

Bulletin

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SOME CANADIAN DIPLOMATIC POSTS TO CLOSE

In a further statement on the Government's policy of decreased spending for the purpose of halting the spread of inflation, announced by the Prime Minister on August 13 (see Canadian Weekly Bulletin, Vol. 24, No. 34, dated August 20, 1969, P. 1), the Secretary of State for External Affairs, Mr. Mitchell Sharp, outlined to the House of Commons on November 3 changes that would shortly take place in Canadian representation in certain parts of the world.

Mr. Sharp's statement follows:

...In Latin America, we are proposing to close our offices in the Dominican Republic, Ecuador and Uruguay. In each case, our resident mission has been headed by a chargé d'affaires, with the ambassador resident in a neighboring country. The ambassadors concerned will continue to be accredited to these countries and normal diplomatic relations will be maintained. Visits by the ambassador and his staff to countries without resident representation will be frequent and regular to ensure that official business between Canada and the countries affected is carried on and Canadian trade and other interests furthered effectively. The closing of these missions in Latin America does not affect the Government's expressed intention to seek closer ties with that part of the world. We are satisfied that the improvement of communications in the Caribbean and South America will enable us to maintain adequate contact with the countries concerned, while permitting redeployment of our resident staff in the interests of greater efficiency.

We propose to close the small office we have maintained in Berlin. Our Ambassador in Bonn, who has been head of that mission, will continue to be

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accredited in that capacity and will, as in the past, make regular visits to Berlin as evidence of Canada's commitment to the security and welfare of that city.

PEACEKEEPING ROLE UNAFFECTED

We propose to close our resident High Commission in Nicosia. Our relations with Cyprus and any diplomatic assistance required by our forces there can be provided for effectively through dual accreditation of the Canadian representatives to a neighboring country.

There is no connection between this decision and the question of our continuing participation in the United Nations peacekeeping forces on the island. Canada remains deeply concerned in the search for a solution of the Cyprus dispute and is willing to make whatever contribution it can to the settlement of the problem.

LAOS AND CAMBODIA

In recent years, the International Control Commissions in Laos and Cambodia have, for a variety of reasons, been unable to perform the functions assigned to them. We have, therefore, decided that little useful purpose would be served by maintaining our present physical presence in Vientiane and

Phnom Penh. Canada remains a member of both Commissions and will fulfil its commitments as before. As these commitments are not expected to be onerous, it is intended that the Canadian Commissioner in Vietnam will serve on the other two Commissions. In Laos, arrangements will also be made to maintain local contact with the other members of the Commission. Our modest aid program in Laos and Cambodia will be run from the Canadian delegation in Saigon.

These actions have been taken with the utmost regret and after long and careful study. They are dictated by the need for economy and do not reflect any lessening of Canada's interest in the areas concerned or suggest that our relations with them have diminished in importance. The governments concerned have been notified.

Further economies in the Department of External Affairs will be effected by substantial reductions in resident staff in other posts and missions, by cutting back on planned capital expenditures, by reductions in the cultural, information and military assistance programs and by continuing to scrutinize administrative expenses carefully, reducing them where possible.

POLISH WHEAT PACT EXTENDED

Mr. Otto Lang, the Cabinet Minister responsible for the Canadian Wheat Board, has announced the signing of an exchange of letters between Canada and the Polish People's Republic extending the terms of the three-year Long-Term Wheat Agreement between Canada and Poland of July 26, 1966, until July 31, 1971. The letters were signed in Ottawa on October 31, by Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce, on behalf of the Government of Canada and by Dr. M. Karczmar, Trade Commissioner in Canada of the Polish People's Republic, on behalf of the Government of Poland.

The original agreement provided for purchases by Poland of 900,000 tons of Canadian wheat during the three years ending November 5, 1969.

Although Poland had purchased and taken delivery of well over half the agreed quantities of wheat from Canada, it was not possible, for a variety of reasons, to complete the specified purchases and deliveries by November 5 of this year. Under the terms of the extended agreement, Poland will complete purchases of the remaining 400,000 tons before July 31, 1971. Poland will have the option also of substituting purchases of barley for wheat to the extent of 50 per cent of the quantities remaining. Purchases of 200,000 tons will be made before July 31, 1970, and sales contracts have already been concluded for the shipment of 100,000 tons of barley and 70,000 tons of wheat.

The new arrangements were facilitated by the provision of credit terms under the Canadian Wheat Board Act. The terms provide for a 10 percent cash payment at the time of shipment, with the balance

payable in equal instalments in 24, 30 and 36 months. The deferred-payment provision is made possible by a guarantee to the Canadian Wheat Board by the Government of Canada.

Poland has been a regular and valued customer for Canadian grain for many years. The first sales were made in 1955 and since that time excellent working relations have been maintained between the CWB and Rolimpex, the Polish grain-buying agency.

CARIBBEAN DEVELOPMENT BANK

Senator Paul Martin represented Canada in Kingston, Jamaica, at the signing on October 18 of the agreement formally establishing the Caribbean Regional Development Bank.

Canada's participation in the Bank is a further expression of the long-standing Canadian concern with the economic development of the region and confirms its development-assistance commitment to the Commonwealth Caribbean.

During the past two years Canada has participated with the Commonwealth Caribbean governments, Britain, and the United States in the negotiations leading up to the establishment of the Bank. The capital of the Bank will be \$50 million (U.S.) of which Canada's share will be \$10 million (U.S.) the same as that of Britain. The Government is also recommending a contribution of \$5 million (U.S.) to the Bank's Special Development Fund for concessional lending, which will also be supported by the United States and Britain.

The Bank, which should begin operating late this year or early in 1970, is intended to promote expanded regional co-operation in the Commonwealth Caribbean.

COMMEMORATIVE STAMPS 1970

Louis Riel, who 100 years ago was one of the most prominent figures in the events in Western Canada, will be honored on a Canada Post Office stamp next year.

It was in 1870 that the Manitoba Act brought that area into Confederation as Canada's fifth province. Riel's leadership of the Assiniboia Council pressed upon the Federal Government an acceptance of the principle of consultation before annexation of new territories and the right of local inhabitants and regional representatives to negotiate on their own terms.

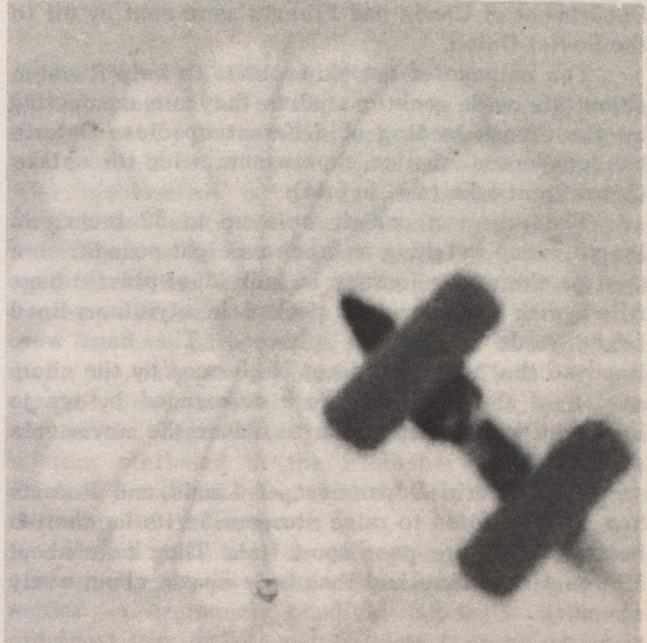
The Post Office will also issue a commemorative stamp in 1970 to mark the centennial of the Northwest Territories. By virtue of an act given assent on May 12, 1870, which paved the way for the emergence of Manitoba as Canada's fifth province, the Northwest Territories were created from such portions of Rupert's Land and the North Western Territories as were not included in Manitoba.

DEMONSTRATION OF "DRONE" SYSTEM

A number of European countries interested in the Airborne Surveillance *Drone* system sent military observers to Canada recently to see a demonstration of how it works. The demonstration, which took place at Camp Shilo, Manitoba, on October 29, was attended by representatives from Belgium, France, Italy, the Netherlands, Sweden, Switzerland and the United States.

Development of the *Drone* was started by Canadair Limited in Montreal in 1961 on a shared-cost basis with the Department of Industry, Trade and Commerce. In 1962, Britain asked to join Canada in supporting this development and, in 1965, the Federal Republic of Germany also took part in the project, which has been developed by the three countries on a shared-cost basis. Policy direction is provided by a senior tri-partite policy committee. The United States also contributed to the success of the project by making range facilities available for the early evaluation trials.

The *Drone*, which looks more like a missile than an aircraft, is only eight feet long and just over a foot in diameter. Launched by rocket, it flies over a pre-selected path and then returns to a chosen point, where the final phase of its flight is controlled by a homing beacon. On reaching the recovery area, the engine cuts off and a parachute floats the *Drone* to the ground. Photographs taken from the *Drone* during flight can be rapidly developed while the aircraft is sent off on another mission.



A two-stage parachute recovery method is used to return the system to a pre-programmed landing site.

Because of its small size and high subsonic velocity, it is almost impossible to detect and will have, therefore, a high probability of survival in battlefield environment. The development of the system throughout the last three years has been under the management of the Project Management Branch of the Department of Supply and Services (formerly the Department of Defence Production).



The launcher is raised to proper position, umbilicals drop away, and the aircraft is launched on its programmed flight.

CANADIAN STURGEON FOR U.S.S.R.

Last month, at the request of Dr. A. Bogdanov, director of the All-Union Research Institute of Marine Fisheries and Oceanography in Moscow, 15 sturgeon from the Westport hatchery of the Ontario Department of Lands and Forests were sent by air to the Soviet Union.

The purpose of the shipment is to help Russian scientists with genetic studies they are conducting by the cross-breeding of different species. Ontario has conducted similar experiments with its splake (brook trout-lake trout hybrid).

The sturgeon, which were up to 32 inches in length, some weighing as much as eight pounds, were sent on their long journey in individual plastic bags filled with pure oxygen, packed in styrofoam-lined boxes made of 1/4-inch plywood. The bags were lined so that they would not be pierced by the sharp scales of the fish, and were surrounded by ice to lower the water temperature to reduce the movements of the fish.

The Ontario Department of Lands and Forests has not attempted to raise sturgeon in its hatcheries because they are poor sport fish. They take about 19 years to mature and then only spawn about every seven.

GROSS NATIONAL PRODUCT

After five quarters of rapid growth, the pace of economic activity in Canada levelled off in the strike-affected second quarter of 1969. The gross national product at market prices rose by 0.9 per cent, to reach a level of \$77.3 billion, seasonally adjusted at annual rates. With price increases of 1.1 per cent absorbing all this gain, the volume of physical production remained virtually level, with a decline of 0.2 per cent.

A lessening in demand pressure was evident in all major components except government capital expenditure, which rose by 6.5 per cent. The percentage gains shown by personal expenditure (2 per cent), and by government current expenditure on goods and services (1.5 per cent), were markedly lower than the corresponding increases of 3 and 4.5 per cent in the first quarter. The rise in the value of business gross-fixed-capital formation was mainly caused by higher prices; in real terms, it rose by half of 1 per cent, compared to 2 per cent in the first quarter. Declines occurred in exports of goods and services and in non-farm business inventory investment; the former declined by 2 per cent, while the latter showed a small liquidation compared to substantial accumulation in the three previous quarters.

PERSONAL EXPENDITURE

Services continued to increase at about the same rate as in previous quarters, but there was a sharp

slowdown in purchase of goods. Durable goods showed a decline, mainly the result of sharply curtailed consumer expenditure on new cars of North American manufacture, while non-durable goods eased markedly. Large price increases accounted for two-thirds of the increased expenditures.

A 6 per cent increase in housing construction accounted for most of the addition to business-capital formation. Spending on plant and equipment rose by 1.5 per cent and was centered in machinery and equipment. Industrial disputes contributed to a slowdown in non-residential construction. The 1 per cent increase in outlays was entirely due to sharply rising material prices and wage rates; in constant dollars, non-residential construction showed a 2 per cent decline.

All the inventory build-up in the second quarter took place in the farm sector and reflected accumulation in farm-held grain stocks associated with the slowdown in grain sales and in higher-valued livestock inventories. Non-farm business inventories showed a small depletion after a \$1-billion accumulation in the first quarter. The decline in business investment in non-farm inventories was widespread.

TRADE

In the external sector, the net effect of a decline in exports and an unchanged level of imports was a widening in the deficit on current account (on a national accounts basis) from an annual rate of \$676 million in the previous quarter to \$1,080 million. The merchandise surplus dropped from \$1,056 to \$624 million, while the non-merchandise deficit narrowed slightly. Wheat and iron ore led the decline in merchandise exports.

On the income side, for the second consecutive quarter, there was practically no change in corporation profits. Wages and salaries continued to advance rapidly, by about 3 per cent, with higher average weekly earnings accounting for most of the rise. Employment slowed down, largely as a result of a number of strikes in the construction, mining and transportation industries. The unemployment rate, which had declined to 4.2 per cent in the first quarter from its high level of about 5 per cent through the last three quarters of 1968, rose in the second quarter to 4.8 per cent.

CANADA-GERMANY PUBLICATION SWAP

An agreement for the exchange of publications by Canada and the Federal Republic of Germany has been concluded in Ottawa. This agreement follows a visit to Germany last summer of the National Librarian, Dr. Guy Sylvestre. Under its terms, copies of specified official publications will be sent to the National Library in Ottawa and the Staatsbibliothek in Berlin by the West German and Canadian Governments respectively.

McGILL MEDICINE IN ARCTIC

The Department of National Health and Welfare has entered into an agreement with McGill University, Montreal, whereby the McGill Faculty of Medicine will assist in a program of support to the health services of the Baffin Zone (Baffin Island, the Melville Peninsula and Southampton Island in the Northwest Territories). The population of the Zone is about 6,000, of whom some 4,000 are Eskimos.

The Health Department has assumed financial responsibility for this project, under which the university will provide medical personnel on a continuing basis to serve in the Baffin Zone, and will assist in the reception and discharge of patients in a major teaching hospital of the McGill medical center.

Health Minister John Munro commented on the recent agreement as follows:

"As far as possible, illness should be treated in or near the home of the patient. Both the adverse sociological consequences of evacuation to the South, and the cost, increase with the distance from home. These disadvantages can be overcome to a considerable extent by reinforcing the health team in the settlement and at Frobisher Bay Hospital.

"When evacuation to the South is absolutely necessary, it should as far as possible be referred to one medical center and should be handled by one agency. An increasing number of individuals in that center should have a knowledge of the conditions in the North. This would go far towards solving problems related to interpreters and to meaningful clinical decisions and expeditious handling of administration in general.

"The final objective will be to assist in the training of young Eskimos in the health services, in hope that in the future they will themselves build a major role in the health services of the North.

TORONTO HAS SIMILAR PROGRAM

"This program is similar to that presently being carried out by the medical school of the University of Toronto in Sioux Lookout in Northwestern Ontario. The involvement of these universities and other medical associations in these health programs shows a recognition of new social responsibilities. I am grateful for the initiative shown by the schools and hope it will be the basis for continued progress."

The main base for the project will be Frobisher Bay, the largest settlement in the Zone. At the present time, medical personnel for this area consist of the Zone Director, Dr. D. Horwood, and two doctors stationed at the Frobisher Bay Hospital. Each of the 12 settlements in the area has one or two nurses or a lay dispenser.

McGill will help recruit general duty medical officers for the Frobisher Bay Hospital. Also, two senior undergraduate medical students and two residents from McGill postgraduate training programs will serve in continuity of short rotations at the base hospital in Frobisher or in the outpost stations.

Another feature of the agreement involves visits of small teams of medical specialists as often as four times a year. Patients will be treated in the Zone rather than evacuated to Montreal.

AUTO INDUSTRY MUST EXPAND

Canada's automotive industry must prepare at once for a period of expansion that will exceed the unprecedented growth between 1964 and 1968, Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce, told the Canadian Automotive Parts Manufacturers' Association recently.

In an address at the Association's annual dinner, Mr. Pepin reviewed as follows the industry's progress since the Canada-U.S. Auto Agreement came into effect in 1964: vehicle production had increased from 671,000 units to 1.1 million units in 1968; automotive exports rose from \$99 million to \$2.5 billion, an increase of 2,400 per cent; average monthly employment rose by 15,000 workers; total automotive trade with the U.S. rose from \$818 million to \$5.3 billion; and factory value of parts shipments rose from \$627 million to \$1 billion.

Mr. Pepin warned the manufacturers not to be complacent about this progress, particularly in view of the Economic Council's projection of a gross national product of at least \$100 billion by 1975.

He pointed out that it had taken investment of about \$1 billion between 1964 and 1968 to bring the

industry to its present development. "I can tell you it will take at least another \$1 billion in new investment by 1975, just to enable you to stand still!" he added. "Just to have the value of Canadian production match our consumption, a further investment in excess of \$2 billion would be required."

The new investment required between 1964 and 1968 was met largely by the industry itself. Government aid was provided through the Adjustment Assistance Board, which was formed to provide financial assistance and tariff remission on production machinery. Since 1965, the Board has granted 73 loans totalling about \$60 million, and granted tariff remissions of some \$5 million. A further 24 remission applications are still under consideration.

The Minister stressed the need for strong management, and urged the manufacturers to train personnel and provide for greater specialization in the division of work.

He urged a spirit of aggressiveness and competition in the critical areas of price, quality and delivery to overcome the difficulties of selling to foreign customers that had grown up over many years.

He suggested that more use be made of the Trade Commissioner Service.

INVESTMENT COMPANIES ACT

Finance Minister E.J. Benson recently announced new limitations under the proposed Investment Companies Act on sales to non-residents of shares of certain companies. The new limitations have applied since October 17 to companies that become subject to the act and that have at least 25 per cent of their total assets in the form of instalment sales contracts, loans to individuals and loans to corporations.

These companies play an important role in financing retail trade and in financing business and industry through loans for equipment and inventory. The Government considers it important to preserve a significant Canadian-controlled element in this type of financial enterprise.

The limitations provide that no more than 25 per cent of the shares of the capital stock of a company may be transferred to non-residents and not more than 10 per cent to any one non-resident. The limitations apply to each class of shares separately. Existing shareholdings by non-residents over the above limits are not affected but may not be increased. Companies with more than 50 per cent of their voting shares owned by one non-resident will be exempt as long as that condition continues to exist.

The purpose of the legislation is to establish a system of governmental supervision of federally-incorporated companies that act as investment intermediaries through borrowing funds from the public and using a substantial portion of their available assets for investment purposes.

CONFERENCE ON FISHERIES FUTURE

Unmanned engine-rooms, electronic detection systems, instrumented fishing-gear and automated equipment of all kinds ashore and afloat belong to the future of Canada's fisheries. Many of the elements of this new industrial revolution are already present, and their effects, as well as their potentialities, are under study by the Federal-Provincial Atlantic Fisheries Committee.

Experts from all parts of the world have been

commissioned by the Committee to prepare papers for presentation at the Conference on Automation and Mechanization in the Fishing Industry to be held in Montreal in February. This meeting will be attended by representatives not only of government and the fishing industry but of shipbuilding, scientific, engineering and management enterprises. Britain, Canada, Japan, Poland, the United States, the U.S.S.R. and West Germany, as well as other fishing nations, will be represented.

The FPAFC, which has sponsored several other fisheries conferences in the past four years, is composed of the deputy fisheries ministers of the Federal Government and the governments of Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.

The subjects discussed will include: new designs for fishing vessels; ultrasonic fish counters, automated propulsion plants and production facilities; electronic systems of various kinds; containerization; warehousing and unloading procedures; fishing harbors; marine fish-farming; refrigeration; the use of computers in the fishing industry; and even the increasing importance of "convenience foods".

MORE HOUSEHOLD APPLIANCES

The proportion of Canadian households with electrical and other modern appliances continued to increase in 1969, according to an advance release of data that will be contained in the annual Dominion Bureau of Statistics report *Household Facilities and Equipment*.

These facilities were used in the following percentages of homes (1968 figures in brackets): automatic dishwashers, 6.5 per cent (5.1 per cent); automatic washing machines, 36.4 per cent (32.0 per cent); clothes dryers, 40.5 per cent (36.8 per cent); window-type air conditioners, 3.9 per cent (3.2 per cent); telephones, 93.9 per cent (92.7 per cent); FM receivers, 48.0 per cent (40.4 per cent); phonographs and record players, 68.4 per cent (66.0 per cent); one automobile, 61.0 per cent (61.1 per cent) and two or more automobiles, 16.0 per cent (15.5 per cent).

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