

## PRIVATE AND PUBLIC INVESTMENT

The following Statement was made recently in the House of Commons by Mr. Mitchell Sharp, the Minister of Trade and Commerce:

I ask leave to table a report, "Private and Public Investment in Canada - Outlook 1964 - Mid-Year Review", which summarizes the results of a recent survey undertaken to check on capital-expenditure intentions for the current year.

This report indicates that there has been a remarkable build-up in 1964 capital spending programmes since the previous survey was undertaken at the beginning of the year. On the basis of this new information on investment plans, total capital outlays anticipated for 1964 amount to \$10.8 billion, about \$700 million, or 7 percent, higher than previously indicated and 16 percent above actual outlays last year.

### BIGGEST INCREASE IN EIGHT YEARS

This is the greatest year-to-year increase in capital spending since 1956. Most of the upward adjustment has occurred in the business sector of the economy, where anticipated outlays are now 10 percent higher than previously estimated and 18 percent above last year's expenditure. It is particularly noteworthy that capital outlays in manufacturing industries are now expected to approximate \$1.75 billion in 1964, an increase of more than \$400 million, or 31 per cent, from last year's level.

In the case of housing, renewal of the winter incentive programme and a stronger trend in starts this spring than was expected earlier have warranted an upward adjustment from 11 per cent to 18 per cent in the estimated increase in work put in place this year compared to last. In the area of institutional and public investment, there has been a moderate upward revision in estimated outlays, which are now expected to rise by 9 per cent from a year ago.

### EFFECT OF CAPITAL-SPENDING ACCELERATION

The recent acceleration in the pace of capital spending in Canada has far-reaching significance for the Canadian economy. For the current year it has given

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### FARM PRICE INDEX

The all-Canada composite price index of commodities and services used by farmers (1935-39 = 100) reached 282.4 in April this year, up 2.2 per cent from the revised January index of 276.3 and up 2.6 per cent from last year's April index of 275.2. The rise between January and April was largely due to the seasonal increase in farm wage rates. Exclusive of the living component, the index rose 3.5 per cent, to 309.9 in April from 299.4 in January, and climbed 3.0 per cent from 301.0 in April 1963.

The farm wage-rate index increased 9.4 per cent, to 643.0 in April from 587.8 in January, with the eastern index rising to 611.0 from 605.9 and the western to 688.6 from 562.1.

strong impetus to the economy generally and has been an important factor in the relatively sharp (4 percent) increase in total employment this year compared to last. The 16 percent increase anticipated in total capital outlays involves a 17 percent increase in outlays for new machinery and equipment and a 15 percent increase in expenditure on new construction. The sharp rise in outlays for new machinery and equipment has meant increased activity in equipment-producing industries, and also helps to account for the sharp growth in imports this year. Outlays for construction, on the other hand, have predominantly domestic impact and the substantial increase in this type of expenditure is being reflected in the domestic construction trades and related material-producing industries. Some material suppliers, in fact, are encountering difficulty in meeting the added demands. It is possible, therefore, that lengthened delivery dates for items such as structural steel may cause delays on some projects.

I feel that I should also add an assurance that the upward revision in the total programme is not likely to add significantly to the existing demands on resources. Estimates of actual outlays for the early months of 1964 show that capital spending was already running close to the annual rate indicated by the recent survey. Accordingly, realization of this programme would involve little further increase beyond the level of activity already under way in the year to date.

The new surge in capital expansion now under way has important implications for future years as well as for the present year. The appearance of so many major new expansion projects throughout Canadian industry can only mean that businessmen look forward with confidence to expanding markets in the years to come. If this judgment is sound, it means that conditions of economic slack are giving way to dynamic growth. This new environment brings renewed hope to the growing number of young people coming on to the labour market and gives promise of a continuing pace of economic advance, commensurate with our growing productive capabilities.

The equipment and materials index moved up 0.8 per cent, to 244.1 in April from 242.2 in January, reflecting increases of 0.8 per cent both in the East and the West. Sub-group changes included increases of 5.5 per cent for compounded fertilizer, 4.2 per cent for building materials, 1.8 per cent for hardware, 0.3 per cent for gasoline, oil and grease, and decreases of 2.2 per cent for seed and 0.8 per cent for feed. Prices for farm machinery and binder twine were unchanged.

The index for the farm-family living component declined 0.2 per cent, to 241.2 in April from 241.7 in January. Lower prices for food and miscellaneous items outweighed higher prices for clothing, fuel, household equipment, and health maintenance.