

# CHAPTER XVI.—CAPITAL EXPENDITURES, CONSTRUCTION AND HOUSING

## 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 is covered in Section 3.

### Section 1.—Capital Expenditures on Construction and on Machinery and Equipment\*

Capital expenditures made by business, institutions, governments and individuals form one of the most important determinants of the economic growth of the country, as well as being one of the principal factors affecting the level of economic activity within the nation at any given time. Capital expenditures for new physical assets create jobs for many people who provide the materials and labour required in the erection of new structures and in the manufacture of new machinery and equipment. In addition, they have the long-term effect of improving and expanding the productive facilities of the country. In the past, the volume of capital investment has been one of the most dynamic factors affecting the level of employment and income.

Since the end of World War II, capital investment in Canada has been increasing rapidly each year, with the one exception of 1954 when expenditures declined 4.8 p.c. from the previous year. In this period expenditures on new construction and for the purchase of new machinery and equipment totalled over \$50,000,000,000 and ranged from \$1,703,000,000 in 1946 to \$7,900,000,000 in 1956. In 1956 private capital investment was at an all-time high in Canada and accounted for 22 p.c. of the gross national product; when account is taken of similar expenditures by government, the proportion rises to well over 26 p.c. Thus approximately one-quarter of the national product is being directed to expanding and diversifying Canada's economy, a rate of investment in capital assets higher than that recorded by any other industrialized private-enterprise society.

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