

large outlays have been involved in the late construction stages of the St. Lawrence Seaway and the Trans-Canada gas pipeline system. Power development also has held close to the record pace of last year. Expansion in the fields of trade, finance, and other service industries has continued at an undiminished rate. At the same time, institutional and government building has continued upward in response to the growing need for additional facilities.

Most noteworthy of all has been the spectacular rise in housebuilding. It is estimated that housing starts for the year will approach the 160,000 mark, 30 per cent more than last year and well above the previous record of 138,000 units in 1955. Close to 150,000 dwelling units have been completed. A much increased carryover of unfinished houses at year-end will give an important lift to employment during the winter. The current upsurge in housing activity began in the latter part of 1957. At that time, minimum requirements for loans obtained under the National Housing Act were relaxed and large federal sums were made available for mortgage purposes. An important factor contributing to the sustained high level of housebuilding throughout 1958 has been the improved availability of mortgage funds from private sources.

Because of the changed make-up of overall capital expenditures in 1958, the programme has had a somewhat altered physical impact upon the economy. With less expansion in material-processing industries, outlays for machinery and equipment have been lower. Although much of the impact of this reduction has fallen upon imports, it has resulted also in a lower level of activity in machinery-producing industries. On the other hand, there has been a considerable increase in construction work, particularly building construction. This type of investment has a relatively low import content and, accordingly, the demand-creating effects of the greater volume of work have been felt primarily in domestic industries. The additional demand for labour and materials arising from the increase in building construction has, in fact, been one of the principal stimulating forces in the economy during 1958.

Incomes and Consumer Expenditure

Another factor having an important sustaining effect upon general activity during the past year has been the high level of consumer spending supported by rising personal incomes. Of the principal forms of income, social security payments and other types of government transfers to individuals contributed more than any other category to the increase in current purchasing power. On the basis of nine-month figures, payments of this type have been running more than one-fifth higher this year compared with last. Farm income has shown a similar percentage gain mainly as a result of substantially larger livestock marketings. Certain categories of investment income also have increased quite sharply. The percentage rise in employee