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INVESTMENT IN CANADA--OUTLOOK, 1960

Mr. Gordon Churchill, Minister of Trade and Commerce, tabled recently in the House of Commons a report entitled "Private and Public Investment in Canada -- Outlook 1960", which summarizes the results of a recent survey of capital spending intentions.

The capital expenditure plans of all sectors of the economy, as outlined in the report, involve total outlays in 1960 of \$8,770 million. Such a capital programme would be the largest on record. It would exceed the previous record established in 1957 and be 4 per cent greater than the \$8,411 million spent for these purposes last year.

Within the total, expenditures for new construction are expected to be at an all-time high of \$5,942 million. In 1959, such outlays totalled \$5,798 million. Spending for new machinery and equipment is expected to show a significant improvement from the levels of the past two years. Present plans call for outlays of \$2,828 million for this purpose in 1960. This would be 8 per cent above the \$2,613 million spent last year, and only slightly less than the record outlays of 1957.

Business investment is expected to recover substantially in 1960. An increased rate of spending in this area will provide the principal contribution to the expansion expected in total private and public investment. The emphasis is likely to be on expansion in the resource-based industries. Plans for capital spending in the forest and mineral products

industries combined involve a 20 per cent increase over actual expenditures last year. A further significant increase, in commercial building for stores and offices, will also contribute to the overall growth in business investment. Other major areas of business are expected either to maintain or moderately increase their rate of capital spending in 1960.

Outlays for housing and social capital will account for a smaller proportion of the total capital programme in 1960 than has been the case during the past two years. Housing expenditures are expected to show a further moderate decline from the level of last year. It is anticipated that this will be offset by an increase in institutional construction, particularly for hospital and university facilities. Construction spending by the federal, provincial and municipal governments combined is likely to be slightly above last year's rate.

The 1960 investment programme, as revealed in the report, appears to be consistent with a sound and orderly growth in the economy. It will result in somewhat increased demands being placed on the industries related to construction and the production of equipment. The extent of such increases is not likely to place an undue strain on available resources. Greater emphasis on the modernization and expansion of Canada's productive facilities should help to ensure that Canadian industry will be in a position to share in growing world and domestic markets.