



CANADA

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ECONOMIC RESEARCH ON CANADA'S FORESTS

Speaking to the Newfoundland Section of the Canadian Institute of Forestry in St. John's, Newfoundland, on December 5, Dr. D.A. Wilson, Director of the Economics Division, Department of Forestry, said, in part:

"...The broad picture of Canada's forest resources is well known. Briefly, it is that the forest resources of the country are not yet being fully used. The cut of wood for industrial purposes in Canada in recent years has averaged 3.0 billion cubic feet and about 250 million cubic feet of fuelwood has been cut. Estimates of the allowable cut of wood for Canada as a whole made in 1956 by the Forestry Study Group of the Royal Commission on Canada's Economic Prospects were 6.4 billion cubic feet from accessible forests and 8.6 billion cubic feet if potentially accessible forests are included. A later study carried out...for the 'Resources-for-Tomorrow' Conference in 1961 on the basis of 1959 inventories estimated allowable cuts of 9.4 million cubic feet and 10.9 billion cubic feet for accessible and total productive areas respectively. These estimates are on a gross basis - that is, they do not make allowance for losses. Furthermore, they include wood of all species and do not distinguish among products.

FOREST MARKET PROSPECTS

"From what we know of markets for forest products, it will be a good long time before demand has risen sufficiently to take up this amount of wood from Canada. At present, we have two main markets for forest products, apart from what is consumed in Canada - the United States and Europe. For the rest of the world (at least the non-Communist world),

the countries with high levels of income contain a small percentage of the population and the bulk of the people are in countries with low-income levels and consequently low levels of consumption of forest products. Income levels in such countries will, in all likelihood, build up slowly.

"In considering Canada's market prospects in the United States and Europe, both the growth in demand and the ability of those regions to supply forest products must be taken into account. There is a considerable range in the rate of growth of demand for different forest products. Consumption of lumber in North America has shown little increase in the past decade, and it is generally agreed that it will show relatively slow growth in the future. Some believe that consumption will decline. The consumption of paper and paperboard, on the other hand, is generally expected to show a steady and substantial increase. Growth rates in consumption of paper and paperboard of 3 per cent a year and 4.7 per cent a year have been estimated for the United States and Western Europe respectively by the Food and Agriculture Organization. Such rates of increase result in large tonnages over a period of years. For example, the rate of growth in consumption in Europe means a doubling in 15 years, or a total increase in consumption of paper and board of some 19.5 million tons. In 1961, Canada supplied a total of 1.1 million tons of pulp and paper to Europe. Newsprint was the largest item, making up nearly half the total. Maintenance of Canada's position in the European market would mean, therefore, an increase of one million or so tons in the next 15 years. In 1961,

(Over)

Canada supplied, in the form of pulp and paper, a little less than 5 per cent of Europe's fibre requirements for paper. However, about 85 per cent of Canada's shipments to Europe went to the United Kingdom. A growing demand in Europe, Canada's present modest participation in that market, and the fact that almost all of Europe's forests are being utilized, suggests a substantial opportunity for Canadian industry in that market. A realization of this potential, however, is far from being assured.

EUROPEAN MARKET POTENTIAL

"In this connection it is important to recall the changing trends in wood utilization that have taken place and will likely continue and the fact that wood production is of course variable. Technological developments have resulted in our making larger amounts of goods from a given amount of wood from the forest. The substitution of plywood and fibre board for lumber, corrugated containers for wooden boxes, sawmill chips for round-wood in pulp production and similar developments has resulted in making raw materials go farther. These developments have not run their course and other wood-saving techniques will likely be discovered and adopted. At the same time, yields of wood may be increased by a variety of means. There is probably less scope for these developments in Europe than in North America. However, I believe it would be misleading to assume that production of forest products in any region is fixed. The view has frequently been expressed in Canada in recent years that further expansion of forest-products production in Europe would not be possible or would be possible only to a small degree. According to a survey carried out by FAO, however, capacity for paper production in Western Europe is expected to rise by 5.7 million tons, or 25 per cent, between 1960 and 1965 and pulp capacity by 6.4 million tons, or 40 per cent.

"This suggests that participation by Canada in the European market in the near future rests more on the ability of Canada to supply superior products and to service the market efficiently than on a shortage of wood in Europe. A good deal of interest is being shown in that market by Canadian industry at present, both in the pulp-and-paper field and in lumber and plywood, and some progress has been made. An advantage Canada holds in the industrial field is the capacity to accommodate large pulp-and-paper plants. The expansion of existing plants where feasible and installation of new large plants in areas that can support them would seem to offer some advantage for the long term. A review of timber requirements and supplies in Europe is now being carried out by FAO and the completion of this study, which is expected in the near future, should give us a better perspective of opportunities there.

NEED FOR STUDY OF SUPPLY

"The study of this broad subject and the interpretation of it is one area where economic studies can contribute to forestry work. At the same time, a more detailed assessment of the supply situation in Canada than has been done up to now would seem to be justified. Studies that have been done give broad totals only. While this information is useful, an assessment of economic supply by product would be

more so in indicating Canada's potential. By economic supply I mean, of course, the quantities that can be produced at various costs.

"I have spent considerable time on one type of study and I should now like to mention several other aspects of the field of economics as it applies to forestry. The approach in economic studies is the assessment of various programmes or practices on income on the one hand and the costs of the proposals on the other. The income used in the assessment will be personal income for an individual, corporate income for a company, or national income for a nation-wide or region-wide programme. The costs of proposals must, of course, include all costs. This is mentioned here simply because a seemingly simple programme may require additional actions in a number of fields. The effect of a particular practice varies, of course, from place to place, depending on circumstances. A primary step, therefore, in economic studies is the understanding of local conditions. A description of a local economy--its resources, capital, population, transportation system, market outlets, etc.--may reveal opportunities for change that will improve its income position....

BENEFIT COST ANALYSES

"The assessment of various forestry programmes is a complex matter. Nevertheless, they should be made within a well-defined and sound framework. A study published by the 'Resources-for-Tomorrow' Conference, *Guide to Benefit - Cost Analysis*, presents a useful approach to this problem and one which can find application in forestry. Stated in the simplest terms, it is a method of comparing the benefits and costs of a number of projects in a way that will allow ranking them in a rational manner. From my limited knowledge of the field, I believe that much greater use has been made of this and similar approaches in other resource fields than in forestry. A good deal of work, for example, has been done with water-resource programmes. One difficult problem in forestry is the time element. The valuation of goods to be available many years in the future is not easy. Yet little is accomplished by pretending that this problem does not exist. There are many demands for capital and it is important to put available capital to its most efficient use. If this is to be done, time must be taken into account in a realistic way.

"It may be just chance that, in the study on benefit-cost analysis mentioned above, there is little reference to forestry. One chapter of the publication is devoted to the presentation of examples of evaluations in several fields. Eight examples are presented, but none of them are forestry examples. This seems an odd omission in a country in which forests are so important and in which I believe forest finance is a part of the training of every graduate forester. There are a great number of opportunities for investment in forestry in Canada and the choosing of the appropriate investment requires careful and complete appraisal....

PLANNED STUDIES

"It may be worth while at this time to outline the areas in which the Economics Division plans to carry out studies. Four areas of work were outlined when the Division was established, but the Division

(Continued on P. 6)

PROGRESS OF WORLD MARKET OPERATION

Mr. George Hees, the Minister of Trade and Commerce, announced recently that the initial response from Canadian manufacturers and foreign buyers to "Operation World Markets" had been most encouraging. This programme, which will take place from March 23 to May 3, 1963, comprises four large-scale projects designed to promote Canada's export trade throughout the world.

"I am really delighted with the way Canadian industry is getting behind us in this export-trade promotion drive", Mr. Hees said. "This is without doubt the biggest operation of its kind any country has ever undertaken, and the wonderful response we are getting from buyers all over the world certainly indicates that 'Operation World Markets' is going to be a real success."

Mr. Hees reported as follows on the progress to date on each of the four projects making up "Operation World Markets":

MACHINERY AND EQUIPMENT BUYING MISSION (MARCH 23-31)

"The response of the Canadian machinery-manufacturing industry has been most enthusiastic," Mr. Hees said. "As of now, more than 160 firms across Canada will be participating in this first phase of 'Operation World Markets', and we are receiving additional applications daily.

"Reports from our trade commissioners in the field show that 167 foreign buyers have already accepted our invitation to come to Canada and visit our machinery plants to see for themselves the products Canada can supply. These buyers will be flown in by chartered aircraft from 53 countries in Western Europe (including Britain and Ireland), the Middle East, Africa, the Far East, Latin America and the Caribbean".

CANADIAN SAMPLES SHOW (APRIL 2-4)

From the point of view of foreign buyer participation, the success of the second phase of "Operation World Markets" is already assured, Mr. Hees said, disclosing that Canada's trade commissioners had received expressions of interest from 600 buyers - 100 more than the target originally set. He said that interest in the National Canadian Samples Show was particularly keen in the United States, Britain, Ireland, Western Europe and the West Indies. As in the smaller regional samples shows, buyers flown to Canada would be accompanied by trade commissioners stationed in their areas.

Mr. Hees also revealed that in initial nation-wide survey of Canadian manufacturers showed that more than 700 Canadian firms were interested in participating in the National Canadian Samples Show. He said that a good many of these had already applied for space and had advised the Department of the products they would be exhibiting.

Mr. Hees emphasized the crucial importance to Canadian firms of submitting their applications as soon as possible and simultaneously advising the Department of the products they intended to display. He pointed out that Canada's trade commissioners in the field must know in good time not only the firms

that would be participating in the National Canadian Samples Show but also the specific products they would be displaying, so that they can interest the right buyers in attending.

"With the specialization of buyers that is so much a part of merchandising today", he went on, "with buyers limiting their activities to specific products, Canada must have plenty of exhibits in each category. Consequently, it is in each Canadian firm's own interest to add to the numbers in his own category and thus make it of the greatest possible interest for buyers to attend. The buyers must know at the earliest possible date what they can expect to see, and I urge every Canadian firm making or merchandising any product that is normally sold in department or chain stores to get in touch with the Department without delay. This National Canadian Samples Show offers a really unique opportunity to make direct contact with important buyers from many parts of the world, sell more Canadian products, to expand production and employment throughout our country."

TRADE COMMISSIONERS' CONFERENCE, OTTAWA (APRIL 4 TO 11)

Mr. Hees announced that the third phase of "Operation World Markets" would see 130 trade commissioners returning to Ottawa from 63 posts around the world. They would meet their head-office colleagues to discuss such subjects as trade fairs, trade missions, export financing and trade promotion in general.

SECOND NATIONAL EXPORT TRADE PROMOTION CONFERENCE, OTTAWA (APRIL 16 TO MAY 3)

Mr. Hees stated that application forms to participate in the fourth phase of "Operation World Markets" would be distributed to businessmen in every part of Canada early in January. He said that, as in the first National Export Trade Promotion Conference in 1960, the applications would be distributed to industry through their more than 100 co-operating trade associations across the country, but pointed out that any businessman could obtain application forms by writing directly to the Department.

Mr. Hees said that arrangements were under way to handle a minimum of 20,000 individual interviews between Canadian businessmen and trade commissioners - double the number handled at the Conference two years ago. He stressed that each half-hour interview would be a private conference between the businessman and the trade commissioner concerned.

CANADA YEAR BOOK 1962

Release of the 1962 edition of the Canada Year Book was announced recently by the Dominion Bureau of Statistics. This edition is the fifty-sixth in the present series, which continues a long record of earlier publications that supplied official statistical and other information on Canada's development during the nineteenth and twentieth centuries.

The Canada Year Book 1962 contains some 1230 pages of textual and statistical material dealing with the physical features of the country, the machinery of government, vital statistics, public health and welfare, education, scientific, atomic, space and industrial research, the primary resources of agriculture, forestry, mining and fisheries, manufacturing, labour transportation and communications, domestic and foreign trade, finance and national income and expenditure.

FEATURES

Like its predecessors, the new Year Book includes a number of feature articles: *Economic Regions of Canada*; *Social Welfare Expenditures in Canada*; *Recent Changes in Canadian Agriculture*; *The Petrochemical Industry in Canada*; and *Revolution in Canadian Transportation*. Summary population statistics from the 1961 Census and a list of the Members of the House of Commons after the general election of June 18, 1962, are included in the appendices.

Also included is a detailed new map of the country, on a scale of 140 miles to the inch, two map inserts showing irrigation and land-reclamation projects in the Prairie Provinces and the movement of crude petroleum and natural gas, a pictorial layout on petrochemicals, and a Government of Canada organization chart.

CONSUMER PRICE INDEX

The consumer price index rose 0.3 per cent from 131.5 to 131.9 in October and November 1962. The November index was 1.7 per cent above the November 1961 index of 129.7. In the current period, higher indexes for food, housing, clothing, transportation, and recreation and reading offset lower indexes for health and personal care, and tobacco and alcohol.

The food index increased 0.4 per cent, from 127.2 to 127.7, with higher prices reported for bread, other cereal products, sugar, fats, oranges, bananas, tomatoes, lettuce, celery, some canned fruits and vegetables, ham and turkey. Most beef and pork prices were lower, as were prices for eggs, grapefruit, coffee, apples and most domestically-grown fresh vegetables.

The housing index rose 0.1 per cent, from 135.4 to 135.6, with both the shelter and household-operation components at higher levels. In shelter, rents were unchanged but the home-ownership index was higher. In household operation, prices were higher for fuel, textiles, utensils and equipment, but declined for floor coverings and household supplies.

The clothing index increased 0.3 per cent, from 115.6 to 116.0, as higher prices for men's wear (particularly overcoats, footwear and piece goods) outweighed price declines for women's and children's wear.

TRANSPORTATION

The transportation index increased 0.5 per cent, from 139.9 to 140.6, as a result of upward movements in the travel and automobile-operation components. Some price increases in air travel between Canada and the United States moved the appropriate index.

In automobile operation, gasoline prices showed further declines but were offset by initial prices for 1963-model cars, which were somewhat above the year-end prices of 1962 models priced in September. Prices of 1963 cars were, however, 1.1 per cent below introductory prices of 1962 models a year ago.

The health-and-personal-care index declined 0.1 per cent, from 160.0 to 159.8. Lower prices for a number of pharmaceuticals moved the health-care component to a lower level and more than balanced fractionally higher prices for personal care items, including men's haircuts and women's hairdressing.

The recreation-and-reading index rose 0.3 per cent, from 147.8 to 148.2, as the reading component was unchanged but the recreation component increased, reflecting higher prices for theatre admissions, camera film, bicycles and sports equipment. The tobacco-and-alcohol index declined 0.2 per cent, from 118.0 to 117.8. Alcohol prices were unchanged, but cigarette prices were lower.

NEW U.S. AIRCRAFT ORDER

Mr. Raymond O'Hurley, the Minister of Defence Production, announced recently that the United States Army had placed an order with the Canadian Commercial Corporation for an additional 48 "Caribou" MK I aircraft, to be built by de Havilland Aircraft of Canada, Limited, at Downsview, Ontario, for delivery through 1964. The initial value of the order is over \$27 million, which does not include spare-parts support for the aircraft.

De Havilland will have delivered 34 "Caribou" aircraft to the United States Army during the current calendar year, with 53 more destined for delivery during the calendar year 1963. The U.S. Department of the Army has now ordered a total of 162 of these aircraft.

The "Caribou" is an STOL transport aircraft powered by two Pratt & Whitney R2000 reciprocating engines. It has a payload of four tons.

De Havilland is also participating, under the sponsorship of the Canada-United States defence-production sharing programme, in a cost-sharing arrangement with the U.S. Department of the Army and the Department of Defence Production for the design, development and prototyping of the "Caribou".

NEW POST OFFICE CONSTRUCTION

The Minister of Public Works announced on November 27 that 52 post-office buildings were planned for construction during the winter in the smaller centres of Canada as part of the Winter Works Programme. The buildings are all part of the Post Office Department's normal requirements for new accommodation. However, construction of this group of buildings was deferred during the summer months so that they could form part of the Winter Works Programme.

The Minister pointed out that construction of these smaller post offices was only part of the programme carried out by the Department of Public

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Works to increase the amount of winter employment resulting from its operations. It is standard practice in the Department to defer where possible during the summer, certain types of work, and to time the awarding of contracts so that it can be carried out during the winter months. In addition, all contracts awarded by the Department contain a clause specifying that work must not be stopped during the winter months without the express permission of the Department. The only exceptions to this rule are those contracts dealing with work such as highway construction, which cannot, in certain areas, be carried on during the winter.

Each of the small post-office buildings in this winter's Programme will provide 800 square feet of working space, with the exception of one at Evansburg, Alberta, which is 1,000 square feet in size. The cost of each building, including the land, will be within \$25,000. In all cases tenders are called locally, in order to provide as much employment as possible for workers in the local area.

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TRAVEL ACCOUNT

Canada had a credit balance of \$89 million on travel account with other countries in this year's third quarter, up steeply from last year's corresponding credit balance of \$35 million. The improvement was a reflection of a substantial reduction in Canadian travel expenditures in the United States, accompanied by much larger U.S. travel expenditures in Canada. This marked change accompanied the stabilization of the foreign-exchange value of the Canadian dollar in May and the reduction of privileges with regard to duty-free tourist imports in June.

This year's July-September credit balance on travel followed debit balances of \$62 million in the second quarter (\$65 million a year earlier), and \$98 million in the first (\$90 million). The full result was a net debit balance of \$71 million in the nine-month period versus \$120 million a year ago. In this period, the deficit was entirely from transactions with overseas countries, as there was a surplus with the United States for the first time in many years.

Estimated travel receipts totalled about \$289 million in the third quarter of 1962, compared to \$255 million in the same quarter of 1961. Preliminary estimates indicate that payments declined during the third quarter, to \$200 million from \$220 million in 1961.

Cumulative data on preliminary estimates for the first nine months of this year show receipts amounting to \$458 million, compared to \$397 million for the same period of 1961, while payments totalled \$529 million, compared to \$517 million a year ago.

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CANADA'S HISTORIC MONUMENTS

Sculptured monuments of distinctive design will be commissioned by the Federal Government to draw public attention to the contributions the main Indian tribes and the Eskimos of Canada have made to the national history, it has been announced by the

Minister of Northern Affairs and National Resources, Mr. Walter Dinsdale. Mr. Dinsdale said he had accepted a recommendation of the Historic Sites and Monuments Board of Canada that the historical contributions and cultural characteristics of Indians and Eskimos should be recognized in some commemorative form.

"This project is still in the early planning stage", he added, "and the sites and designs have not been decided. I think it is important that a start be made to identify the various streams of Canadian cultural development by works of art that will be on permanent public display in appropriate locations throughout Canada. We will begin with monuments to Canada's first inhabitants."

OLD HOUSES TO BE PRESERVED

The Minister announced also that the Federal Government would assist, if necessary, in preserving one of two typical nineteenth-century residences at St. Andrew's Manitoba, the Merritt House at Saint John, New Brunswick, and the former RCMP schooner "St. Roch", which is now located at the Maritime Museum at Vancouver.

One of the Manitoba structures, both built in the 1850's, was operated as a young ladies' school by Miss Matilda Davis and the other was once the manse of St. Andrew's Church. The Merritt House is representative of the Loyalist period and preserves both the interior and exterior appearance of its Georgian architectural style.

The "St. Roch," which made the first eastward voyage through the Northwest Passage in 1940-42, was built in Vancouver. She was purchased by the City of Vancouver in 1955 as the central feature in its new Maritime Museum.

NATIONAL FIGURES

Three Canadian historical figures and the former Ottawa home of Prime Minister Sir Robert Borden have been declared of national historic importance and will be commemorated by national historic plaques or monuments.

Permanent recognition will be made of the national historical contributions of Captain John Mason, governor of the Cupids Colony in Newfoundland in 1915-21, Duncan Campbell Scott, the late Ottawa poet and short-story writer and Deputy Superintendent-General of Indian Affairs, and Henri Bourassa, an outstanding figure in twentieth century Canadian politics and journalism, a leader in the nationalist movement in Quebec and founder of the newspaper *Le Devoir*.

The Borden House is situated at 201 Wurtemberg Street, Ottawa, and is now the Chinese Embassy. Sir Robert Borden lived there as Prime Minister during the First World War.

Suggestions for the preservation and identification of national historic sites are channelled to the Federal Government through the Historic Sites and Monuments Board, a national advisory committee made up of historians from all provinces. The Board meets regularly to discuss these suggestions and to advise the Minister of Northern Affairs and National Resources which are of national historic importance. It weighs both historical and architectural values.

(Over)

Mr. Dinsdale also approved a series of thematic historical studies, to be carried out under the direction of the Board through its Secretariat. The studies are intended to complement the architectural inventory proposed earlier by the Board and recently approved by the Minister.

The Board now meets twice yearly at Ottawa to cope with the ever-increasing number of proposals for new historic sites. The recommendations of its last meeting, held at Ottawa last week, are being studied by Mr. Dinsdale for possible implementation. His announcements were the result of recommendations made at the Board's meeting last May, and were first revealed to the Board by the Minister on November 27.

MOTOR ACCIDENTS

Motor-vehicle traffic accidents in September on streets and highways in Canada (excluding Manitoba) claimed 417 lives, a sharp increase from last year's September total of 331 (which includes Manitoba). This brought the number of deaths in the January-September period to 2,640, compared to 2,366 in the same period of 1961.

The September death toll by region was as follows: Newfoundland, 4 (3 in September 1961); Prince Edward Island, 2 (1); Nova Scotia 21 (21); New Brunswick, 21 (13); Quebec, 117 (96); Ontario, 138 (126); Manitoba, not available (17); Saskatchewan, 20 (10); Alberta, 50 (22); British Columbia, 44 (22); and the Yukon and Northwest Territories, nil (nil).

January-September regional totals were: Newfoundland, 26 (34 in the like span of 1961); Prince Edward Island, 18 (5); Nova Scotia, 120 (102); New Brunswick, 100 (98); Quebec, 784 (630); Ontario, 964 (884); Manitoba, 82 in the January-August period

(89); Saskatchewan, 98 (107); Alberta, 193 (182); British Columbia, 251 (230); and the Yukon and Northwest Territories 4 (5).

ECONOMIC RESEARCH OF CANADA'S FORESTS (Continued from P. 2)

is not set up on this basis at present. One subject area is resources and policy, in which overall assessments of the resource picture will be carried out and various policies affecting forestry analysed. A second area is that of markets. In this field, periodic assessments of market trends for forest products will be made both on an overall and a local basis where needed. As an example of the need for information in this field, we do not have at present a detailed picture of the consumption of lumber in various end-uses in Canada or of the changes that have taken place in lumber consumption in recent years. Another area of study is the economics of production, in which the returns from various production techniques will be analysed. The fourth area is international forestry, and the purpose of study in this field is to keep under review forest and forest-industry developments in other countries as a guide to assessing Canada's competitive position. These headings give only the broad outline and within them will be studies on a variety of problems such as ownership, the role of woodlots on farms, regional studies, etc. In addition, the Division is responsible for advising the Department of Forestry on economic matters and in supplying statistics to certain international organizations. Contact is also maintained with international organizations such as the Food and Agriculture Organization and the Organization for Economic Co-operation and Development...."