

"One problem which is of great and immediate concern to me, as the Minister responsible for External Affairs, is disarmament. Aside from the terrible threat to mankind of nuclear weapons, which must overshadow all foreign policy in this age, there is the heavy burden of defence - a burden in terms of taxes and in terms of the great demands for the skills and resources of our people and country. Sometimes one hears the concern expressed that our free enterprise economy requires the stimulation of an arms race to keep it from depression, that we cannot, in fact, tolerate disarmament because of its economic consequences.

"This idea may not be expressed so bluntly, but it may be in the background of some attitudes. I have no hesitation in saying that I regard such expressions of fear or concern as unsound and wrong. Our economy is entirely capable of making this adjustment, and of providing a greater flow of other goods to meet the needs of our own people and our customers abroad. Disarmament talks, in which Canada will take part, will soon be starting again, and I know that the Canadian people have no doubts about the vital importance of success in these efforts...."

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W. I. TRADE PLAN ENDS

On October 14, Mr. Gordon Churchill, Minister of Trade and Commerce, announced that agreement had been reached with The West Indies and the United Kingdom for the termination of the West Indies Trade Liberalization Plan, effective December 31, 1959. He said that the Liberalization Plan, established in 1951, had served a most useful purpose in providing access to the West Indies for Canadian goods, which would otherwise have been completely excluded by import restrictions maintained for balance of payment reasons.

During the past eight years, Mr. Churchill said, as restrictions had been gradually removed, the scope of the Plan had been progressively reduced. As a result of the liberalization measures, which had been carried out in the previous year in line with understandings reached at the Commonwealth Trade and Economic Conference in Montreal in September 1958, most Canadian exports were entering The West Indies without restriction. It was no longer necessary, therefore, to keep The West Indies Trade Liberalization Plan in existence.

Mr. Churchill recalled that special attention had been given at the Montreal Conference to ways of improving and strengthening commercial relations with Canada's traditional trading partners in The West Indies. After the Conference, the United Kingdom had invited all the colonial territories to remove restrictions from a wide range of dollar goods. Subsequently, there had been two major rounds of

the trade liberalization in The West Indies, involving the freeing from control of such important Canadian products as canned soups, vegetables and fruits, prepared breakfast foods, kitchen and household woodenware, cellulose and plastic film, pharmaceuticals, proprietary medicines, toys, pens and pencils and various types of machinery and equipment.

Mr. Churchill said that, for the comparatively few items still under import control, the Liberalization Plan would be replaced by a simple system of import licences and quotas administered by the individual West Indian territories. The West Indies had given formal assurances that they would consult Canada about licensing arrangements for products covered by the Plan, which were not yet liberalized, on the understanding that access generally to West Indian markets for Canadian exports of these products would be on terms no less favourable than in the past.

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SECURITIES TRANSACTIONS

The trading of outstanding Canadian securities between Canada and other countries led to a sales balance or capital import of \$23 million in July, a sharp rise from \$10 million in June but lower than the March and April levels. At the same time, a purchase balance or capital export resulted from trade of outstanding foreign securities, between Canada and other countries, as Canadians acquired some \$11 million of these issues.

Net sales of outstanding Canadian securities comprised \$16 million in bonds and debentures and \$7 million in stocks. Non-residents purchased on the market \$19 million, on balance, of Government of Canada direct and guaranteed bonds, and sold \$3 million worth of corporation bonds. Broadly speaking, the movement involved net capital imports of \$4 million each from the United States and the United Kingdom, and \$8 million from other overseas countries. The sales of stocks were, on balance, entirely to the United States, small repurchases from the United Kingdom offsetting sales to other overseas countries.

Canada's net purchases of outstanding foreign securities, which were larger in July than for many months past, were mainly from the United States and included about \$6 million worth of United States bonds, mainly federal, and \$4 million worth of United States stocks.

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FIRST BIG A-POWER PLANT

Ontario Hydro chairman James S. Duncan announced recently that a 2,300-acre site for Canada's first large-scale nuclear power station had been selected on the shore of Lake Huron, nine miles north of Kincardine.

(Over)