1.—Capital Expenditures on Construction and on Machinery and Equipment 1928-57

NOTE.—Actual expenditures 1928-55; preliminary actual 1956; intentions 1957.

Year	Capital Expenditures	P.C. of Gross National Product	Year	Capital Expenditures	P.C. of Gross National Product
	$'000,000			$'000,000	
1928	1,296	21.2	1943	1,485	13.3
1929	1,518	24.6	1944	1,309	11.0
1930	1,287	23.2	1945	1,284	10.8
1931	881	19.3	1946	1,703	14.2
1932	491	13.0	1947	2,489	18.1
1933	327	9.2	1948	3,175	20.3
1934	416	10.3	1949[1]	3,502	21.3
1935	505	11.6	1950	3,815	21.0
1936	590	12.6	1951	4,577	21.3
1937	828	15.5	1952	5,285	22.7
1938	773	14.8	1953	5,841	23.9
1939	765	13.4	1954	5,620	23.3
1940	1,048	15.3	1955	6,350	23.7
1941	1,463	17.2	1956	7,900	26.6
1942	1,542	14.6	1957	8,533	27 5

[1] Newfoundland included from 1949.

Maintenance of such a high rate of expansion and its accompanying improvement in the standard of living has been accomplished only because a substantial part of the investment funds have come from outside the country. This inflow of funds has been mainly from the United States, although considerable sums of money have also come from the United Kingdom and other countries which look upon Canada as a favourable investment field.

The expansion of capital investment in the postwar period has passed through three main phases. In the first years of that period, accumulated demand at home and abroad provided the stimulus for rapid expansion in capital outlays, with emphasis on consumer goods, agriculture and housing. The second phase was initiated after the outbreak of war in Korea in mid-1950 which created new demands on the economy, shifting the emphasis in the investment program towards defence and defence-supporting activities. The third phase followed the short-lived North American recession of 1953-54 and was related to the high and rising levels of activity in Canada's principal foreign markets. The strength of foreign demand encouraged heavy capital outlays in traditional export industries. Two persistent influences underlying the expansion of investment during the postwar period may be identified—a world environment that favoured the development of new and known resources, and a rapid growth and redistribution of population that created a need for additional social capital of all kinds. The strength of expansionary forces is demonstrated by the fact that capital outlays as a percentage of current dollar gross national product rose from 14.2 in 1946 to 26.6 in 1956. The extensive development of Canada's mineral, forest and water power resources contributed substantially to this trend.

The interplay of forces making for an expansion in capital outlays is particularly evident in the utilities sector. It became clear shortly after the War ended that the facilities in this field were inadequate to support the level of activity to which the economy was moving. Subsequently, the discovery of new resources, of which oil is the conspicuous example, and the expansion of such industries as non-ferrous metals and pulp and paper required heavy capital outlays on the related utilities. As a result, the utilities absorbed a greater share of the total program in the past six years than in the earlier postwar years.

The capital outlays of central electric stations, which form the largest single group in the utility field, ranged as high as 48 p.c. of the total for the group in 1951 and 1952, continued to advance until 1953 and 1954 when major projects were near completion, and in 1956 accounted for 36 p.c. of the group total. The growth of central electric stations