

CAPITAL SPENDING 1967

Capital expenditure plans for all sectors of the Canadian economy, which involve outlays of \$15,103 million in 1967 compared to actual capital expenditures of \$14,897 million in 1966, represent a levelling-off from the sharp upward trend of the preceding three years.

Outlays for new construction are expected to rise by 1 per cent, to \$9,455 million, and those for machinery and equipment by 2 per cent, to \$5,648 million.

The Minister of Trade and Commerce, Mr. Robert H. Winters, recently tabled in the House of Commons a report entitled *Private and Public Investment in Canada, Outlook 1967*, summarizing the results of the Government's annual survey of capital-spending intentions.

Capital expenditures by manufacturing industries will decline to \$2,498 million from \$2,803 million in 1966, the report indicates. The principal contributors to this decline are the pulp and paper industry (down \$108 million) and the primary metals, non-metallic-minerals and metal-fabricating industries (with reductions of \$50 million, \$39 million and \$25 million respectively). All these industries had unusually large investment programmes in 1966.

It is predicted that the end of Expo '67 will bring a significant drop in capital spending for related projects in transportation and commercial building. In most other areas of business, investment is likely to be maintained or increased this year. The most important growth is expected in electric-power facilities and in communications. Power companies plan a \$150-million increase in spending, telephone companies an additional \$65 million.

Expenditures for social capital facilities, exclusive of housing, are expected to increase nearly \$235 million during 1967. This reflects greatly-expanded programmes for the building of new educational and hospital facilities, up 30 per cent and 15 per cent respectively. Outlays for housing will probably remain relatively unchanged from last year. While the number of new units started is expected to increase sharply, completions will be less than in 1966.

PROVINCIAL AND METRO SPENDING

The report also provides information on spending intentions in individual provinces and major metropolitan areas. The trend in capital spending from last year is expected to vary considerably among the five major regions ranging from declines of 5 per cent (Quebec) and 3 per cent (British Columbia) to increases of 3 per cent in Ontario, 6 per cent in the Atlantic Provinces and 7 per cent in the Prairies.

In conclusion, Mr. Winters said that the expected moderating trend of capital spending would ease the pressure on investment resources, which had been under considerable strain as a result of the sharp growth-rate in capital outlays in recent years. At the same time, he said, the proportion of the economy's productive resources being devoted to capital investment remained high, entailing a further substantial addition to Canada's productive capacity.

DEVELOPMENT AID TO PAKISTAN

The Secretary of State for External Affairs, Mr. Paul Martin, and the High Commissioner for Pakistan in Canada, His Excellency Mirza Sikander Ali Baig, recently signed an agreement providing up to \$10 million in external aid loan funds to carry out a high-priority power development in East Pakistan.

The project will connect East Pakistan's two major grid systems, enabling the Water and Power Development Authority to make the most economical use of generating resources. In the process of stringing 130 miles of double-circuit transmission-lines between Ishurdi and Ghoresal, Canadian engineers will be required to design a six-mile crossing of the Brahmaputra River. There is no similar crossing or bridge across the huge river anywhere in Pakistan.

INTEREST-FREE LOAN

The loan funds extended to Pakistan under the new agreement are free of interest, and repayment, beginning in 1977, will be spread over a period of 40 years. They will cover the foreign-exchange cost of Canadian goods and services employed in the design and construction.

Mr. Martin said the agreement represented one of the most important projects conceived under Canada's programme of development assistance to Pakistan, which is this year receiving \$20 million in grant-aid and interest-free loans under the external aid programmes. Over the past 16 years, Canada's aid to Pakistan has totalled \$240.4 million. Mr. Martin indicated that Pakistan had been chosen as one of the nations that would be given increasing amounts of assistance under the expanding aid plan. A large part of Canada's assistance has been in power generation, ranging from the Warsak hydro-electric scheme of the Fifties to the steam-generating plant at Sukkur, which will be commissioned in April.

Under the current aid programme, Canadian engineering firms are completing two transmission-lines in East Pakistan. One, between Siddhirganj and Sylhet, is being constructed under the supervision of Pelletier Engineering, Ltd., of Montreal, with a Canadian grant of \$6,600,000. The second, linking Goalpara, Bheramara and Ishurdi, is supported with \$4,850,000 in Canadian grant-aid and supervised by W.P. London and Partners, Niagara Falls, Ontario. The two lines, together with the Kaptai-Siddhirganj transmission, which was completed in 1961 with Canadian aid, comprise the backbone of the eastern and western grid systems.

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CABINET CHANGES

The Prime Minister has announced that Mr. Lucien Cardin has resigned as Minister of Justice and Attorney General, and Mr. Guy Favreau as President of the Privy Council and Registrar General of Canada.

The appointments of Mr. Walter Gordon as President of the Privy Council, and Mr. John Turner as Registrar General of Canada have been approved.