

SPENDING ESTIMATES REVISED

Mr. Jean-Luc Pepin, Minister of Trade and Commerce, has released the highlights of the mid-year review of Canada's capital investment intentions for 1968. Each year at this time businessmen and governments are surveyed by the Dominion Bureau of Statistics to determine the extent to which spending plans reported earlier in the year have been changed to reflect the most recent developments. (See *Canadian Weekly Bulletin*, No. 22, dated May 15, 1968.)

The results of the survey indicate that 1968 plans for spending on new construction and for the acquisition of new machinery and equipment by all sectors of Canada's economy now amount to \$16,038 million for the whole year. If it is carried out, the capital-spending programme would be nearly six per cent more than the total of \$15,174 million spent for these purposes in 1967. The present programme represents a moderate expansion of investment plans from the figure of \$15,802 million reported at the beginning of the year.

CONSTRUCTION SPENDING

Expenditures on new construction in 1968 are now expected to reach \$10,255 million. The present construction programme is thus some eight per cent larger than that accomplished in 1967, and about one percent higher than reported earlier in the year. The latest estimates of spending on new machinery and equipment involve a total of \$5,783 million. If realized, planned expenditures in 1968 for this purpose will be nearly two percent above the total actually spent in 1967. Earlier in the year, it was expected that purchases of new machinery and equipment in 1968 would be slightly below the amount spent in 1967.

The additional strength for capital spending indicated at mid-year results from an expansion in investment plans by business and a larger house-building programme than had been envisaged earlier.

BUSINESS INVESTMENT

Business investment is now expected to exceed that of 1967 by about two per cent, whereas, at the beginning of 1968, a slight decline had been planned. The major contributors to the upward revision in business investment are mining and manufacturing, in which it had been anticipated that there would be significant declines in capital spending. Present plans indicate that such spending will be maintained at close to the 1967 level.

In the mining industry, sharply expanded plans for the development of non-ferrous metal mines account for most of the added strength. In the manufacturing sector both the transportation-equipment and the food-and-beverages industries have enlarged their investments plans significantly since the beginning of the year, when both industries had planned substantial reductions in capital expenditures. Most other components of manufacturing have also expanded their capital-spending programmes. The only important exception is the chemical industry, but

outlays here are still expected to be well above those of 1967.

In other areas of business, intentions to invest by the utilities sector were revised further upwards with expanded plans for equipment purchases by the electric-power and motor-transport industries and increases in the construction of gas-distribution lines more than offsetting some reduction in planned purchases of commercial aircraft and in the construction of pipe-lines. Larger investment by commercial enterprises is also expected. These additions more than offset a downward revision in the estimate of equipment purchases by farmers.

NEW HOUSING

Expenditures for new housing in 1968 are now expected to total \$2,661 million - an increase of 13 per cent over similar outlays in 1967. Both the number of new houses started and the number completed in 1968 are expected to be larger than had been expected earlier in the year, the present programme representing a three per cent increase over that estimated in the earlier survey.

In contrast to the expanded investment intentions of 15 per cent in the housing and business sectors, planned spending for social capital purposes has been reduced to about 11 per cent.

The accomplishment of the larger programme revealed by the mid-year survey would mean that capital expenditures in 1968 would account for nearly a quarter of Canada's gross national product - the same proportion as in 1967. In comparison with the plans announced at the beginning of the year, a larger share of total expenditures will be devoted to providing new housing and to enlarging business capital facilities, while a smaller proportion will go for social capital spending. Business investment outlays in 1968 will be only slightly below those of the peak year 1966 and will involve substantial additions to the nation's productive capacity and an extensive modernization of existing plants.

PHIALS OF FERTILITY

Canadian bulls are earning international reputations in more than a dozen countries without leaving the comfort of their barns.

Figures released recently by the Livestock Division of the federal Department of Agriculture show that 58,197 vials of semen from Canadian bulls were shipped in 1967 to England, France, West Germany, Brazil, Italy, Switzerland, Bermuda, Jamaica, Mexico, Trinidad and Tobago, South America and the United States.

Exports have been climbing steadily because farmers find it easier to buy a vial of frozen semen than to ship a bull weighing a ton half-way round the world.

Holstein dairy bulls accounted for more than half of all the exports (31,295 vials). Other major sources were Hereford (10,289 vials) and Charolais (8,306 vials) beef bulls.