

On a regional basis, the Atlantic provinces experienced the largest increase in starts; they rose by 25 per cent to a level of 13,800. An increase of 22 per cent in both the prairie region and British Columbia brought the level of starts in these areas to 40,000 and 31,800 respectively. Ontario recorded a modest gain from 80,400 in 1968 to 81,400 in 1969, while Quebec experienced a 7 per cent decline over 1968, to 43,400. Thus, in summary, the increase from 1968 to 1969 was largely concentrated in the western provinces, where 12,700 out of the total increase in starts of 13,500 occurred.

The flow of funds from financial institutions into mortgages as measured by mortgage loan approvals was higher in the first three quarters of 1969 than in the comparable period in 1968, (reference table 65). The increase was accounted for by the chartered banks and by the trust and loan companies. Life insurance companies, with a reduced cash flow and an increased interest in equities and short term investments, have sharply reduced their mortgage commitments. CMHC diverted funds from home ownership and rental loans to low income housing, for which approvals increased by 45 per cent.

### **Business sector**

It now appears likely that total business outlays on non-residential construction and machinery and equipment rose in 1969 by 6.5 per cent. While at least half of this increase was due to higher prices, real investment rose significantly for the first time since 1966, the boom year immediately preceding Expo and the Centennial. There appears to have been some shortfall in 1969 from the mid-year intentions survey, which projected an increase of 11.4 per cent for total business fixed capital formation from the 1968 level, a somewhat larger increase than had been visualized at the time of the intentions survey at the beginning of the year. This shortfall of actual investment from the mid-year intentions was probably due to such factors as strikes in the steel and construction industries and the increasing scarcity of funds as the year progressed. Clearly, investment was an important expansionary force in the economy during 1969, and its strength derived not only from the immediate capital needs of an expanding economy but also from the confidence that growth would continue in the future and the fear that investment programs would become more expensive if delayed.

The regional distribution of the investment program in 1969 reflected the diversity of factors at present bearing upon the various regions. Ontario increased its share of the total in marked degree in 1969. The Atlantic region continued to obtain an increasing share of Canadian investment. Business investment outlays in other regions were expected to increase less rapidly.

In the Atlantic region, the Churchill Falls development in Labrador has moved forward in accordance with long-term plans, the large-scale financing required being drawn down in accordance with the staged timing of the over-all project. In the manufacturing sector, such large export industries as pulp and paper have added to capacity. Smaller operations with less favorable export prospects, such as fishing and fish processing, have had mixed fortunes and have declined in significance in the capital expenditure picture. Some decline in secondary manufacturing investment has also been associated with a decrease