



CANADA

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CANADA-INDIA ATOMIC REACTOR

Frank Harris, Trade Commissioner, Bombay, gives a progress report in the July 19 issue of Foreign Trade on one of the chief projects in which Canada and India are co-operating under the Colombo Plan, the Canada-India Atomic Reactor. This reactor, known commonly as C.I.R., is being built at the Government of India's atomic energy establishment at Trombay, a few miles north of teeming Bombay on the shores of the Arabian Sea.

The design of the 'pile' or the reactor proper is based on Atomic Energy of Canada Ltd.'s NRX Reactor at Chalk River. The rest of the project, however - including the buildings, enclosures, cooling system, air conditioning and auxiliaries - has been developed to suit the special requirements of the site and to permit the entire plant to be erected and maintained by the type of skilled labour available in India.

The reactor will provide facilities for fundamental research in physical, chemical, biological and metallurgical problems related to atomic energy. It will produce radioactive isotopes for use in medical therapy, agriculture and industry, and for tracer studies in chemical, biological and medical research. Above all, the reactor is suited to making engineering studies and doing research on reactor materials which can only be tested under conditions of high neutron intensity. Its research and development facilities will make possible advanced engineering experiments

concerned with the design of future power reactors.

HOUSING THE REACTOR

The Chalk River reactor is packaged inside a conventional building. C.I.R. will be housed in an hermetically sealed steel shell or rotunda, cylindrical in shape and with a hemispherical dome 135 feet high and 125 feet in diameter. Construction of the shell was completed recently when the last plate was welded into position. All the steel used in it, approximately 1,400 tons, was imported from Canada. It took 20 months to build.

The rotunda stands on a reinforced concrete substructure consisting of a basement and a sub-basement. Around the base of the rotunda there is a ring-shaped single-story building that will contain all the auxiliaries and services not actually required in the rotunda building for reactor operation. Excavation for the rotunda started in January 1956 and for the ringlike building in November 1956. During the major phase of excavation of the rotunda and the pouring of the concrete for the sub-basement foundation slab, more than 1,200 men and women were working round the clock, 400 per shift. Most of this work was done by hand. To date some 15,000 cubic yards of rock and earth have been excavated and approximately 10,000 cubic yards of concrete poured. Some 980 tons of locally supplied reinforcing steel were used to reinforce the concrete.

SHARING THE COSTS

The project will cost altogether about seven and a half crores of rupees, or about \$15 million, equally divided between Canada and India. Canada, in addition to meeting these dollar costs, has also provided commodities to the value of \$2 million. Rupee proceeds from the sale of these commodities (counterpart funds) are to be applied to India's local costs. The general principle is that Canada pays for the design of the project and for imported equipment; India pays for the internal cost of construction. Canada is providing the steel for the rotunda shell; the reactor pile components; all electronic control equipment; pumps, motors, heat exchangers, piping, air-conditioning systems, and all electrical equipment required for lighting and power within the rotunda and in the other building.

Indian contractors and Indian labour are carrying out the major part of the construction work at the site and Canada provides engineering inspection and supervision of construction. The project was originally scheduled for completion this year but unforeseen technical difficulties have postponed the completion date until May 1960.

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CANADA AIDS VENEZUELAN

Charles V. Marshall, 55, Canadian agricultural specialist, went to Venezuela a year ago to help develop chemistry laboratories.

His work, in an advisory capacity to Petroquimica--a branch of the Department of "Minas and Hidrocarbons"--fell into two parts.

At Moron, on the shore of the Caribbean Sea, Mr. Marshall designed a chemical laboratory to produce mixed fertilizers from imported raw materials.

OTHER PROJECT

Petroquimica had established an "Estacion de Evaluaciones" for field trials of fertilizers at Mayorica, near the city of San Felipe, in the fertile Yaracuy Valley about 40 miles from the Caribbean.

Here Mr. Marshall aided in the establishment of a large chemical laboratory for the analysis of soils, fertilizers and plants.

Even at an elevation of 1,000 feet, the temperature was nearly 90 degrees all year.

The Canadian agriculturalist was amazed at the progress made by Venezuela in the last decade. American and British capital poured into the development of oil acted as a stimulus, and the country is opening up the interior by new roads and railroads with a chain of Government hotels, and furthering its education facilities.

Caracas, he said, is a modern city of 1,000,000, with up-to-date hotels, avenues, overpasses and underpasses.

CANADIAN FURS

Canada captured the imagination of style-conscious Europeans this year with a series of fur fashion and salon shows in five leading cities.

It was a direct break with a past policy of exhibiting furs at trade fairs, and the response was enthusiastic.

The man behind the Canadian fur promotion programme was William M. Ritchie, fur specialist, Canada Department of Agriculture.

Said Mr. Ritchie: "This has been the most ambitious programme we have ever attempted and I am confident that much will be gained from it."

Purpose was to stimulate interest in Canadian furs, particularly raw and dressed pelts since European tariffs form an effective barrier to exporting finished garments.

HELD IN SALONS

Exhibits were held in salons of noted hotels in Paris, France; Vienna, Austria; Frankfurt, Germany; Grindelwald, Switzerland; and Milan, Italy.

Through the auspices of the Canadian Ambassador or the Commercial Counsellor, invitations were extended to the fur trade in each centre. The first evening was always earmarked for a reception and fashion show for the press and dignitaries.

Canadian provinces aided by contributing fur skins and garments distinctive to their respective areas. In all, 43 garments, 88 wild raw pelts, 39 wild dressed pelts, and 69 ranch fur pelts were on display.

All aspects of the fur trade were on display for the inspection of enthusiastic Europeans. Exhibits ran the gamut from wild animal fur pelts to finished garments.

Wild animal pelts included wild mink, marten, otter, beaver, muskrat, different types of fox, ermine and squirrel. Among the dressed pelts were 10 shades of dyed beaver, seven shades of white fox dyed, various color phases of ranch mink, sheared and plucked otter, six shades of squirrel and Hudson's seal.

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NEW RECRUITS

Canadian horses are again being recruited for police duty in the British West Indies.

Two horses were purchased this year for the Commissioner of Police, Barbados. About every third year Trinidad orders 12 to 15.

Dr. F.J. Leslie, Livestock and Poultry Production Division, Canada Department of Agriculture, explained that neither island breeds horses since all hay and grain must be imported and the cost would be prohibitive.

The horses come from breeding stations established and supervised by the Department of Agriculture. There are three in Ontario and one in Saskatchewan.

ACTIVITY IN HOUSING

In the first few months of 1958 both housing starts and mortgage lending activity were at rates higher than ever before. A significant part of this activity was financed with public funds in the form of mortgage loans from the Central Mortgage and Housing Corporation. In April and May, however, private mortgage funds were becoming more readily available.

In the first five months of 1958, housing starts in centres of 5,000 population and over were almost twice as many as in the previous year, 39,900 compared to 21,500. Allowing for seasonal factors, this represents a rate of 126,900 starts per year. For the full year 1957, there were less than 85,000 starts in these urban centres.

The increase in starts has not been limited to the urban centres. Preliminary and incomplete data for the first four months of the year show starts in rural areas 14 per cent higher than in 1957. It is expected that the final data will show a much larger increase.

In total it seems probable that starts were at an annual rate of over 180,000, seasonally adjusted, in the first four months of the year. The previous high was a rate of 149,800 starts achieved in the fourth quarter of 1957.

The increase in housing starts took place both in single-family and multiple-family dwellings but, relatively, was most marked for multiple-family dwellings. For the four-month period to April, apartment dwelling starts totalled 11,054, more than twice as many as the 4,524 starts of the corresponding period of 1957. The increase for single-family dwellings was from 10,123 to 17,291.

Each of the five regions shared in the higher rate of dwelling starts in urban centres. The most marked increase, relative to 1957, was in the Prairie region with a year-to-year increase of 120 per cent for the first five months of the year. Both British Columbia and Ontario had increases of almost 100 per cent. Quebec starts increased by 62 per cent while in the Atlantic region there was a 27 per cent increase.

The upturn in housing starts has been reflected in an increased rate of completions. In the first four months of the year, completions in all areas totalled 35,296 compared to 31,656 in the corresponding period of 1957. Despite this increase in completions there was a decline in the inventory of completed but unoccupied dwellings. At the end of May there were 2,144 new single-family dwellings unoccupied for one month or more in the larger urban centres. A year ago, there were 2,662 dwellings in this category.

MORTGAGE LENDING ACTIVITY

New records were set, in the first quarter of 1958, in the volume of mortgage lending for

new housing. In total, CMHC and institutional lenders approved loans for \$211 million relating to 24,600 dwelling units during the period. In the first quarter of 1957, the corresponding totals were \$81 million for 10,300 dwelling units.

A substantial increase in institutional lending, both under the National Housing Act and on a conventional basis, contributed to the rise in mortgage lending activity. By far the most important increase, however, was that in loans by CMHC. These loans, mainly under the agency arrangement, amounted to \$104 million for 11,000 dwelling units during the period. In the first quarter of 1957, CMHC made loans for \$5 million, relating to 546 dwelling units.

Institutional mortgage loans for new housing amounted to \$46 million under the NHA and \$60 million on a conventional basis. Compared with the first quarter of 1957 these amounts represented increases of 65 per cent and 26 per cent respectively.

In April, CMHC's lending activity under the agency arrangement was suspended. This action was necessitated by the commitment of most of the loanable funds allotted to CMHC. In May, a further \$350 million was made available to CMHC by Parliament. In the interval, however, there was a further expansion in the activity of approved lenders under the NHA. In both April and May, these lenders approved loans under the Act for more than twice as many dwellings as the year before.

At the end of the five month period to May, NHA loans had been approved for a total of 29,888 dwelling units. In the corresponding period of 1957 the total was 11,153 dwelling units.

POPULATION

Net family formation is expected to decline in 1958 from the record level of 106,000 in 1957. Most, if not all, of the decline should be accounted for by a rate of immigration less than half that of 1957. For the year as a whole, therefore, net family formation should be about 85,000.

There was little change, from 1957 to the first quarter of 1958, in the incomes of new homeowners under the National Housing Act. Under the agency arrangement, the average income of borrowers stayed at just over \$5,000, while the total family income of these borrowers was \$5,700. Outside the agency arrangement, the average borrower's income was \$5,962, increasing to \$6,313 when the income of dependents is taken into account.

Reflecting the increases in loan amounts resulting from the December 1957, amendment to the NHA, down-payments declined. Under the agency arrangement, the average down-payment declined from \$2,461 in 1957 to \$2,263

(Over)

in 1958, while on insured loans the decline was from \$3,929 to \$3,694.

LAND AND BUILDING COSTS

House-building costs increased in the first few months of 1958. The combined index of prices of residential building materials and of wage rates of construction workers increased from 140.2 in December to 143.0 in May. In May 1957, the index was 140.0. Most of the increase over the year was in wage rates.

The rise in the building cost index was accompanied by an increase in applicants' estimated costs under the National Housing Act. In the first quarter of 1958, applicants for loans from approved lenders estimated their construction costs for bungalows at \$10.56 per square foot. In the previous quarter the estimated cost was \$10.44 per square foot. The corresponding increase under the agency arrangement was from \$10.23 to \$10.43 per square foot.

Land costs under the Act changed little. Under the agency arrangement average lot prices were down slightly from the previous quarter, from \$2,243 to \$2,122. Outside the agency arrangement lot prices increased from \$2,439 to \$2,582.

Average total costs for single-family dwellings financed under the National Housing Act were \$13,145 for dwellings under the agency arrangement and \$15,322 for dwellings financed by approved lenders, a difference of over \$2,000. Most of the cost difference was accounted for by the smaller size of dwellings under the agency arrangement. These dwellings were about 150 square feet smaller than other dwellings under the Act.

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UPTURN COMING?

Latest figures indicate that the recession may now have reached its lowest ebb in the United States and that business conditions there in the months ahead may support rather than hinder recovery in Canada, according to the Bank of Montreal's Business Review for July.

There have been indications that conditions at home have been improving for some time, the review says. But in the light of the close U.S.-Canadian economic relationship, these signs were viewed with some reservation so long as similar trends were not apparent south of the border. Now, however, the B of M believes that the U.S. picture, too, is improving.

Entitled "Two Paths of Recession", the B of M review states, "It has been said that no two recessions are exactly alike and certainly the recent recession differs in many ways from that of 1953-54. There is, however, one important similarity in that, once again, the decline in Canada has been more gradual and less extensive than in the United States".

In explaining this greater stability in Canada, the bank says that, despite exhortations to "buy now", U.S. consumers have, in fact, been buying less since the third quarter of 1957, while in Canada "consumer expenditure has continued to grow and in the opening quarter of this year surpassed for the first time an annual rate of \$20 billion."

The relative strength of consumer buying at home can be attributed to the fact that, despite a decline in employment, the total income of Canadian consumers has continued to grow, while in the U.S. average weekly earnings of employed persons have been slightly lower this year than last, continues the B of M. Moreover, unemployment insurance, old age pensions and other transfer payments have risen to a greater extent in Canada than in the U.S.

One of the sharpest contrasts in the two economies is to be found in foreign trade, the bank believes, pointing out that while the net trade balance of the U.S. has deteriorated, that of Canada has improved. Developments in foreign trade have accentuated the U.S. recession, but part of the burden of declining demand in Canada has been borne by foreign rather than domestic producers.

In comparing the major components of demand in the two nations, the B of M says it would seem that the greater resilience of the Canadian economy in the recession can be traced to the relative strength here of both consumer demand and exports.

Canadian and U.S. industrial trends were similar in 1957, continues the review, adding "at the beginning of this year there was an upturn in the Canadian index of industrial production which was followed in the spring by a levelling out in the downward trend of business employment.

"In the light of the close economic relationship between the two countries, these signs of improvement in Canada were viewed with some reservation so long as the corresponding indices for the United States continued to decline.

"But the latest figures indicate that there, too, the recession may have reached its depth and that business conditions below the border in the months ahead may support rather than hinder recovery in Canada," concludes the B of M review.

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DELEGATION TO BOGOTA

The Department of External Affairs has announced that, at the inauguration of the new President of the Republic of Colombia, His Excellency Dr. Alberto Lleras Camargo, in Bogota on August 7, 1958, Canada will be represented by a Special Delegation headed by Mr. Robert Douglass Ford, Canadian Ambassador to Colombia, who has been designated Special Ambassador for the occasion.

MID-YEAR REVIEW 1958

The June survey by the Department of Trade and Commerce of capital expenditure intentions of Canadian business, institutions, governments and housebuilders reveals that, in aggregate, spending intentions involve outlays of \$8.5 billion in 1958. This represents no change, in overall terms, from the intentions as outlined at the beginning of the year.

Present plans call for a slight increase in outlays for construction and an equally slight decline in expenditures for machinery from those formulated earlier. Construction expenditures are now expected to exceed \$6 billion, one per cent above the earlier estimate and 2 per cent greater than the record amount of 1957. Within the total, an 8 per cent upward adjustment in housing expenditures more than offsets a 2 per cent downward revision in outlays for other types of construction. Expenditures for housing are now expected to exceed those of 1957 by 25 per cent while those for non-residential construction are likely to be 5 per cent below the total of the preceding year. Outlays for the acquisition of machinery and equipment as now planned are 11 per cent less than in 1957. This represents a one per cent reduction from the plans as stated in January.

The revised statement of investment intentions indicates that estimated capital expenditures by business enterprises have been reduced slightly since the beginning of the year and are now expected to be 13 per cent below those of 1957. This decline is expected to be offset by somewhat larger expenditures than previously anticipated for housing and social capital. Present plans call for outlays in this sector to exceed those of last year by 17 per cent.

The additional weakness in business spending is attributable to further declines in the resource and resource based industries. The forest and mineral products group and the fuel and power industries have reduced planned outlays by 5 and 4 per cent respectively. Present plans indicate a reduction from 1957 levels of 42 per cent in outlays by the forest and mineral industries and of 9 per cent in the fuel and power sector.

The increased strength in the housing and social capital field is mainly attributable to

a larger housing programme than had been previously anticipated. The additional strength shown for housing expenditures reflects the very high rate of starts that has occurred in the first half of the year. The present estimate provides for 150,000 starts for the whole of 1958.

Expenditures by institutions and government departments are now expected to be a little lower than were previously estimated but still substantially above outlays made in 1957. Revised estimates of spending by provincial and municipal governments are somewhat less than those made at the beginning of the year and more than offset a further expansion in the construction programme of the Federal Government.

On the whole, the mid-year survey of investment intentions revealed relatively minor changes from the plans that were formulated at the beginning of the year. Respondents in this survey were asked to specify the principal reasons for changes in investment plans. Replies indicated that as far as business establishments were concerned a deterioration in the short run sales outlook and in the earnings position of the firm had caused some companies to reduce their capital programmes. On the other hand a number of firms reported upward revisions in planned outlays, the more important reasons for the change being an improvement in the longer run sales outlook and the necessity of establishing a more competitive position. The moderate downward revision in the plans of institutions appeared to stem from these agencies having undertaken their most ambitious capital programme on record. Under these circumstances unforeseen delays were encountered in arranging financing, completing architectural plans and placing contracts.

In summary, capital expenditures are still expected to be a strong sustaining factor in the Canadian economy in 1958. The record construction programme planned should ensure a high level of employment in both the construction industry and in the industries supplying building materials. The present survey revealed no substantial cancellations or scaling down of investment plans and did indicate sustained confidence in the longer run outlook.

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CANADA CONVERSION LOAN

Reports of conversion of Victory Loan bonds into the new Canada Conversion Loan of 1958 announced in the Weekly Bulletin of July 23 continue to flow into the Bank of Canada from all parts of the country.

One of the largest applications received to date came from the Metropolitan Life Insurance Company which is converting \$100 million Vic-

tory loan bonds purchased during the war time into the new bonds, principally the 25 year maturity.

Mr. Kenneth J. Hawkins, Deputy Provincial Treasurer of the Province of Alberta, has announced that the provincial government has converted \$53,023,000 of its \$57,000,000 Victory Loan Bonds which were held by various government accounts. In making this announcement Mr. Hawkins stated that this action has

resulted in a substantial increase in income for the province. The conversion permits turning in bonds paying 3 per cent for the new bond which will pay 4½ per cent, together with receipt of a large cash adjustment. He also stated that the new issue has provided an excellent opportunity to improve the position of the government's portfolio and that full advantage of this has been taken by the province.

From Toronto it was reported that the North American Life Assurance Company had completed arrangements to convert \$3 million into the largest maturity.

The Prudential Assurance Company Limited of England has purchased \$1 million of Victory Bonds for conversion into the 4½ per cent bonds.

Among the fire and casualty insurance companies three affiliated companies, Canadian General Insurance Company, Toronto General Insurance Company and Traders General Insurance Company have converted a total of almost \$4 million. The Waterloo Mutual Fire Insurance Co. has converted \$595,000 into the 4½ per cent 25 year bonds.

From St. John's it was announced that the Newfoundland Savings Bank had converted \$2 million of its eligible bonds into the new long term issue.

The Treasurer of the City of Saskatoon stated that the city had turned in its Victory Bonds and purchased an additional amount for conversion, giving a total subscription of \$1,200,000.

The Jesuit Fathers of Upper Canada have become the third religious body to convert their holdings.

Corporations are lending their support to the offer. Among those reported yesterday were Shawinigan Water and Power Co. Ltd. of Montreal, Quebec Power Co. of Quebec City, British American Oil Co. Ltd. of Toronto and Office Specialty Manufacturing Co. of Newmarket, Ontario.

The Pension Fund of the Bell Telephone Co. has converted \$7 million Victory Bonds into the new 4½ per cent bonds and has arranged to subscribe for a further one million of 4½ per cent bonds.

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NEW ENVOY

The Department of External Affairs has announced that His Excellency Dr. Carlos Luis Febres Cordero Contreras presented to the Deputy Governor General, The Honourable C.H. Locke, Justice of the Supreme Court of Canada, his Letter of Credence as Ambassador Extraordinary and Plenipotentiary of Venezuela to Canada. The ceremony took place at the Supreme Court of Canada.

The Under-Secretary of State for External Affairs, Mr. Jules Léger, was in attendance on the Deputy Governor General. The Deputy Chief of Protocol, Mr. Ph. Thibault, presented the Ambassador to the Deputy Governor General. The Ambassador was accompanied by Mr. Luis J. Guevara, First Secretary, Colonel Federico Schael, Military, Naval and Air Attaché, and Mr. Arturo Ramos Maggi, Commercial Attaché. Mr. J.F. Delaute, Secretary to the Governor General (Administrative) was also present.

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THE CANADIAN MINISTRY

In order of precedence in the Privy Council

- The Right Honourable John George Diefenbaker, Prime Minister
- The Honourable Howard Charles Green, Minister of Public Works
- The Honourable Donald Methuen Fleming, Minister of Finance and Receiver General
- The Honourable Alfred Johnson Brooks, Minister of Veterans Affairs
- The Honourable George Hees, Minister of Transport
- The Honourable Léon Balcer, Solicitor General
- The Honourable George Randolph Pearkes, Minister of National Defence
- The Honourable Gordon Minto Churchill, Minister of Trade and Commerce
- The Honourable Edmund Davie Fulton, Minister of Justice and Attorney General
- The Honourable George Clyde Nowlan, Minister of National Revenue
- The Honourable Douglas Scott Harkness, Minister of Agriculture
- The Honourable Ellen Louks Fairclough, Minister of Citizenship and Immigration
- The Honourable J. Angus MacLean, Minister of Fisheries
- The Honourable Michael Starr, Minister of Labour
- The Honourable William McLean Hamilton, Postmaster General
- The Honourable James McKerras Macdonnell, Minister without Portfolio
- The Honourable William J. Browne, Minister without Portfolio
- The Honourable Paul Comtois, Minister of Mines and Technical Surveys
- The Honourable Jay Waldo Monteith, Minister of National Health and Welfare
- The Honourable Francis Alvin George Hamilton, Minister of Northern Affairs and National Resources
- The Honourable Sidney Earle Smith, Secretary of State for External Affairs
- The Honourable Raymond Joseph Michael O'Hurley, Minister of Defence Production
- The Honourable Henri Courtemanche, Secretary of State of Canada