



CANADA

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September 30, 1959

## CANADIAN VIEWS AT THE UNITED NATIONS

In an address to the fourteenth session of the General Assembly of the United Nations in New York on September 24, Mr. Howard Green, Secretary of State for External Affairs, discussed problems facing the United Nations which are of special interest to Canada.

Mr. Green said in part:

### DISARMAMENT

"...I listened with much interest to the disarmament plans outlined last week by Mr. Selwyn Lloyd for the United Kingdom and by Mr. Khrushchev for the U.S.S.R. We shall of course want to study these plans carefully and shall reserve detailed comments on them for a later occasion. For the moment let me say that I am entirely sympathetic with the general objective stated by Mr. Khrushchev's proposal - namely, a world without arms. We would all like to see general and complete disarmament. However, we are looking forward to more detailed proposals designed to this end, particularly with respect to control.

"The central question of disarmament turns on the ability of states to find a basis of mutual confidence and this is realistically reflected in Mr. Lloyd's proposals. That confidence must be such as to enable states to strike a balance between the obvious advantages of liquidating the burden of armaments, and the political and military risks of reducing defence against aggression. This balance can be reached, I believe, only through supervised disarmament. There is therefore an in-

separable relationship between disarming and control and this must be reflected in any practical plan. The two must be negotiated in parallel and must be put into effect together. Without control, the mutual confidence required to disarm would be lacking, particularly in a time of great political and ideological conflict. Without disarmament, control of course would be irrelevant.

"I was gratified therefore to hear Mr. Khrushchev say that his Government was - and I quote 'in favour of strict international control over the implementation of the disarmament agreement when it is reached.' He added, however, - and again I quote 'we are in favour of genuine disarmament under control but we are against control without disarmament.' He went even further and suggested that the Western powers had tried to obstruct genuine disarmament by advancing demands for control more far-reaching than were necessary to ensure implementation, and more far-reaching than they themselves were prepared to meet. I cannot accept this suggestion. The record does not bear out the charge.

"Mr. President, Canada's unique geographical position as a neighbour of both the United States of America and the U.S.S.R. gives Canadians a special interest in disarmament. We believe that this goal should be pursued with determination and with patience, using whatever forum is most appropriate, whether in the United Nations or outside. Last year, for example, we participated in tech-

(Over)

nical studies concerning the discontinuance of nuclear tests, and in discussions on the problem of surprise attack.

"In the latter discussions we consistently asserted, as my Prime Minister did last week, our readiness to open Canadian territory to inspection, particularly in the Arctic area, under an equitable and reciprocal system. We continue to hold the opinion that such a system would do much for the restoration of international confidence.

"With a view to taking a fresh look at some of the problems of disarmament, the United States of America, the United Kingdom, France, and the U.S.S.R. recently announced the establishment of a 10-power negotiating committee, the creation of which has been noted by the United Nations Disarmament Commission. Consistent with our policy of using any forum appropriate for disarmament negotiations, Canada accepted an invitation to participate in this committee. This body may not be linked with the United Nations to the extent that many nations would prefer, but I wish to emphasize that the Canadian Government has assumed this responsibility in the belief that it will facilitate direct negotiations among the great powers. The activities of the 10-power committee are intended not to replace but to supplement the responsibilities of the United Nations in the field of disarmament.

"With respect to the link between this committee and the United Nations, it is our view that it would be in the interest of all concerned not only that the committee report from time to time to the United Nations but also that the United Nations, probably through the Disarmament Commission, discuss the progress of the Committee's work; encourage its activities; and evolve further ideas in this general field. In this way those members of the United Nations not participating in the 10-power committee would have an effective means of expressing their interest in its objectives. Clearly the middle and smaller powers must have an opportunity of being heard; for disarmament is of the deepest concern to all mankind.

"It is my understanding that this committee will begin work early in 1960 and I hope that its negotiations will be extended in an orderly manner to a broad range of measures relating to nuclear and other modern weapons and to conventional weapons and armed forces. We welcome the fact that the great powers already are preparing proposals for the committee and I may say that Canadian studies are also in progress.

"One aspect of disarmament from which we can all draw some encouragement is the fact that there now exist 17 agreed articles of a draft treaty on discontinuance of nuclear tests, being negotiated by the United States of America, the United Kingdom and the U.S.S.R. The Canadian people are unanimous in their wish to see an end to nuclear testing.

It is true that the principal difficulties have yet to be resolved; again they centre on the question of control.

"Whatever the solution, it is of the utmost importance for the three nuclear powers to reach agreement on this central question of the control system. Unless this problem can be solved in respect of the relatively narrow and specific question of nuclear tests, we can hardly expect early progress in other aspects of disarmament where verification and inspection of even greater complexity are likely to be required.

#### OUTER SPACE

"Another aspect of disarmament which should prove susceptible of early negotiation is disarmament in relation to outer space. Two years ago, my Prime Minister urged that the passage of time should not be allowed to bring to the problem of outer space the complications which failure to reach agreement on nuclear weapons has brought to that problem.

"Today the pace of scientific and technological progress is staggering to the imagination. An event took place a few days ago which lends further urgency to the need for international consideration of the many problems which may arise as man continues his penetration of outer space. I refer to the tremendous feat of the U.S.S.R. in hurling a dead weight of considerable magnitude from the earth to the moon. This was a magnificent achievement which is deserving of the greatest praise.

"It does, however, emphasize the urgent necessity of having the international community establish adequate regulation where none exists. In particular, early consideration must be given to establishing rules determining the limits of national sovereignty in space.

"The *Ad Hoc* Committee on the Peaceful Uses of Outer Space which was set up at the last session has made a useful start in considering the scientific, technical and legal aspects of co-operation within the United Nations. Canada served on that committee and provided the chairman for the Scientific and Technical Committee whose work forms the basis for a large part of the report we shall be considering. Our great regret is that one of the two nations which has the greatest accomplishments in space technology did not participate in the preparation of this initial report. I do not think that report contains anything to which the U.S.S.R. should take exception.

"We trust that further arrangements to pursue these matters will have the co-operation of the U.S.S.R. Their continued non-participation cannot fail to limit the value of any proposals that may be considered. Canada will of course continue to co-operate to the fullest extent in any international consideration of these problems whether this be

at the inter-governmental level as in the United Nations or in the highly important area of international co-operation among scientists.

#### RADIATION

"I should like now to touch upon another question of vital importance - the hazards resulting from the addition of man-made radiation to that which already occurs in nature. The United Nations Scientific Committee on the Effects of Atomic Radiation, in its report this year to the General Assembly, has outlined what appears to my Delegation to be an admirable and useful programme for the next few years.

"All mankind is concerned that knowledge of the biological and other effects of radiation and of the present extent of the hazard should be enlarged. We must also realize that even if the nations agree to stop testing nuclear weapons, the problem of radiation will not vanish. The large and growing use of radiation in medicine; the atomic era in industry with the possibility of accidents, for example in power stations soon to become a familiar sight in many lands; the risks connected with the disposal of radioactive waste; all these and similar perils unforeseeable now, will be with us henceforth. They will present complex problems demanding constant observation, study and precaution.

"There is an urgent need to fill the substantial gaps which continue to exist in our knowledge of the phenomenon of radiation. In a matter which is of such concern to human life and future generations, all member states have an equal interest in ensuring that research into the biological effects of radiation is based on the fullest and most reliable information. For this purpose, scientists must have at their disposal data on radiation from fallout and other sources which would be as nearly as possible world-wide in its scope and collected by standardized methods.

"All member states can make a vital contribution towards this objective by co-operating to the fullest possible extent in the collection of data and in remitting it to a central agency for collation. The collated data would then be available to governments and to scientific and medical research institutions for investigation of the biological effects and industrial hazards of radiation. The pooling in turn of the results of such research through the United Nations Radiation Committee can make a further valuable contribution to the world's collective knowledge of this common problem.

"We believe that mankind would derive relief from anxiety if the nations of the world were to acknowledge an obligation to do what they can to ensure that the world-wide physical measurement of the intensity and distribution of radiation is made as accurate and complete as possible.

"At this session the Canadian Delegation

intends to submit proposals which we sincerely hope will encourage the world-wide collection of more accurate data on radiation and will provide for its central collation...

#### THE WORLD REFUGEE YEAR

"...I am pleased to announce...that as its special contribution to the World Refugee Year the Canadian Government will waive a normal immigration requirement and admit to Canada a substantial number of tubercular refugees and their families. This group will be brought to Canada and treated in sanatoria at Canadian expense. Furthermore, a family unable to support itself while a member is under treatment will receive maintenance payments. It is my hope that the first refugees selected will reach Canada by the end of this year.

"In this undertaking the Canadian Government will have the co-operation of provincial governments and the active support of a private organization, the Canadian committee for World Refugee Year.

"I am aware that a number of other members of the United Nations have outlined imaginative plans to receive handicapped refugees. Our collective efforts should have the effect of easing or bringing to an end the disproportionate burden which some European countries have carried since 1945. Above all, Canada welcomes the occasion offered by World Refugee Year to give a group of human beings, whose plight is particularly tragic, an opportunity to rebuild their lives in dignity and happiness.

#### UNITED NATIONS EMERGENCY FORCE

"One other item on the Agenda which is of special interest to Canada is the UNEF. This force has for another year admirably carried out the tasks set for it by the General Assembly. Canadians are proud of the part which their armed forces are playing, with those of other contributing states, in attaining this satisfactory result.

"In view of the relative quiet which now prevails in that area some member states might be of the opinion that the time has arrived to curtail UNEF's operations. I think we should bear in mind, however, that the reduction of frontier incidents between the United Arab Republic and Israel is due in large measure to the presence of the force. It would therefore be unfortunate if the contribution of UNEF to more stable conditions in the area should now be jeopardized by a premature limitation of its operations.

"All member states have an equal interest in ensuring the continuing effectiveness of the Force. We support the efforts of the Secretary-General to consolidate its financial position. We hope these efforts will receive a degree of co-operation commensurate with the political significance of the UNEF operation and the collective responsibility of all members to maintain international peace and security...."

## CANADA'S BALANCE OF PAYMENTS

Canada had a current deficit of \$837 million in transactions in goods and services with other countries in the first half of this year, more than a third larger than the corresponding deficit of \$590 million in 1958. This is a larger deficit than in any other year except 1957 when the imbalance amounted to \$970 million in the half year. In the second quarter, the current deficit was \$430 million, about one-third greater than the deficit of \$323 million in the corresponding quarter of 1958.

The deficit on merchandise account in this year's first half amounted to \$355 million, considerably more than double that in the first six months of 1958 (\$140 million) but still well under the peak import balance of \$474 million in 1956 and \$529 million in 1957. The big change between 1958 and 1959 was brought about by a sharp rise of 10 per cent in imports in contrast to a 2 per cent rise in exports. In the second quarter the deficit on merchandise account rose to \$195 million from \$77 million a year earlier.

Deficit on non-merchandise transactions in this year's first half was larger than ever before at \$482 million versus \$450 million last year, all groups contributing to the increase with the exception of miscellaneous transactions on government account which in the earlier year contained some non-recurring payments.

Remittances of interest and dividends to non-resident investors continued to be the largest contributor to the non-merchandise deficit, Canada's net payments rising in the first half to \$213 million from \$184 million a year ago and in the second quarter to \$110 million from \$99 million.

The deficit on travel account in this year's first half rose to \$138 million from \$132 million in the same period of 1958. Affected by the date of Easter the deficit on travel in the second quarter this year fell to \$54 million from \$64 million. First-half deficit on freight and shipping was larger this year at \$14 million versus \$9 million, and in the second quarter at \$14 million versus \$12 million.

## TRANSACTIONS BY AREAS

The emergence of a current account deficit in Canadian trade with overseas countries has been an exceptional development in 1959. This amounted to \$80 million in contrast to a surplus of \$90 million in the first half of 1958 and arises from a substantial deficit of \$140 million from non-merchandise transactions which more than offset the greatly reduced merchandise surplus of \$60 million. Transactions with the United States resulted in a rise of some 10 per cent in the deficit to \$757 million from \$686 million last year. This

increase occurred entirely in the first quarter.

## CAPITAL MOVEMENTS

The net inflow of capital into Canada in such long-term forms as direct investment, portfolio security transactions, and official loans, amounted to \$311 million in the second quarter of 1959 compared with \$247 million in the first quarter. At these rates it was equivalent to 72 per cent of the current account deficit in the second quarter and to 61 per cent in the first. The second quarter was influenced by larger than usual movements for the acquisition of existing investments in Canada, which more than accounted for the higher proportion of the current account deficit covered by capital movements in the long-term forms. However, the proportion of annual capital inflows in long-term forms occurring in the first half of the year is normally smaller than the proportion of the current account deficit incurred in this period.

The other capital movements, mainly in short-term forms, totalled \$119 million in the second quarter of 1959 and \$160 million in the first. There are many types of movements included within these inflows. Important in the second quarter was a sharp growth in Canadian dollar holdings of foreigners. This was mainly the result of conditions in the short-term money market which led to the acquisition by non-residents of some \$60 million of Canadian treasury bills. There was at the same time, however, a substantial outward movement reflecting increased official holdings of gold and foreign exchange. Amongst the other movements in the second quarter were a substantial reduction in Canadian holdings of foreign exchange by other than official accounts, and increases in Canadian payables. During the first quarter there was an important inflow reflecting a reduction of official holdings of gold and foreign exchange, but the largest part of the net movement appeared to reflect increased payables on commercial account.

Geographically, during both the first and second quarters of 1959, 80 per cent of the net movement of capital in the long-term forms mentioned above came from the United States. This was roughly the same proportion as for 1958 as a whole. In absolute amounts, the inflow from the United States, estimated at some \$445 million in the first half of 1959, was at just about the 1958 annual rate. During the first quarter of 1959, these inflows from the United States were equivalent to slightly more than one-half the current account deficit with that country, and in the second quarter to slightly more than two-thirds. These proportions were lower than for any quarter in 1958 and compare with nearly four-fifths for the

year as a whole.

A sharp rise occurred in the net inflow of foreign capital for direct investment in foreign-controlled enterprises during the second quarter. The movement is estimated at \$180 million, compared with \$85 million for the first quarter of the year. The second-quarter movement was not far below the record for any quarter. Contributing to the increase of \$95 million was a substantial net movement for the acquisition of existing Canadian-owned interests in several concerns, although there were at the same time also several instances where Canadians acquired from non-residents control of concerns in Canada. The largest element in the movement arose from an offering by a United States automobile manufacturer to purchase shares of a Canadian affiliate. But apart from transactions of this nature there appears to have been a significant increase during the quarter in direct investment inflows for new capital formation. About half the total movement in the second quarter was directed to the petroleum and mining industries, and about four-fifths came from the United States.

Transactions in Canadian portfolio securities gave rise to a capital inflow of \$135 million. This was smaller than the figures of \$168 million for the first quarter, and \$245 million for the corresponding quarter of 1958. Net sales to non-residents of outstanding Canadian bonds and debentures were smaller than in the first quarter. New issues, on the other hand, were larger, but the increase was more than offset by heavier retirements of foreign-held Canadian securities. A substantial part of the retirements in the quarter reflected the maturity of provincial bonds sold on the New York market thirty years ago. Retirements of foreign-held Canadian bonds and debentures during the first half of 1959 represented about 2 per cent of the total outstanding in non-resident hands.

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### CHALK RIVER REACTOR SCHOOL

The first class in the newly established Chalk River Reactor School will begin on February 1, 1960, Atomic Energy of Canada Limited has announced.

Canadian and foreign engineers and scientists may apply for admission to the school, which will have a class of 20 students in each 12-week course.

The school was set up in response to the wide interest shown in the atomic power systems being developed in Canada. The course of studies places special emphasis on power reactors moderated with heavy water and fuelled with natural uranium, such as the 20,000 kilowatt NPD (Nuclear Power Demonstration) station now under construction near Rolphton, Ontario, and the 200,000 kilowatt CANDU (Canadian Deuterium Uranium) station to be built nine miles north of Kincardine, Ontario.

The Chalk River Reactor School will not duplicate instruction being given by universities. Candidates for the school must have a university degree in physics, engineering physics, chemistry, metallurgy, or engineering. The Reactor School will give these graduates first-hand knowledge not only of power reactors but also of the advanced research and engineering test reactors, NRX and NRU, at the Chalk River establishment of Atomic Energy of Canada Limited. Students will receive the basic instruction required for a thorough understanding of the design, construction and operation of nuclear reactors.

The Director of the Reactor School is Dr. D.A. Keys, scientific adviser to the president of A.E.C.L.; the Secretary is Dr. W.R. Livingston, head of the Office of Industrial Assistance. Lecturers are senior company executives and members of the staffs of the various A.E.-C.L. divisions in Toronto, Ottawa and Chalk River.

Application forms may be obtained from Canadian embassies or consulates or from the Secretary, Chalk River Reactor School, Atomic Energy of Canada Limited, Chalk River, Ontario. Canadian students should send their applications to the secretary; foreign students should send their applications to the Canadian embassy or consulate in their country. Completed application forms for the first course must be received at the secretary's office not later than November 15. Successful applicants will be notified by December 1.

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### MR. GREEN TO PARIS

The Secretary of State for External Affairs, Mr. Howard Green, has announced that he will be in Paris from Monday, October 26 to Thursday, October 29, to meet with the Heads of Canada's diplomatic missions in Europe and the Middle-East. Following this meeting, Mr. Green will remain in Paris for a few days during which he will call on Mr. Couve de Murville, the French Foreign Minister, and other French officials, and also on Mr. Spaak, the Secretary-General of NATO, and General Norstad, the Supreme Allied Commander in Europe.

In making this announcement, Mr. Green said that he was looking forward to the opportunities which the Heads of Mission meeting would afford him to become personally acquainted with Canada's representatives in Europe and the Middle-East and also with the French and NATO leaders.

The forthcoming Heads of Mission meeting will be similar in purpose to those which were held in 1957 and 1958. It will enable the Secretary of State for External Affairs to discuss issues of current international interest and importance with an important group of Canadian representatives abroad.

In the course of his return journey from Paris, the Minister will spend one or two days in London for consultations.

### VISIT OF GERMAN MINISTER

Dr. Franz Josef Strauss, Defence Minister of the Federal Republic of Germany, visited Canada from Tuesday, September 22 to Friday, October 2, at the invitation of Mr. George R. Pearkes, V.C., Minister of National Defence. Dr. Strauss was accompanied by General Joseph Kammhuber, Chief of the Air Force of the Federal Republic of Germany, and a party of officials.

The tour marked Dr. Strauss' first visit to Canada to acquaint himself with the general Canadian scene and particularly with defence matters of mutual interest.

When he was in Ottawa Dr. Strauss met with the Ministers of National Defence and Defence Production and senior officials at the Department of National Defence. He called on Prime Minister Diefenbaker and had discussions with officials of the Department of External Affairs.

Dr. Strauss travelled to Chalk River to inspect the plant of Atomic Energy of Canada Limited. He had an aerial view of the St. Lawrence Seaway during a flight to Kingston Ontario, where he visited the Royal Military College and spoke to students at the National Defence College.

The German Minister and his party spent several days at the West Coast, with a brief stop at Calgary, Alberta. They had an opportunity to visit RCN establishments at Esquimalt and the RCAF Station at Comox.

Returning to the East Dr. Strauss visited Toronto, Quebec City and Windsor, before leaving on October 2 for the United States.

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### CANADA'S YOUNG POPULATION

There were 5,821,000 children under 15 years of age, or about one-third of the estimated 17,442,000 in Canada's population on June 1 this year, according to age estimates of the population for that date by the Dominion Bureau of Statistics. About 60 per cent or 10,306,500 were in the working ages between 15 and 64, and 1,314,500 or 7.5 per cent in the ages of retirement -- 65 and over.

While the total population of Canada increased by 8.5 per cent from the 1956 Census count of 16,080,791, the children under 15 increased by 11.4 per cent or 595,800, the working age group by 694,900 or 7.2 per cent, and the population in the retirement ages by 70,600 or 5.7 per cent.

Among the provinces the rate of increase since 1956 for children under 15 years was highest at 16.9 per cent in British Columbia and lowest at 4.2 per cent in Prince Edward

Island. The working age group, 15-65 years, also showed the most rapid growth in British Columbia (11.2 per cent), while Saskatchewan barely showed an increase (0.1 per cent). The largest increase among the population 65 years and over occurred in Alberta (7.7 per cent) and the smallest in Newfoundland (2.1 per cent).

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### ATOMIC ENERGY CONGRESS

At the Third Annual General Congress of the International Atomic Energy Agency, which opened in Vienna on September 21, the Canadian Delegation is led by Mr. M.H. Wershof, Canadian Representative of the Board of Governors of the Agency, and also Canadian Permanent Representative to the European Office of the United Nations. Mr. J.L. Gray, President of Atomic Energy of Canada Limited, is also a member of the Delegation.

The International Atomic Energy Agency is an inter-governmental organization, under the aegis of the United Nations, whose basic objectives are "to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world".

Canada participated actively in the establishment of the Agency and holds one of the five Members most advanced in the technology of atomic energy including the production of source materials.

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### VENEZUELAN ENVOY

His Excellency Dr. Manuel R. Egana has presented his Letters of Credence as Ambassador Extraordinary and Plenipotentiary of Venezuela to Canada to the Governor-General. The ceremony took place at Government House on September 22.

Dr. Egana was born at Zaraza, State of Guarico in 1900. A doctor in political science, he is also a lawyer, diplomat and financier. He joined the Ministry of External Relations in 1922 and has held various senior positions in that Ministry and in other Ministries. He was Minister of Finance (ad-interim), 1936; Minister of Development, 1938-41 and 1949-50. He was Chairman of the Financial Mission appointed by the Venezuelan Government to study the central bank in Canada, U.S.A. and in different countries of America and was Director of the Central Bank of Venezuela from 1951-58. Dr. Egana attended the first Oil Congress of the Arab League in Cairo as Venezuelan observer in 1959.