



CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

September 18, 1957

Vol. 12 No. 38

NEIGHBOURLY PROBLEMS

Factors in the economic relations of the United States and Canada that are, he said, "causing unrest" among Canadians were dealt with by Prime Minister Diefenbaker in an address delivered September 7 at Dartmouth College, Hanover, New Hampshire, at a conference called to discuss the topic "Great Issues in the Anglo-Canadian-American Community".

Speaking with a forthrightness which he said was permitted to him by "the whole measure of warm friendship which has long existed between the United States and Canada and the parallel interest of the two countries", the Prime Minister said that the relationship of the two countries cannot be taken for granted. Each other's problems must be viewed, he said, with common sense, frankness, absolute confidence and mutual trust.

Canada's trading world has been increasingly confined to the United States, which takes 60 per cent of its exports and provides 73 per cent of its imports, the Prime Minister pointed out. This concentration of trade in one channel contains inherent dangers for Canada, Mr. Diefenbaker said, making the Canadian economy altogether too vulnerable to sudden changes in trading policy at Washington.

Mr. Diefenbaker told his audience that "a pressing concern in Canada is the question of the United States agricultural programme, and in particular that of wheat and wheat flour, which has been more vigorous and more aggressive in the last two years, and which denies fair competition for markets".

Pointing out that Canada has a carry-over of wheat which amounted to more than 700 million bushels this year, and that it is vital to Canada's economy that some 300 million bushels be exported every year, the Prime Minister said that the surplus disposal legislation of the United States has made it difficult, if not impossible, for Canada to maintain its fair share of the world's market.

Mr. Diefenbaker expressed the hope that at the October meeting of the joint United States-Canadian Cabinet Committee on Trade and Economic Questions the matter could be resolved by mutual agreement which would provide for a fair and reasonable solution for the disposal of wheat and agricultural surpluses.

Turning to the large-scale and continuing ownership and control of Canadian industries by United States interests, the Prime Minister urged that United States companies investing in Canada should not regard Canada as an extension of the U.S. market and that they should be incorporated as Canadian companies making available equity stock to Canadians.

The substantive part of Mr. Diefenbaker's address follows:

"There will be full agreement among those present that the Anglo-Canadian-American Community constitutes a grand alliance for freedom, in partnership with others of the NATO family, in the defence of democracy against the Red Menace. This alliance has as its "built-in" stabilizers for unity a common tradition, a respect for the rights of man,

(Over)

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an unswerving dedication to freedom. I believe with you that the maintenance of that unity is the only certain hope for the survival of freedom everywhere in the world.

"Canada and the United States have grown up in separate ways. My country achieved its freedom and independence by evolution, not revolution -- by its adherence to a limited monarchy within the Commonwealth of Nations, rather than through the establishment of a Republic. The Commonwealth knows no written constitution or agreement--it is bound together by the aspirations of peoples in all parts of the globe who, while independent, are united in their dedication to freedom under the Queen as the symbol of their unity. Canada's status as an independent member of the Commonwealth and a constitutional monarchy will be emphasized when Her Majesty Queen Elizabeth II opens Canada's Parliament on October 14 as the Queen of Canada.

"Canada and the United States, as long ago as 1794 in a 'Treaty of Amity, Commerce and Navigation', undertook 'to promote a disposition favourable to friendship and goodwill'. While this undertaking has not at all times since been maintained, it is, and has been, of the essence of our relationship.

PARTNERS IN DEFENCE

"We are partners in defence -- and we realize that the security of this continent cannot be assured without the closest co-operation between our two countries. To that end one of the first acts of the new Canadian Government when it came into power this summer was to agree to the joint operational control of the air defence forces of Canada and the United States. This system embraces not only our two air forces, but the several radar warning lines which have been built by us jointly across this continent, and mainly through Canada. In so doing Canada does not in any way sacrifice her sovereignty over, or ownership of, these Arctic regions.

"We have learned to trust one another. Neither has received aid from the other without payment. No hereditary animosities or ancestral fears remain to divide us. In Canada we know that if the United States since the last war had not assumed world leadership, the free world might not have survived. But we cannot take our relationship for granted. The former Secretary of State for External Affairs (Mr. L. B. Pearson) expressed the same sentiment a few years ago when he said 'the era of easy and automatic good relations between Canada and the United States is over'. That does not mean that an era of difficult or bad relations is beginning. It emphasizes the need for care being taken in attending to our relations and viewing each other's problems with common sense, frankness, absolute confidence and mutual trust.

"The whole measure of warm friendship which has long existed between the United States and

Canada, and the parallel interest of the two countries, enables us to speak to each other with a measure of forthrightness which is permitted to very few countries in the world. The candour with which we can communicate with each other strengthens our understanding of each other, and helps us to avoid the pitfalls of misunderstanding which have bedevilled relations of so many other countries in the world.

ECONOMIC PROBLEMS

"May I now with the utmost frankness and goodwill, and in the interests of fullest understanding, deal with one or two economic matters that are causing unrest within my country. By doing so I emphasize that the Government of Canada has as its duty and responsibility to consider Canadian interests first. It is not now and will not be, anti-American. The Secretary of State of the United States, the Honourable John Foster Dulles, in evidence recently given before a Congressional Committee, said: 'the purpose of the State Department is to look out for the interests of the United States'. The responsibility of the Canadian Government in like measure is to consider Canadian interests first. This should not be misinterpreted as being anti-American.

"Canada is numbered among the great trading countries of the world. While we are desirous of doing business with all nations, our trading world has become increasingly confined to the United States which takes sixty per cent of our exports and provides seventy-three per cent of our imports. A recent survey in the United States Institute showed in graphic form that almost every American community of any size is selling something to Canada. It shows that Brooklyn sells more to Canada than Argentina does, that Louisville sells more to Canada than New Zealand does, that Chicago sells almost as much to Canada as does West Germany, and that Seattle sells almost as much to Canada as does Norway. Even in agricultural products, Canada buys a larger volume of American agricultural products, by some \$100,000,000, than Canada sells to the United States.

"The value of United States exports to Canada is almost as much as that of its total sales to all Latin American countries. Canada is the United States' greatest customer and the United States is Canada's greatest customer. What you are buying from us is largely raw materials or semi or partially-manufactured materials, for the United States tariff system prohibits any major import of manufactured goods.

"This concentration of trade in one channel contains inherent dangers for Canada. It makes the Canadian economy altogether too vulnerable to sudden changes in trading policy at Washington. Canadians do not wish to have their economic, any more than their political, affairs determined outside Canada.

ASSUMES EXTERNAL AFFAIRS PORTFOLIO

CABINET APPOINTMENT: Dr. Sidney E. Smith, prominent Canadian educator, was sworn in last week as Canada's Secretary of State for External Affairs, and is now serving as chairman of Canada's delegation to the United Nations General Assembly which opened yesterday in New York. Prime Minister Diefenbaker previously had charge of the External Affairs portfolio.

Dr. Smith, who resigned his post as President of the University of Toronto to accept his new post, was born in Nova Scotia, studied at King's College, Windsor, N.S., served overseas during the First World War, and completed his law studies at Dalhousie University, Halifax, and Harvard University. At the age of 37 he assumed the presidency of the University of Manitoba, and in 1945 was named President of the University of Toronto. He is married and has three children.

NATO EXERCISES: RCAF maritime squadrons are on the hop this month in important roles in four NATO exercises involving air, surface and submarine forces of seven NATO nations, it has been announced by Air Force Headquarters.

Aircraft from 404 Squadron ranged over the Atlantic out of Greenwood from September 4 to 13 during Exercise "Sea Spray". This was a combined NATO tactical exercise designed for co-ordinated training of naval and air forces earmarked for NATO, and forces from Canada and the United States took part. They will operate out of Torbay, Newfoundland, from September 19 to 23 while they participate in Exercise "Sea Watch". This is an anti-submarine, anti-surface raider and convoy protection exercise. The area of operations will extend over the north and mid-Atlantic, and forces from Canada, France, the Netherlands, Portugal, the United States and the United Kingdom will take part.

A second RCAF maritime squadron, 405, flew seven of its Neptunes from Greenwood to Ballykelly in Northern Ireland and will operate from there for about two weeks. While there, 405 Squadron will take part in three NATO exercises. They will fly in Exercise "Sea Watch" while their sister squadron is taking part in the same exercise from the other side of the Atlantic.

They will also take part in Exercise "Strike Back" and Exercise "Fend Off". "Strike Back" is a large-scale NATO exercise involving hundreds of aircraft and 150 ships from Canada, France, the Netherlands, Norway, the United Kingdom and the United States. It will range over the North Atlantic. "Fend Off" is an extensive anti-submarine exercise to be held in the North Atlantic, involving five maritime patrol squadrons and about 30 ships from Canada, the United Kingdom and the United States.

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Canada's delegation to the UN General Assembly is made up as follows: Dr. Sidney E. Smith, Secretary of State for External Affairs, chairman; Wallace Nesbitt, Progressive Conservative member for Oxford, Ont.; and parliamentary assistant to the Prime Minister, vice-chairman; Dr. R. A. MacKay, Canada's permanent representative to the UN; Mrs. Harry S. Quart of Quebec City, and Frank Lennard, Conservative MP for Ontario's Wentworth riding.

Alternate representatives--Harry O. White, Conservative MP for Ontario's Hastings-Frontenac; J.H. Theogene Ricard, Conservative MP for St. Hyacinthe-Bagot in Quebec; Escott Reid, former Canadian High Commissioner to India; W.D. Matthews, Assistant Under-Secretary for External Affairs, and E.B. Rogers, Canadian Ambassador to Peru.

SKILLED MANPOWER: Requirements for engineers and highly-qualified technical workers are expanding rapidly in important Canadian industries. As a result, there is an increasing demand for people who have, at least, completed their secondary school education.

These are some of the findings of a report released by Mr. Michael Starr, Minister of Labour. The report is entitled "Technological Changes and Skilled Manpower: Electrical and Electronics Industry and Heavy Machinery Industry". It is based on a survey of these two industries made in 1956 as part of a research programme on the training of skilled manpower. The research programme is being conducted by the Department of Labour in co-operation with provincial government agencies and other groups.

Between 1939 and 1956, employment, in the "Electrical Apparatus" group of industries quadrupled, while in the "Machinery" group of industries it tripled. The volume of production increased even more rapidly.

The growth of production has been accompanied by technological changes, and it is probable that this trend will continue along with further expansion in production. As a result of the introduction of new products, improvements in products, and new methods of production, increasing effort is being devoted, for example, to design, research, quality control, and methods analysis.

Consequently, there is an increasing demand for engineers, engineering assistants and technicians, draftsmen, and some types of skilled tradesmen.

At all these levels, according to the report, educational requirements are increasing and there is a demand for more intensive formal training over a broader field. Such formal training may include physics, mechanics, chemistry, or metallurgy, as well as electricity and mathematics.

The report describes technicians as a difficult group to define covering a considerable variety of jobs. In general, a "technician" might be described as a person who, while not professionally qualified, is capable of filling a non-professional job requiring more formal education and more theoretical knowledge than that required of the skilled tradesman. Formal education in mathematics, science, and English or French, is stressed as important. At present persons fitting the foregoing description are only occasionally graded officially as "technicians" by their employers. They are sometimes known as engineering assistants or technologists.

According to the report, the chief sources of supply for technicians are: technical institutes, immigration, technical courses in secondary schools, training in the armed services and training in industry. It was felt by some persons in the industries examined that the demand for technicians might increase faster than the demand for engineers in the next few years. Some of the firms interviewed stated that they would like to employ 3 or 4 technicians for each engineer.

TEACHERS' SALARIES: University professors' salaries in 1956-57 ranged from less than \$2,000 to more than \$20,000 and averaged \$5,775, according to a report released by the Dominion Bureau of Statistics.

Results of the first detailed survey of the salaries and qualifications of teachers in 48 Canadian universities and colleges show that the median salary for deans was \$9,475, for professors \$7,973, for associate professors \$6,273, and for lecturers and instructors \$4,184. Teachers of the biological sciences (including medicine) had the highest median salary (\$6,186), followed by those in the physical sciences (\$5,715), the social sciences (\$5,589), and the humanities (\$5,349). All salaries reported were those in effect at January 1, 1957.

Salaries of university teachers in the western provinces averaged \$5,982, in Ontario \$5,934, in Quebec \$5,669, and in the Atlantic provinces \$4,827. Comparing institutions by size it was found that salaries were highest (a median of \$6,206) in universities with 5,000 or more students, slightly lower (median \$5,874) in those with from 2,000 to 4,999 students, and still lower for those with less than 2,000 students: \$5,337 for those with 1,000 to 1,999 students, \$5,285 for those with 500 to 999 students, and \$5,311 for those with less than 500 students. Average salaries in state-controlled and independent universities were about equal, and higher than in church-related colleges.

In the humanities, median salary was highest for teachers of the fine arts, followed by theology, classics, philosophy, modern language and literature, applied art, and mu-

sic. In the social sciences the order was: law, education, commerce, history, economics and political science, social work, psychology, sociology and anthropology, geography, household science, and physical education. Teachers of medicine were best paid in the biological sciences, followed by zoology, botany, pharmacy, agriculture, dentistry, nursing, and physio- and occupational therapy. In the physical sciences, chemistry led, followed by architecture, physics, engineering, geology, and mathematics.

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GERMAN TRAINEES: A group of 36 West German Air Force trainees, of 360 scheduled to be trained by the RCAF in Canada, have started their pilot training at RCAF Station, London, Ontario, it is announced by Air Force Headquarters.

This first group of fledgling pilots are receiving an indoctrination course at RCAF Station London before beginning their actual flying training on the single-engine Chipmunks at RCAF Station Centralia, Ontario. Following the pattern of RCAF aircrew training, the students will then move to a flying training school where they will train on the Harvard aircraft. The final step in the training will take them to an advanced flying school for conversion from piston to jet aircraft on the T-33 Silver Star jet.

The courses will take more than a year to complete and will bring the pilots to "Wings" standard. They will then return to Germany to take operational training on the Sabre jet.

An advance group of 15 experienced West German pilots arrived in Canada earlier this year. On completion of their training they will return to Germany to form the nucleus of the instructing staff for the West German Air Force. Under a separate scheme Canada has also been converting former Second World War pilots on the Sabre at No. 3 Fighter Wing, Zweibrucken, Germany.

The training costs for this programme will be shared by the Canadian and West German Governments.

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RESEARCH GRANT: A national health grant of \$47,196 to McGill University, Montreal, to assist diagnosis and research in virus infections in man has been announced by the Minister of National Health and Welfare, Mr. J. Waldo Monteith.

The project calls for the establishment of a laboratory, as part of the Department of Bacteriology and Immunology, with facilities available to all the teaching hospitals of the university.

While the laboratory will provide a useful service to all branches of medicine, it is expected to have special value in connection with diseases of the chest and of the central nervous system.

NEIGHBOURLY PROBLEMS

(Continued from P. 2)

"Canada has always purchased more from the United States than the United States has purchased from Canada. This imbalance is now running to record proportions. In our commodity trade last year, Canada purchased from the United States goods to a value of \$1,298 millions more than the United States purchased from Canada. Thus far in 1957, the imbalance has increased, and if the present trend continues, 1957 will establish a new all-time record in imbalance in trade between these two countries.

"Our trade with the United States is equivalent to 25 per cent of Canada's gross national product. On the other hand, it is the equivalent of less than 2 per cent of the gross national product of the United States. It is perhaps only natural, therefore, that Canadian-American trade should not make the same claim on the attention and consideration of the United States as it does on Canada.

"A pressing concern in Canada is the question of the United States agricultural disposal programme, and in particular that of wheat and wheat flour, which has been more vigorous and more aggressive in the last two years, and which denies fair competition for markets. Canada's carry-over of wheat amounted to more than 700 million bushels this year. It is vital to Canada's economy that some 300 million bushels of wheat be exported every year.

"Canada can compete for her share of the markets of the world, providing other nations follow recognized competitive practices. The share of the world market for wheat by the United States has been increasing in recent years by its policies of surplus disposal, and that increase has come about mainly at the expense of Canada's export trade, which has been decreasing. The surplus disposal legislation of the United States has made it difficult, if not impossible, for Canada to maintain its fair share of the world's market. Canada cannot compete for agricultural markets against the dominant economic power of the United States, with its export subsidies, barter deals and sales for foreign currency.

"The free world faces not only the military, but the economic aggression of the U.S.S.R. Military alliances and joint co-ordination for defence are not enough. There must be economic co-operation, which in turn demands recognition by larger nations of the effect of their economic policies on smaller nations. Freedom cannot afford to allow any of the free nations to be weakened economically.

"We are co-operating in defence measures -- why not to a greater degree in economic matters? The joint United States-Canadian Cabinet Committee on Trade and Economic Questions will meet in Washington in early October, and Ca-

nadians hope that this matter can be resolved by mutual agreement which will provide for a fair and reasonable solution of the problem of the disposal of wheat and other agricultural surpluses.

"One other matter deserves comment in the interest of clarification. Capital from the United States has played an important role in the development of Canadian resources. We welcome this investment and intend to continue to provide the best foreign investment climate in the world. The heavy influx of American investment has resulted in some 60 per cent of our main manufacturing industries, and a larger proportion of our mine and oil production, being owned and controlled by United States interests. In that investment what Canadians ask is that full account be taken of the interest of Canadians in the policies that are followed in the direction and use of that capital.

"There would be no potential harm in external ownership as long as companies engaged in these industries are developed in Canada's interests, and their policies take account in their direction of the interests of Canadians.

"There is an intangible sense of disquiet in Canada over the political implications of large-scale and continuing external ownership and control of Canadian industries. The question is being asked: 'can a country have a meaningful independent existence in a situation where non-residents own an important part of that country's basic resources and industry, and are, therefore, in a position to make important decisions affecting the operation and development of the country's economy?' Canadians ask that American companies investing in Canada should not regard Canada as an extension of the American market; that they should be incorporated as Canadian companies making available equity stock to Canadians. That there is cause for questioning seems clear when I tell you that it is estimated that of American-controlled firms operating in Canada not more than one in four offers stock to Canadians.

"There are other problems but time denies reference to them. What I have said is not spoken in a spirit of truculence or of petition. My purpose is to have removed causes for disagreement which, unsolved, may diminish the spirit of understanding which is characteristic of our relationship. We in Canada and the United States are such close neighbours and have so much in common that it is hard to realize that we are bound to have some differences. We are united in the great cause of freedom and democracy. In our military alliance there is the closest co-operation between us. In the fundamental things of life we have no differences. Our comradeship knows no closer alliance in the world. Let it not be said that we cannot achieve a similar spirit of co-operation in economic affairs.

JOINT HERITAGE OF FREEDOM

"The message I am trying to convey is epitomized by the words used by President Eisenhower in the Canadian House of Commons on November 14, 1953:

"More than friendship and partnership is signified in the relations between our countries. These relations that today enrich our people justify the faith of our fathers that men, given self-government, can dwell at peace among themselves, progressive in the development of their material wealth, quick to join in the defence of their spiritual community, ready to arbitrate differences that may arise to divide them.

"Beyond the shadow of the atomic cloud, the horizon is bright with promise. No shadow can halt our advance together. For we, of Canada and the United States, shall use carefully and wisely the God-given graces of faith and reason as we march toward it - toward the horizon of a world where each man, each family, each nation lives at peace in a climate of freedom."

"Our two countries, with Great Britain, have a joint heritage of freedom. We are united in our determination to preserve our heritage of spiritual values that are dearer than life itself. To preserve that steadfast and undiminished unity that saved us in war, our governments, our peoples, must give due regard at all times to the problems of each other with infinite respect, tolerance and consideration.

"In the days ahead many grave decisions will face our peoples. In the last analysis, how Canadians and Americans and Britishers get along is a world test of "neighbourhood" in international relations.

"In concord with the other free nations, the solidarity of Anglo-Canadian-American friendship is vital to the peace and well-being of the world and will provide the key to whether we succeed or fail in our great quest to maintain freedom for this and future generations.

HONOURS FOR RCMP. One of the most impressive ceremonial parades ever held in Ottawa will take place during the morning of Saturday, September 21, on Parliament Hill when Defence Minister George R. Pearkes, V.C., will present the badge of the Canadian Provost Corps and a scroll of honour to the Royal Canadian Mounted Police.

The ceremonial presentation on behalf of the Canadian Army is in recognition of the Force's valuable service with the Canadian Provost Corps during the Second World War. September 21 is Canada's first annual Army Day, and the Ottawa parade will be one of many celebrations and ceremonies taking place across the country.

The Second World War marked the fifth time that the RCMP had provided service units for the Canadian Army for which military honours have been awarded. For the previous campaigns the RCMP were awarded the battle honours, "North West Canada, 1885", "South Africa, 1900, 1901, 1902", "France and Flanders, 1918", "Siberia, 1918, 1919" which are emblazoned on its guidon. The original No. 1 Provost Company, commanded by Capt. (Superintendent) W.R. Day, left Canada for service overseas in December 1939. All but two of its 115 personnel were RCMP. The company served throughout Italy and Northwest Europe and suffered 26 casualties, including seven killed in action. Altogether 213 RCMP personnel served with the Canadian Provost Corps.

RCR TROOPS COLOUR. A battle inscribed standard almost synonymous with Canadian Military History was broken out last week at Fort York, near Soest, in the Federal Republic of West Germany. The occasion was the "Trooping the Colour" spectacle by the 1st Battalion, the Royal Canadian Regiment.

Looking on as the reviewing dignitary was Canada's newly appointed High Commissioner to the United Kingdom, Mr. George Drew. It was one of Mr. Drew's first official functions since taking over his new duties a few weeks ago.

The RCR, Canada's oldest Regular Force Infantry Regiment and part of Canada's NATO land formation in Europe, the 2nd Infantry Brigade Group, last trooped the colour in 1933, when the regiment celebrated its 50th anniversary. The colour had been presented a year earlier by His Excellency the Earl of Bessborough, then Governor-General of Canada.

The Royal Canadian Regiment was organized in December 1883 for the purpose of training volunteer Militia in Ontario, Quebec and the Maritime Provinces. Since that time the unit has been engaged in every major encounter in which Canada took part. These include the Northwest Rebellion in 1885, the South African War, the Two World Wars and the Korean Campaign.