

Mr. Gamlen said that his company was confident of the growth potential of the Canadian aerospace and plastics industry. He also said it was Boeing's intention "that in time, this operation will be totally Canadian - including the management".

THE ROLE OF THE DEPARTMENT OF EXTERNAL AFFAIRS

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financial guidelines of last summer the Department was obliged to reduce its operations by that amount.

In reducing its operations by an amount of \$7.5 million the Department has very little room to manoeuvre. The Department consists essentially of its officers, support staff and physical plant. Operating costs associated with these are recurrent in nature. There are only three programs that are to some extent discretionary: information abroad, cultural relations and capital expenditures. For the coming year our information abroad program has been cut from \$1.6 million to \$1 million, our cultural relations program from \$1.9 million to \$1.3 million and our capital expenditures from \$7 million to \$5.4 million. These are the maximum cuts that could be made. The information and cultural programs are an essential element in the execution of our foreign policy and the capital-costs program has been cut to the point where the only projects being carried out are those to which we were committed when the cutback was announced.

After these cuts, about \$5 million had still to be found. After long study and careful consideration it was decided to close seven posts and remove all External Affairs personnel from six others. To meet

the \$5-million requirement a number of capable officers and supporting staff had to be laid off. Action of this kind is a bitter necessity and cannot be carried out without adverse effect upon the morale of the Department.

Changes in the organization of the whole foreign service were probably overdue. The world is changing and Canada is changing. Circumstances and priorities change. The able and adaptable people in the foreign service welcome changes that will enable them to do a more effective job in serving Canada's national interests abroad. They want to take the lead in bringing their operations into line with the needs of today and in better fitting themselves to serve the interests of the Federal Government, the provincial governments, the trading community involved in exports, and private individuals.

Not all the changes taking place in the Department are the results of the austerity campaign; there is an ongoing program of renewal that will increase the effectiveness of the foreign service and make it an even more attractive career prospect for some of the ablest of our younger people.

You also have before you the estimates for the Canadian International Development Agency. These estimates total \$334.5 million for development assistance programs under both grants and loans, and \$8.9 million for the administration of CIDA. To the aid vote portion must be added \$30.6 million of appropriations and advances under statutory authority or other departmental estimates, which brings the total Canadian aid approval for 1970-71 to \$365 million. This compares to \$338 million in the 1969-70 fiscal year....