

the whole, the reduction in exports of industrial materials has been relatively moderate when considered in relation to the decline in industrial activity in the United States.

Imports into Canada, on the basis of figures available to date, are about 10 per cent lower in 1958 than in the preceding year. A more moderate pace of industrial activity in Canada and reduced outlays for plant and equipment have involved widespread declines in imports. Smaller outlays for industrial materials, machinery and related investment goods have accounted for most of the reduction in total purchasing from abroad. Some consumer good imports have declined also, particularly cotton and woollen products and North American-type cars and parts. Geographically, nearly all of the reduction in total imports is accounted for by the fall-off in purchases from the United States. Imports from the United Kingdom, which in 1958 have included substantially larger shipments of automobiles and commercial aircraft, have held about even with the previous year's level. Consequently, Britain's share in Canada's import market has increased from 9 to 10 per cent. Purchases from other major overseas trading areas also have been reasonably well maintained. To this extent, the reduction in Canada's requirements from abroad has not reacted to the detriment of her principal overseas customers.

A sustained level of merchandise exports, and lower imports, have entailed a substantial decline in Canada's merchandise deficit which for the first 10 months of the year stands at \$242 million, compared with \$733 million for the same period in 1957. Most of this reduction has occurred in the commodity deficit with the United States which has declined from \$983 million to \$589 million. On the other hand, Canada's imbalance on non-merchandise items, such as tourist expenditures and interest and dividend payments, has been increasing. For the first nine months of 1958, Canada's deficit with the rest of the world on all current transactions amounted to \$795 million, compared with \$1150 million in the same period of the previous year.

### Capital Investment

At mid-year, capital spending plans, both private and public, provided for outlays of \$8.5 billion in 1958. House-building has proceeded more rapidly than anticipated at that time. Capital expenditures of other types appear to have reached and possibly exceeded the level previously indicated. Overall capital outlays for the year may fall but little short of the record \$8,700 millions spent in 1957.

Though little changed in total, there has been a substantial shift in the composition of capital outlays in 1958. Much of the recent build-up in mineral and forest product industries had been completed by the end of 1957 and expenditure of this type has been down substantially. On the other hand,