

Proposed Committee on Unemployment

This projected volume of capital spending has far-reaching significance for the trend of economic activity in 1954. Expenditures on new capital goods account for about 23 per cent of total production in the economy. Prospects of a further increase in the capital expenditure programs mean that in over-all terms this important sector of demand will be more than maintained.

In addition, investment plans tell us a good deal about the state of business confidence. While the foregoing expenditure estimates cover total outlays for new capital goods, including replacement, a major portion of the program represents net additions to capacity. Yet no one builds new capacity except on the expectation that markets will be available for the additional goods or services to be produced. It should be borne in mind also that these investment intentions have been recently submitted, and therefore can be assumed to take into account the uncertainties which have prevailed in recent months, particularly in respect to the future trend of economic activity in the United States.

In these circumstances one can only conclude that, notwithstanding these uncertainties, the collective view of Canadian business enterprise is on the side of continued growth and prosperity in our economy.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Howe (Port Arthur): Mr. Speaker, before the dinner recess I was discussing the prospect for capital investment during the year 1954. I stated that the survey of business intentions which has just been completed indicates that capital investment this year will be about 3 per cent greater than it was last year, which was itself an all-time record representing as it did about 23 per cent of the gross national product of Canada.

I might say that these preliminary estimates are made with great care. Each year in the past we have found that our January estimate was overly conservative. A check is made in July. In every case we have had to revise our estimates upward when the July survey is completed.

The next important factor is the prospect for exports. There again I believe we can look for another good year. The final figures for 1953 show a decrease of 3 per cent in value of exports but, as a matter of fact, in volume the last year was a record year for

exports, being even greater than 1952. The reason for the lower dollar value of exports during 1953 was, of course, the drop in prices of many important commodities that are represented in our list of exports. For example in the metals, in 1952 we were exporting zinc at 19 cents a pound; last year we were exporting zinc at 10 cents a pound; we were exporting lead at 21 cents a pound in 1952, and at 13 cents a pound in 1953. There was a sharp drop in the price of lumber included in the exports for 1953.

I believe that our prices have stabilized and that the pricing of our exports for 1954 will not be much different from the pricing in 1953. Our principal export is wheat. The volume of exports to date is not as great as last year owing, as I have explained on several occasions, to exceptionally good crops in many of our principal markets, and also owing to the fact that the war threat has receded to a point where many governments have been using their war stocks of wheat for civilian purposes.

In other directions export prospects have improved. A few days ago I mentioned the opening up of markets in the West Indies, a fact which is important. The return of trading from governments to private hands in the United Kingdom has been helpful to Canada. As that trend proceeds I think we can expect even better markets in the United Kingdom than we have had in the past.

Today I was reminded that our sales to South America are off, and it was suggested that my trip may be the reason. May I say that the reason I went to South America was that our markets at that time were abnormally high. Since then dollar difficulties in several of the South American countries, particularly Brazil, have caused restrictions of exports from dollar countries. However, I am happy to say that today we received confirmation of a large sale of wheat to Brazil. We have not sold wheat to Brazil for several months. I think there are indications that the South American market is finding it possible to use dollars to a greater extent, which will, I am sure, mean greater purchases from Canada.

An hon. Member: You did not trade wheat for coffee?

Mr. Howe (Port Arthur): If Brazil sells coffee at good prices they are apt to buy wheat at our prices. The other factor, of course, is consumer buying. Consumer buying in Canada is at a high level and there is every reason for thinking that a high level of purchasing should continue. I believe those are the three elements that we look to for a forecast of the level of the Canadian economy during 1954,