

While there are indications of a fairly moderate increase in total private and public investment in 1960, the composition of the program will be changed significantly from that of the previous two years as shown in Table 2.

2.—Capital Expenditures and Percentage Distribution, by Type, 1958-60

NOTE.—Actual expenditures 1958; preliminary actual 1959; intentions 1960.

Type	Capital Expenditures			Distribution		
	1958	1959	1960	1958	1959	1960
	\$'000,000	\$'000,000	\$'000,000	p. c.	p. c.	p. c.
Construction	5,830	5,798	5,942	69.7	68.9	67.8
Housing.....	1,782	1,759	1,696	21.3	20.9	19.3
Non-residential construction.....	4,048	4,039	4,246	48.4	48.0	48.5
Machinery and Equipment	2,534	2,613	2,828	30.3	31.1	32.2
Totals	8,364	8,411	8,770	100.0	100.0	100.0

Of particular importance is the resurgence in business investment anticipated, following the sharp decline in 1958 and the further easing in 1959. On the other hand, outlays for housing and social capital are likely to constitute a smaller part of the total investment program, showing an increase of about 1 p.c. compared with increases of 14 p.c. and 6 p.c. in 1958 and 1959 respectively. This change in emphasis from social to business capital is related to the changes occurring in general economic conditions and reflects future demand trends anticipated by businessmen. Substantial additions to industrial plant and equipment in 1957 and 1958 coincident with a temporary weakening in market demands resulted, for a time, in considerable free capacity in many industries. However, during 1959 markets strengthened both at home and abroad, production increased and operating levels moved upward. This, in turn, created new interest in expansion. At the same time, improved earnings together with increases in depreciation reserves added to the supply of internal funds available for expansion or modernization purposes.

Thus, developments in 1959 created a much more favourable atmosphere for an increased rate of business investment and, as a result, business capital outlays in 1960 are expected to show an increase of 6 p.c. over those of 1959. A sharply increased rate of spending in resource-based industries will provide the most important contribution to the total increase in investment. Outlays in the forest and mineral products industries are likely to be about 20 p.c. higher, reflecting a substantially higher rate of spending for new facilities in the base-metal mining and primary iron and steel industries and in forest-based industries. Investment in commercial building is expected to be notably higher in 1960, with increases planned in retail outlets and office buildings, and secondary manufacturing industries also intend to expand their outlays significantly. On the other hand, capital spending by the fuel and power, and transportation and communication industries will involve little change from 1959. Within the category of engineering construction, moderate increases in road-building and in the construction of water and sewer works and telephone facilities will be offset by equally moderate declines in marine and railway construction and in the building of power facilities.

Expenditures for housing and social capital are expected to continue at about the levels of 1959. Within the total, a reduced level of spending on federal projects will help to make way for larger programs in other fields. Housing outlays are also expected to be moderately lower in 1960; it is estimated that the number of new housing units started will be from 10 to 15 p.c. fewer than the 141,300 starts of 1959. However, with 82,000 units under construction at the start of the year, completions are expected to be close to the 1959 level of 146,000. The value of housing completed in 1960 will involve a decline of about 4 p.c. from 1959. Reduced outlays in the two areas of federal projects and housing will be offset by moderate increases in the construction programs of provincial and municipal governments and by a sharply higher rate of activity in the building of hospital and university facilities.