

and the suppliers of building materials. However, the volume of construction work accomplished in 1955 did not fully reflect the demand for new structures.

In the housing sector, achievements were particularly spectacular, as you probably will have noticed from the record sales of household hardware. Preliminary estimates put the number of new units started in 1955 at 138,000, a significantly larger number than those recorded in 1954, which itself had been a peak year. This expansion in housebuilding was achieved when construction activity was fairly buoyant in most other sectors and without any significant rise in building costs. At year-end the number of housing units under construction numbered 80,000, or 12,000 more than a year earlier. This heavy carryover promises a continuation of a high volume of residential construction in 1956, particularly for the first part of the year.

While housebuilding activity considerably exceeded expectations most other types of construction fell somewhat short of builders' intentions. This may have been partly due to delays in getting projects underway and partly to the tight materials situation.

There is every indication that this high level of construction activity will continue through the present year. Preliminary returns from the survey of investment intentions indicate that Canadian business, governments, institutions and housebuilders plan, in total, further substantial increases in their construction spending in 1956. The 1956 program will probably call for a continuation of the high level of activity in residential, commercial and institutional building and an increased emphasis on industrial and engineering types of construction. Such a construction program will place substantially increased demands on the construction industry and on suppliers of building materials. Increased activity and careful planning by these industries will be necessary if this program is to be accomplished.

Capital expenditures include, in addition to construction outlays, those for the acquisition of producers' machinery and equipment. It would appear that spending for this purpose in 1955 was a little greater than had been anticipated and that capital spending in total for the year will probably exceed \$6 billion. The indications for 1956 are that purchases of machinery and equipment will also be above those of last year, particularly in the cases of industrial and mining machinery, and will likely approximate the high levels reached in the period of rearmament of 1952 and 1953. Given adequate supplies, capital expenditures in 1956 may exceed those made in 1955 by a significant margin. Overall figures and details of investment plans of Canadian industry and other groups should be available shortly, when Mr. Howe tables in Parliament the White Paper on the Investment Outlook.