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WEEK'S EVENTS IN REVIEW

INVESTMENT, 1953: A recent check on the Canadian capital expenditure programme for 1953 covering outlays for new construction and machinery and equipment indicates that expenditures are likely to be about 3 per cent higher than anticipated at the beginning of the year. In value terms this represents an increase of 9 per cent over 1952 and with only minor price changes expected, the volume increase should be close to this rate. These estimates, based on a recent sample survey, were released on July 8 by the Minister of Trade and Commerce, Mr. C.D. Howe.

The total programme for 1953 is now estimated at $5,564 millions, compared with the first estimate of $5,421 millions and an expenditure of $5,122 millions in 1952. Most of the increase over the first 1953 estimate is in the machinery and equipment category. Planned outlays for this purpose now amount to $2,085 millions, 5 per cent more than the earlier estimate and 6 per cent above those for 1952. Construction expenditures at $3,479 millions show only a one per cent increase over the first estimate but are 10 per cent greater than in the previous year.

The present revision further emphasizes the strength in capital spending in mining, housing and in the trade and finance groups that was anticipated at the first of the year. Manufacturers who had originally planned expenditures at a reduced rate have revised their investment plans upwards and now anticipate spending slightly more than in 1952.

The biggest dollar increase between the two years is in housing. With a substantial increase in housing starts in evidence in the first part of the year and activity in this field expected to continue at a high level, expenditures for 1953 are now estimated at $992 millions. Percentagewise the greatest increases will be in the trade and financial groups with expenditures likely to be more than 70 per cent larger than in 1952. This increase reflects the large scale expansion taking place in retail outlets and the increased activity in the construction of office buildings and shopping centres.

Within the utilities group the most important increases shown are in steam railways, a reflection of the new railway construction and the modernization of rolling stock now taking place. Planned outlays in that part of manufacturing catering to the domestic consumer market are now greater than last year while expenditures by the heavy manufacturing industries such as iron and steel products and chemicals are expected to be less than in 1952. The only other groups that plan capital outlays of smaller proportions than in 1952 are the construction industry and agriculture.

The present survey has largely re-affirmed the strength of capital spending as anticipated at the beginning of the year. There appears to be every indication that investment outlays will continue at high levels throughout 1953.