERVICES

Exports of goods and services amounted to \$6,375,000,000 in 1957, a fractional increase over 1956 which compares with increases of about 10 p.c. in the two preceding years. A small gain in commodity exports in 1957 was partially offset by a decline in receipts from invisible items.