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CAPITAL EXPENDITURE FORECAST

Plans for a total capital expenditure programme in Canada in 1958 of $8.5 billion are revealed by a recent survey of Canadian business, institutions, governments and house-builders. The results of this survey appear in a report entitled "Private and Public Investment in Canada - Outlook 1958", released last week.

The 1958 plans call for a continuation of capital spending at close to the record rate of 1957 when $8.7 billions were spent for capital purposes and well ahead of any previous year. The forecast for 1958 is the same figure as the forecast for 1957 released a year ago, which later proved to be on the low side.

Within the total, construction outlays in 1958 are expected to reach $5,991 millions, a little higher than the $5,921 millions spent last year. The strength expected in construction is largely attributable to an anticipated 15 per cent increase in the value of house-building activity. This more than offsets a decline of 3 per cent in plans for other types of construction spending. Outlays for the acquisition of machinery and equipment are expected to total $2,530 millions, 10 per cent less than the $2,800 millions spent in 1957.

The 1958 investment programme features a strong resurgence in outlays for housing and social capital, which largely offsets a lower level of business capital spending. Expansion is expected to continue at about the 1957 rate in secondary manufacturing, utilities, commercial building and agriculture. A lower rate of expansion is planned in resource-based industries. Capital outlays for mining facilities and spending for plant and equipment in such manufacturing industries as paper products, iron and steel and non-ferrous metal and non-metallic mineral processing are expected to be lower in 1958.

Substantial increases are expected in the construction of hospital and university facilities and in construction expenditures by all levels of government.

It would appear that the demands placed on Canadian manpower and materials by the investment programme outlined will be of about the same magnitude as in 1957. While the overall volume of capital spending may be a little less than that of last year, the anticipated decline will be wholly in machinery purchases, about 50 per cent of which are normally imported. The requirements of the expanded construction programme will be provided largely from Canadian sources. Indications are that the availability of labour, materials and funds will be adequate to meet the demands likely to arise from an investment programme of this size.