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THE PRIME MINISTER'S TOUR

Mr. John G. Diefenbaker, the Prime Minister of Canada, returned to Canada on December 14 from a tour of Europe and Commonwealth countries. Mr. Diefenbaker and his party left Ottawa on October 28 in a R.C.A.F. aircraft. After a brief stop-over in New York, he went on to London, England, where he remained until November 5. From there the Prime Minister visited the following countries: France, Germany, Italy, Iran, Pakistan, India, Ceylon, Malaya, Singapore, Indonesia, Australia and New Zealand, returning by way of Honolulu.

Speaking on the CBC television national networks on December 21, Mr. Diefenbaker said:

"As you know, I have recently returned from an extended series of meetings with the heads-of-state and others in Western Europe and Asia. The purpose of these meetings was to discuss and assess the responsibilities which Canada has assumed within the framework of the North Atlantic Treaty alliance and the Commonwealth of Nations for the maintenance of world peace and the advancement of the universal brotherhood of mankind.

"Tonight I report to you on these discussions, without trespassing on the rights of Parliament to hear my report in detail. In these last few weeks, I have had the honour to speak and listen, on your behalf, to many eminent world leaders, as well as to Canada's Ambassadors and High Commissioners and other Canadians abroad.

"In all these talks, I feel sure that substantial progress was made towards our individual and mutual objectives.

"Je vous fais part ce soir de ces discussions, sans restreindre pour autant le droit qu'a le Parlement d'entendre, de ma bouche, un compte rendu d'étaille de mon voyage. Au cours des quelques dernières semaines j'ai eu l'honneur de m'entretenir, en votre nom, avec les dirigeants de divers Etats, ainsi qu'avec des ambassadeurs et haut commissaires du Canada et d'autres Canadiens se trouvant à l'étranger.

"Je suis sûr que, dans tous ces entretiens, nous avons progressé vers nos objectifs tant mutuels que particuliers.

"There is no substitute for personal experience - for the "feel" of places and peoples that comes with even a moment's participation in their way of life. My visit to the lands of Asia and of the Commonwealth was made with fresh eyes eager to see, to learn, to absorb and to determine for myself the spirit emerging in those societies.

"I have come back more convinced than ever of the importance of these personal meetings with national leaders. The more we know each other, the more likely we are to find amicable solutions of our differences: to understand the viewpoints and problems of others; and to appreciate the basic goodness and goodwill in the hearts of human beings. This is something

(Over)

that can never be communicated through third parties, or by correspondence or diplomatic exchanges.

"In essence, I am able to say to you, my fellow Canadians, that there is real hope for the maintenance of the peace in spite of the great problems that still confront us, because there is among most of the leaders of the nations, a determination to confine and confound the schemes and ambitions of those who would destroy that peace. There is a high resolve among the free nations to work together constructively and positively as never before in history, to maintain a strong and united front as an effective deterrent to aggression.

"There is another vital reason for the importance of these talks with world leaders. The normal diplomatic channels are still of the utmost importance, but there are times when direct communication between those in high authority, often by long distance telephone, becomes desirable and indeed essential. I need only mention the fact that there is a world of difference between speaking to someone, under such circumstances, whom you have never met, and the kind of frankness and understanding that is possible with one whom you know personally.

"I can think of no one whose personal friendship and understanding has meant more to me in this regard than the Rt. Hon. Harold Macmillan, Prime Minister of the United Kingdom. In London we resumed those very important discussions which have been going on for some time, on many levels of government, about the trade and other relationships of our two countries. I need remind no Canadian of the importance of those traditional markets for our goods and services, because they have, from the earliest days, been the backbone of our development and prosperity. It is here, and in the related Commonwealth countries of the British trading orbit, that we must expand our mutual trade, if our Canadian economy is to have that level of earning from overseas trade which is necessary to offset our excess of imports over exports in our trade with the United States.

"I am glad to report that there are excellent prospects for further expansion in Canada's trade with Britain in the immediate future. One of the major contributing factors has been the success of the Trade and Economic Conference held in Montreal. The spirit of mutual self-help engendered there is still very much alive in Britain and in many other Commonwealth countries.

"We crossed from the Old Land to France, where, for the first time, I met General de Gaulle. France has passed through a time of crisis in the evolution of her Parliamentary institutions. I shall not comment on the prospects of the new Fifth Republic other than to say that I found the new head of that ancient state to be a man dedicated to his

fellow citizens and prepared to devote his talents to the cause of France and her allies among the free nations. Our own direct interest as Canadians in the future of that great country was once again brought home to me in my visit to the headquarters of NATO, the Atlantic bastion of freedom against the floodtide of communism.

"I must pass over quickly my visit to the other NATO countries, West Germany and Italy. I had previously met Chancellor Adenauer. Our talks added more to my admiration for him and for what he is doing to maintain, for the rest of the free world, that vital salient of the front line of freedom. Here we met our Canadian troops and their families. It is with the greatest pride that I report to all Canadians that the men and women of our Armed Forces stationed in Europe are adding lustre to the name and fame of Canada by their exemplary conduct and professional efficiency.

"I stopped briefly in Italy for talks with Prime Minister Fanfani. The people of Italy have long been engaged in an internal battle against communist infiltration. Its success is vital to world peace. It is my impression that the battle is being won and that this great nation, to which the Western world owes so much of its heritage, will stand firm on the side of freedom.

"After an all too short meeting with Prime Minister Manushar Eghbal of Iran, I went on to Pakistan, in which delightful country we met many Canadians engaged in the great hydroelectric project at Warsak. This is a tremendous undertaking and the fine spirit of co-operation between Canadians and Pakistanis here is doing much to develop a new and important relationship between Canada and this populous new nation. It is a relationship which must, in the long run, prove mutually advantageous to both our peoples.

"In Pakistan, as in India which we visited next, I experienced at first hand the warm desire of all the Asian members of the Commonwealth for the quickest possible bridging of the gulf between the East and the West of the freedom nations. That it can and will be achieved I have not the slightest doubt, if we do our part. As a member of the Commonwealth, Canada has a significant role to play both in Asia and in Africa, where the vast majority of the members of the Commonwealth now live. The ties that bind are potentially strong. These new nations have joined us of their own free will and choice. They are extending to us the right hand of fellowship and it is my impression that, on both political and economic grounds, Canada is in a better position than any other Western nation to clasp these hands of friendship and so bring about an understanding between East and West.

"The highlight of the Indian visit was, of course, our meetings with Prime Minister Nehru. I think he would allow me to say that

THE NAVY IN 1958

The year 1958 was one of solid progress for the Royal Canadian Navy.

It was a year in which the development of new levels of efficiency among existing forces and an even greater concentration on improving the RCN's anti-submarine capability overshadowed statistical gains in ships and personnel.

Ships of the fleet were at sea from the beginning of the year to its end, on training cruises, exercises and operational duties that took them as far as Malta, in one direction, and South Vietnam in the other. Every opportunity was sought and taken to practice for an anti-submarine role which, as it became more sharply defined, became more complex and demanding.

Ashore the story was the same, with the training of personnel and the command and logistic organizations devoting their efforts exclusively to the present and future needs of the fleet and its specialized function.

At the year's end, the navy had 47 warships in commission, two Royal Navy submarines under its operational control and a further six warships under refit. This compared with 45 ships in commission and five in refit at the end of 1957.

The regular force totalled 19,817 officers, men and wrens at November 1, compared with a strength of 19,258 at the beginning of November, 1957. In addition, there were 361 officer cadets and 185 technical apprentices under training. Last year's figures for these categories were 267 and 157, respectively.

Major additions to the fleet in 1958 were:

Destroyer escorts - HMC Ships Restigouche and St. Croix, first two of the new Restigouche class anti-submarine vessels. The other five of this class are nearing completion and are scheduled to be commissioned in 1959.

Frigates - HMCS New Waterford, last of 21 anti-submarine frigates to be modernized.

Anti-submarine aircraft - of 100 CS2F Trackers on order, 43 have been delivered to date. Work has begun on a modified version with improved anti-submarine capabilities. First of the modified Trackers is expected to be in service by mid-1959.

Fighter aircraft - The Banshee jet fighter procurement programme was completed, bringing to 39 the total number purchased from the U.S. Navy.

To give further flexibility to the fleet, HMC Ships Cape Breton and Cape Scott were taken in hand for refit as mobile repair ships. Entering service in 1959, they will be capable of carrying out non-major repair work for ships either at sea or at points remote from dockyards and shipyards.

Armament additions included:

Guided missiles - Banshee jet fighters were fitted with the air-to-air "Sidewinder", first guided missile to be put into operational service in Canada's armed forces.

Homing torpedoes - Anti-submarine helicopters were fitted to carry homing torpedoes. Previously limited to submarine detection, these helicopters now have a "kill" capability as well. The homing torpedo is carried also by destroyer escorts and Tracker aircraft.

Training advances included:

Opening of the new Naval Technical School at Esquimalt on October 18. The school will serve as a primary source of highly skilled personnel required to operate and maintain the increasingly complex equipment being developed for ships of the fleet.

Formation of a cadet training squadron on the Pacific Coast. Primary task of the squadron, composed of frigates, is to provide sea training for naval cadets from the Canadian Services Colleges, universities and HMCS Venture, the junior officer training establishment at Esquimalt, B.C.

The squadron has taken over the duties of the training cruiser Ontario, which was paid off October 15. The move made available nearly 600 officers and men for anti-submarine ships of the fleet. Establishment of a cadet training squadron has the advantage of training cadets in ships more comparable in size and equipment to the destroyer escorts in which the majority will serve on receiving their commissions. The frigates are also capable of rapid transfer to operational duties if required.

Further steps were taken during the year to implement the navy's long-range plan for revision of its personnel structure. Among these was the introduction of a streamlined educational service broadening career opportunities for serving personnel.

Sea training activities ranged all the way from single-ship workups to large-scale NATO exercises. Canadian warships worked alongside those of France, Italy, the Netherlands, Portugal, the United Kingdom, United States and West Germany. Their travels took them to numerous ports on both coasts of Canada and the U.S.A. and to Japan, Hawaii, Hong Kong, South Vietnam, Okinawa, Fiji, Australia, New Zealand, Alaska, Central America, Mexico, The West Indies, France, Malta, Italy, the Azores, Gibraltar and the United Kingdom.

On the Great Lakes, a training squadron from the Atlantic Command provided sea training during the summer for naval reserves from across Canada. More than 500 new entry seamen of the RCN (Reserve) passed through the Great Lakes Training Centre at Hamilton, during the Peak months of July and August.

A proud and colourful occasion was the review by Her Royal Highness, the Princess Margaret, of 32 ships from Canada, the United Kingdom and United States at Royal Roads, near Victoria. It was the first Royal Fleet Review ever held in Canada.

RCN ships also took a prominent part, along with others from France, the Royal Navy and U.S. Navy, in Quebec City's 350th anniversary celebrations.

REGIONAL ADJUDICATOR

Richard Ainley, of London, England, son of the famous actor Henry Ainley, will adjudicate this year's drama festivals.

Mr. Ainley, who will begin his tour in January, has been on the stage since 1928 and has appeared in such well-known roles as Claudio in "Much Ado About Nothing"; Orsino in "Twelfth Night"; Laertes in "Hamlet" and many others.

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DRAMA WINNERS FOR STRATFORD

Mr. Michael Langham, Artistic Director of the Stratford Shakespearean Festival, has announced that Stratford is holding three vacancies in the 1959 Festival company for two of the winning actors and one winning actress from the Dominion Drama Festival finals to be held in Toronto during the week of May 18, 1959.

In making the announcement, Mr. Langham stated that the Dominion Drama Festival has long been one of the strong supports of theatrical interest in Canada, and did much to pave the way for the Stratford Festival. Many of the Stratford Company received their first theatrical experience among groups competing in the DDF and Stratford's offer is motivated by the hope that through closer collaboration more amateur actors and actresses may receive professional training. The winning members will join the Festival Company which goes into rehearsal in early May and will play with the Company during the 12 week summer season at Stratford.

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NEW DIVISION OF THE N.R.C.

The President of the National Research Council, Dr. E.W.R. Steacie, has announced the creation of a new Division to be known as the National Aeronautical Establishment.

The formation of the National Aeronautical Establishment was authorized initially by the Minister of Trade and Commerce and the Minister of National Defence in 1951, and it consisted of the aeronautical research facilities of the Division of Mechanical Engineering in the National Research Council. Owing to the heavy and increasing demands on the National Aeronautical Establishment, its scale of operations has reached a point at which it becomes more practicable administratively to separate it from the present Division of Mechanical Engineering, and embody it in a new Division effective January 1, 1959. The present decision is directed also toward the identification of specific laboratories as Canada's National Aeronautical Establishment.

The resources of the new Division will consist of the Flight Research Hangar and laboratories now at Uplands Airport, the new

5-foot supersonic wind tunnel now being constructed at Uplands Airport, and the Aerodynamics and Structures Laboratories in the Montreal Road Laboratories of the National Research Council.

The new Establishment will work intimately with the Defence Research Board on defence problems in aeronautical science, and will also be responsible for meeting the aerodynamic and structural research needs of civil aviation and of the aircraft industry.

Appointed as Acting Director of the N.A.E. is Frank R. Thurston, Head of the Structures Laboratory of the Division of Mechanical Engineering. Mr. Thurston was educated in the United Kingdom, graduating from the University of London. He came to the National Research Council in 1947 from the National Physical Laboratory in London, England, where he did research work on supersonic aerodynamics and on aircraft structural design. In the National Research Council he has been responsible for the structural proving of prototype Canadian-built aircraft, and for a wide range of researches on structural fatigue, towers and shell structures, and aircraft hydraulic equipment. He is the author of numerous papers on these subjects.

Representing Canada, Mr. Thurston is Chairman of the Structures and Materials Panel of the Advisory Group for Aeronautical Research and Development of NATO and works as a Coordinator for the Commonwealth Advisory Aeronautical Research Council.

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GROSS NATIONAL PRODUCT

The Dominion Bureau of Statistics reports that Canada's gross national product, seasonally adjusted at annual rates, amounted to \$32.4 billion in the third quarter of this year, an increase of about one-half of one per cent over the second quarter rate. The value of output in the non-farm sector was higher by a little less than one per cent. It is estimated that the price component of the gross national product showed very little change during the quarter, so that the latest increase reflects a small advance in the volume of total output.

The major contributing factor to the third quarter gain in output was the shift in non-farm business inventories from a position of heavy liquidation in the second quarter to one of modest accumulation in the third quarter. The swing in this component of the gross national expenditure amounted to approximately \$0.5 billion, at annual rates. Other elements on the expenditure side made very little positive contribution to the over-all level of demand. In fact, final domestic demand made only a small advance compared with those recorded in the four preceding quarters.

Personal expenditure on consumer goods and

services and government outlays for goods and services, showed only a minor advance. It may be noted that this is the second successive quarter in which consumer expenditures have shown little change. The up-trend in outlays for new housing continued into the third quarter, with an advance of about 3 per cent, seasonally adjusted. However, the total increase in all three of the above components was insufficient to offset the declines which occurred in business outlays for non-residential construction, machinery and equipment, and in exports of goods and services. The latter component declined by 4 per cent.

On the income side, the pattern of change in the third quarter was rather mixed, with labour income holding relatively stable, and corporation profits before taxes showing an advance of 3 per cent (all data seasonally adjusted). Rents, interest, and miscellaneous investment income advanced strongly in the third quarter, but net income of farm operators declined. While the national income advanced a full 1 per cent in the third quarter, personal income showed virtually no change, in contrast to preceding quarters in which personal income has tended to move ahead of national income. The reasons for this are to be found mainly in the resumption of the upward movement of corporation profits and in the fact that the large quarter-to-quarter gains in transfer payments from government income holding relatively level, and little change in personal expenditure on consumer goods and services, the rate of personal saving in the third quarter was at virtually the same level as in the second quarter of 1958, or approximately \$2.3 billion.

With the value of this year's crop production now known, and data covering three-quarters of the year's activity in the non-farm sector available, it is possible to suggest an order of magnitude for the year 1958 as a whole. On the basis of present evidence, it seems likely that the gross national product in 1958 will be about 2 per cent above last year's figure of \$31.4 billion. With final product prices also higher by about 2 per cent in the first nine months of this year compared with a year ago, the physical volume of output in 1958 will likely show little change from that of the year 1957. This would represent the second year in succession in which the Canadian economy has shown no change in the physical volume of production. This would compare with a gain in the physical volume of output of 7 per cent between 1955 and 1956, 9 per cent between 1954 and 1955, and a post-war average for the years 1947 to 1957 of 4 per cent per year.

It may be noted in this connection that the stability in the total volume of output in 1958 reflects a slight decline in the level of production in the non-farm sector of the economy, and a modest increase in the farm sector. It is estimated that in the first nine

months of 1958, the volume of non-farm production was about 1 per cent below the same period a year ago. In the farm sector, while crop production was relatively unchanged in 1958, a sharp rise occurred in output and sales of livestock, associated with a rise in export shipments to the United States and higher domestic prices. The livestock item represents the primary factor in the increase in output of the farm economy during 1958.

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THE PRIME MINISTER'S TOUR (Continued from P. 2)

our few days together developed an earlier acquaintanceship into a genuine friendship.

"In Ceylon I met the national leaders in Colombo, the capital, well-known to all Canadians because of its connection with the Commonwealth Plan of aid to less-developed Asian countries. This new nation has many problems still to be solved, but I am able to report that Canadian assistance to this, as to other Colombo Plan countries, is already paying dividends in the kind of practical goodwill that will make Canadians and their products acceptable and welcome.

"In Malaya, we saw at first hand the struggle of the little nations of Asia against communism being waged on a still active fighting front. This is one of the vital battlegrounds of the drive of international communism for the heart and minds of the Asians. Malaya seems a long way off to most of us, but I can assure you that the results of the struggle now going on in Malaya will affect the lives of Canadians for many years to come. It is a good thing for us of the West that, whatever our differences in other matters, we still have men like Prime Minister Tunku Rahman in many strategic places in the Asian world, who understand the terrible implications in a victory for communism.

"The last of our talks took place in Australia and New Zealand, two Commonwealth countries with which Canada has many traditional political and economic ties. I found both Mr. Menzies, and Mr. Nash of New Zealand, hopeful about the prospects for expanding the two-way trade between our countries. I wish I had time to tell you of the fine relations Australia and New Zealand are developing with the new Asian nations. Quite recently Australia concluded trade agreements with Ceylon, Malaya and Japan, practical examples of that kind of mutual co-operation between East and West which must come quickly if the free world is to survive.

"And now, finally, it is proper to ask: "What has been gained for Canada?" My predecessor in office, Mr. St-Laurent, when he returned from a similar visit around the world, outlined the many advantages of his experience and I feel sure that they are as valid today as then. The average Canadian derives a third of his income from our export

trade. He has therefore a more direct and personal interest in our relations abroad than the citizens of other countries.

"The leaders of many states whose activities are of vital concern to Canada have been met, and have themselves now met the new leader of the Government of Canada, which has a deep-rooted tradition of international responsibility. The Canadian viewpoint on many matters has been put before them - and they, in turn, have had an opportunity to express their own views and opinions.

"But I would like to think that there are more lasting consequences that even these personal contacts, important though they are. I would like to believe that these visits re-emphasize our Canadian commitments to the highest moral and political standards of international goodwill, and to a continuation of that participation in the affairs of the world which has given Canada an international status far beyond our numbers and even beyond the level of our physical and monetary contributions of recent years.

"During my absence I have, of course, been in continual communication with the Cabinet here at home. I know that we still have problems of our own on the domestic front. It is here that my first responsibility lies. Every possible resource of the Government is being used to combat the national problems and individual hardships resulting from the worldwide economic show-down.

"It is a matter of great personal regret to me that some of these effects are still with us at this time. To inject a personal note, may I say my thoughts are very much with each of you, my fellow Canadians. I pray that the joys of Christmas may be yours in full measure; that the spirit of the blessed season be with you to comfort those in sorrow, to ease the cares of those who are sick, to lighten the burden of those in distress.

"Mes chers concitoyens, j'ai en ce moment une pensée pour chacun d'entre vous. Puissiez-vous participer pleinement aux joies que nous procure Noël; puisse l'esprit de cette époque

sainte de l'année reconforter ceux qui sont affligés; soulager ceux qui sont malades, et alléger le fardeau de ceux qui sont dans la misère. J'ai grand espoir -- et c'est aussi ma ferme détermination dans la mesure où il en dépendra de moi -- que la Nouvelle Année apportera à tous et à chacun d'entre vous des jours de paix, de prospérité et de bonheur. Bonsoir.

"And for the New Year, my hopes are high and my determination firm that, in so far as it may be in my power, the days ahead will bring to each of you peace, prosperity and great happiness. Goodnight."

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LEBANESE AMBASSADOR

The Department of External Affairs has announced that his Excellency Abdullah Najjar presented to the Governor General his Letters of Credence as Ambassador Extraordinary and Plenipotentiary of Lebanon to Canada. Mr. Najjar presented his credentials as Minister of Lebanon in Ottawa on March 20, 1958, and has subsequently been serving in that capacity. Following the decision of the two governments to raise the status of their respective missions from Legations to Embassies, Mr. Najjar was appointed the first Ambassador of his country to Canada.

Mr. Najjar was born in 1898 and is a graduate of the American University of Beirut. Prior to his appointment to the foreign service of Lebanon, he held a number of other positions, including those of Director of Political Bureau in the Government of King Faisal 1 in Damascus in 1920, Director for Public Education in the State of Djebel Druze in 1923 and Secretary General of the Arab Bureau and of the Committee for the Defence of Palestine in 1937. After entering the Diplomatic Service of his country, Mr. Najjar has held appointments as Consul General of Lebanon in Amman, Counsellor of Legation in Buenos Aires and Minister in Moscow.

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