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INDUSTRIAL DEVELOPMENT BANK, 1960

The following is the introduction to the annual Report of the Industrial Development Bank recently presented to the Minister of Finance by Mr. J.E. Coyne, the President of the Bank:

"The Bank's volume of lending activity increased in the fiscal year ended September 30, 1960. New loans during this period amounted to 740 for a total of \$38.6 million, an increase of 24 per cent in number and 26 per cent in amount compared with the previous fiscal year. The average amount authorized per new loan was virtually unchanged at \$52,000....

"Although the increase in the volume of business transacted by the Bank in recent years has been gratifying, there are probably many more businesses which could benefit from use of the Bank's facilities as these facilities become more widely known. During the past two years the Bank has more than doubled the number of its regional offices; in 1959 new offices were opened at Saint John, Quebec City, London, and Regina, and in 1960 at Ottawa, Sudbury and Edmonton, bringing the total to 13. In addition the Bank has recently expanded its public-information programme. Advertisements have been published in daily and weekly newspapers and in professional, business, financial and industrial publications. These advertisements include typical 'case histories' of enterprises which have obtained loans from the Industrial Development Bank and are designed to draw to the attention of the public the services which the Bank is able to extend to qualified borrowers. Direct

mailings of information about the IDB have been made to chartered banks, lawyers, auditors, accountants and many categories of industrial enterprises across Canada. A short film illustrating various aspects of the Bank's role in the financing of small and medium-sized businesses was produced in 1959. Copies of this film have already been widely distributed and are available at all IDB regional offices for showing to interested groups in the community. These and other activities of the Bank in the information field have been put under the full-time direction of an information officer. As a means of more direct contact, officers of the IDB frequently attend meetings of Chambers of Commerce and other business organizations to discuss the facilities which the Bank has to offer.

LOANS SINCE ESTABLISHMENT

"Since it commenced operations on November 1, 1944, the Bank has approved 4,700 loans amounting in the aggregate of \$300 million. These two figures for loans approved since 1944 do not reflect the further assistance given by way of deferments of principal payments which have been permitted, in some cases to enable borrowers to acquire new equipment and premises or to replace equipment without having recourse to additional borrowings, and in other cases to assist borrowers during periods when sales or earnings have been at other than satisfactory levels. In the latter cases the deferment of principal payments for

(Over)

a period has frequently provided the necessary relief to enable the business to recover and make further progress. The alternative would in many cases have resulted in losses not only to the Bank but also to the owners of the businesses.

"At September 30, 1960, the Bank had on its books 2,425 loans to 1,966 industrial enterprises. The total amount outstanding or committed under these loans was \$120 million, of which \$103 million was outstanding and \$17 million was committed but not yet disbursed. Of the 1,966 customers on the Bank's books as of this date 874, or 44 per cent, of the total had loans outstanding or committed for amounts of \$25,000 or less. Those having loans outstanding or committed for amounts of \$200,000 or less numbered 1,851, or 94 per cent of the total. The average amount outstanding or committed per customer was \$61,000. Accounts in excess of \$200,000 amounted in total to \$42 million outstanding is committed; the statutory limit on accounts with amounts outstanding in excess of \$200,000 is \$75 million."

BUILDING OUTLOOK FOR 1961

The president of the Canadian Construction Association, Jack M. Soules of Port Credit, Ontario, said recently that the construction industry of Canada hoped to maintain its \$7-billion a year programme in 1961.

"While the industry does not expect a record year such as it had in 1958, the volume of work in 1961 will probably equal that of 1960 -- over \$7 billion, giving direct employment to an average work force of some 580,000 Canadians. As such, the construction industry will retain its position as Canada's largest single industry and provide the physical means for Canadian economic development. The industry will be working well below its capacity and its efficiency will therefore be further improved because of the stimulus of extremely keen competition for contracts."

Mr. Soules said that it was still too early to assess the effect that the Federal Government's "baby budget" announcements would have on the construction programme. "We are very glad to see the introduction of the principle of incentives as a means of promoting business investment in construction and machinery but there is some fear that the effect of accelerated depreciation will be offset by the measures designed to reduce the amount of U.S. investment in Canada. Moreover, the double capital cost allowance (depreciation) may only be applied for one year. A lot will depend upon the Government's regulations which will define the scope of the double depreciation incentive."

"The increases in the physical volume of construction have been one of the phenomena and main bulwarks of Canada's post-war development. Notwithstanding setbacks experienced

in other industries, a new record was chalked up in the construction industry in each successive year until 1958 and until construction expenditures amounted to more than 20 per cent of Canada's gross national product."

STABILIZATION OF PROGRAMME

"Since then the construction industry's programme has stabilized on this high plateau valued at from \$7 billion to \$7.25 billion annually. For the first time the mid-year survey in 1960 by the Federal Government of investment intentions showed a fractional decline from the total recorded at the beginning of the year. This reduction reflected a fall-off in housing starts not offset by gains in other categories of construction. The new amendments to the National Housing Act should stimulate a larger housing programme in both the home ownership and rental sectors in the year ahead. The industry also expects an increase in the amount of 'urban renewal' projects as inferior housing is replaced."

"Assistance to the municipalities in the waterworks, sewage disposal and anti-pollution fields is expected to bring about larger programmes of civil engineering projects. It is hoped that at least a start will be made on large-scale hydro-electric power developments in British Columbia -- gigantic engineering jobs in the same league as Kitimat. Institutional projects -- hospitals, schools, universities and other public buildings -- still are needed in greater numbers to meet the requirements of present backlogs and a growing population. The same is true with regard to roads and highways, including bridges."

The CCA president said that predictions were risky in the construction field since decisions concerning new projects were mainly dependent upon outside factors not within the industry's control or even influence. "One thing is sure -- purchasers of construction can obtain excellent value for their construction dollar. Whereas the volume of construction has levelled off, the industry's capacity has continued to increase by proverbial leaps and bounds. Shortages are a thing of the past and firms right down the line -- general and trade contractors, manufacturers and suppliers -- are all competing in large numbers for the construction work offering."

NEW CUBAN ENVOY

On December 19, His Excellency Dr. Americo Cruz y Fernandez presented his Letter of Credence as Ambassador Extraordinary and Plenipotentiary of Cuba to Canada. The ceremony took place at Government House.

The Canadian Chief of Protocol, Mr. H.F. Feaver, presented the Ambassador to the Governor-General, Mr. N.A. Robertson, Under-Secretary of State for External Affairs, and Mr. Esmond Butler, Secretary to the Governor-

General, were in attendance on the Governor-General on this occasion. The Ambassador was accompanied by Mr. Manuel Stolik, Minister, and Miss J. Hortensia Rodriguez, Second Secretary.

Dr. Cruz is from Havana. He is a graduate of the University of Havana from which he holds the degree of Doctor of Law, and also of the Foreign Service School, Georgetown University, in Washington. Dr. Cruz entered the diplomatic service in 1931 and served in Mexico, Japan, Belgium, Italy, and Honduras. In 1949-51 he was Chargé d'Affaires *ad interim* in Chile. From 1951-54 he served in Ottawa as Counsellor of Embassy and, from time to time, as Chargé d'Affaires *ad interim*. He then served in Spain until 1958 and later in various departments in the Cuban Foreign Ministry. His most recent posting has been as Ambassador to the Argentine.

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OTTAWANS WIN UK AWARD

Four radio engineers of the National Research Council at Ottawa have won the 1959 Brabazon Award for their work in developing an electronic aid to aircraft search and rescue.

The announcement was made by the British Institution of Radio Engineers, who offer the Award each year for the most outstanding paper on aircraft safety to be published in their journal. This is the first time the Brabazon award, established in 1952, has been given for a paper contributed from outside Britain. The present award will be conferred in Montreal in January of 1961.

The recipients, D.M. Makow, H.R. Smyth, S.K. Keays, and R.R. Real, of the Council's radio and electrical engineering division, designed a distress beacon for a "crash position indicator" (CPI) developed by the NRC and now licensed for manufacture to a British electronics firm.

The CPI consists of a foam-plastic shell which fits on the outer surface of the aircraft. Inside this protective sheath is a compact radio transmitter with a self-contained power supply. The whole device weighs only 5.7 pounds.

OPERATION OF CPI

When the aircraft crashes, the CPI is so designed as to escape the impact; it flies free of the wreckage and automatically triggers its radio beacon. Search and rescue planes, using standard equipment, can pick up the signals as far as 40 miles away. The power supply of the CPI is good for about 100 hours because of the "low drain" design of the transmitter. Tests in woods, in deep snow, and on water have proved the device reliable for Canadian wilderness conditions. Each year the global cost of finding lost aircraft runs into millions of dollars, sometimes with further loss of life to the search crews.

The foam-plastic "tumbling aerofoil" was designed by H.T. Stevinson of the National Aeronautical Establishment, another division of the NRC.

Dr. Makow, 37, was born in Poland, He graduated from the Swiss Federal Institute of Technology at Zurich, where he returned in 1960 to complete his doctorate degree. He had been with the National Research Council since 1951.

H.R. Smyth, 55, was born in Montreal and received his engineering degree from McGill University. He joined the NRC in 1937 and is now director of its work on electronic aids to navigation. He is also in charge of the NRC's "Radel II", a converted Fairmile vessel which is used for research with radar and other electronic equipment.

S.K. Keays, 41, is a technical officer who has been with the NRC since 1946. He was born at Perth, Ontario.

R.R. Real, 30, was born in Saskatoon. He obtained an engineering degree at the University of Saskatchewan and the Master of Engineering degree from McGill.

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QUEBEC ACCEPTS TRAINING PLAN

Mr. Michael Starr, Minister of Labour, has announced an agreement with Mr. Paul Gérin-Lajoie, Minister of Youth of the Province of Quebec, with respect to the training of unemployed workers, registered with the National Employment Service, under the joint Federal Provincial Training Programme.

The agreement means that all provinces will now be participating in this type of training under the joint programme. Although Quebec has carried on a training programme for unemployed persons for a number of years, it is anticipated that there will be a substantial expansion of the programme in the province this winter.

UNITED APPROACH

Commenting on the agreement, commonly known as Schedule M, the Minister said: "I feel that a united approach to this matter of training and re-training the unemployed will do a great deal to raise the general level of skills of the labour force and will have a beneficial effect on employment in this country."

Mr. Starr added that he had indications from every province that a stepped-up programme of training would be under way this winter.

Until the fall of 1960, the Federal Government shared equally with the provincial governments costs of operating training programmes for the unemployed.

As a result of an amendment in the agreement last fall, the Federal Government is now contributing 75 per cent of the provincial costs of training unemployed workers provided a minimum volume of training is undertaken.

FOREIGN STUDENTS IN CANADA

Close to 6,000 foreign students from over 100 countries and territories were attending Canadian universities and colleges in the 1958-59 academic year. They represented 6.3 per cent of the total full-time enrolment of 94,400 for that year. Included were 2,662 from various Commonwealth countries and 1,983 from the United States.

Countries with the largest student enrolment in Canada in 1958-59 were: United States, 1,983; Hong Kong, 613; Trinidad, 575; United Kingdom, 526; Jamaica, 290; India, 155; France, 137; Germany, 87; Netherlands, 86; Bermuda, 63; Hungary, 59 (excludes about 500 Hungarian refugee students who will presumably become residents of Canada. Most of the 59 included were probably refugees); Japan, 58; Greece, 53; Pakistan, 52; Barbados, 51; Indonesia, 50; Cuba, 41; Italy, 39; British Guiana, 38; Venezuela, 34; China, 33; Belgium, 32; Ghana, 31; St. Lucia, 30; and South Africa, 30.

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MINISTER VISITS YUKON

Northern Affairs Minister Walter Dinsdale welcomed the New Year in one of the north's most colourful settings - historic Yukon Territory. It was his first visit to the Yukon.

Mr. and Mrs. Dinsdale reached Whitehorse on the evening of December 30, after spending Christmas at Brandon, Manitoba, the Minister's home town.

At Whitehorse the Minister attended a round of official functions. On New Year's Day, he left for the mining country to visit the United Keno Hill mine, Canada's largest silver producer.

Meeting the Minister and Mrs. Dinsdale at Whitehorse were Commissioner and Mrs. F.H. Collins and Yukon's M.P. Erik Nielsen, and Mrs. Nielsen. The last day of 1960 was a busy one, including a meeting with members of the Whitehorse City Council, the Yukon Chamber of Mines, and calls upon the Catholic and Anglican Bishops of the Yukon Territory. The Minister and Mrs. Dinsdale were guests at New Year's celebrations at the RCAF and Army officers' messes.

TOUR OF REMOTE MINE

New Year's Day, the Minister and Mrs. Dinsdale travelled to Mayo, where they were received by town officials and officers of United Keno Hill Mines. They proceeded to the Calumet mine and lunched in the Calumet cook-house after which the Minister visited the underground workings of the Hector Mine, and the mill at Elsa.

On January 2, Mr. and Mrs. Dinsdale attended the Commissioner's levee at Whitehorse; it was the first occasion that a Minister of the Crown had been present at this traditional

Yukon function. The same day he visited the new government residence for Indian children. The Minister spoke at a dinner that night given by the Whitehorse Board of Trade and the following day he and Mrs. Dinsdale left for Watson Lake by road, visiting communities along the Alaska Highway. At Watson Lake the Minister spoke at an informal meeting in the Watson Lake Community Hall.

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GROSS NATIONAL PRODUCT

The gross national product in the third quarter of 1960 was at \$35,272 million, seasonally adjusted at annual rates, an advance of less than 0.5 per cent over the figure for the second quarter. This most recent development follows the modest drop in output in the second quarter of this year, when gross national product declined by 1.5 per cent. About half the slight gain in the value of production in the third quarter was accounted for by a small change in final product prices; in volume terms, the gross national product was very nearly unchanged from the level of the second quarter. Employment in the third quarter was also unchanged from its second-quarter level.

The partial recovery in the level of activity, from a situation of declining production to a position of approximate stability, reflects developments in both external and domestic demand. On the external side, exports of goods and services rose very sharply in the third quarter, following the rather sudden decline that had characterized the figures for the second quarter of the year.

DOMESTIC DEMAND

Final domestic demand has also contributed to the somewhat firmer tone that is suggested by the figures for the third quarter. Both housing and non-residential construction outlays were higher in the third quarter, following two quarters of successive declines. The up-turn in non-residential construction was relatively modest, and had been anticipated to some extent by the increase in industrial building permits which was noted in the second quarter; outlays for new machinery and equipment, however, continued to decline. Government expenditure on goods and services was also an important factor in the recovery of final domestic demand in the third quarter. Consumer expenditure, however, remained virtually unchanged in the third quarter as outlays for durables continued to decline, and relatively small gains were made in outlays for non-durables.

Taken together, the renewed strength in exports and in final domestic demand in the third quarter produced a sizable advance in total final purchases of goods and services. The upswing in these final demand categories was not transmitted to production, however.

since the bulk of these requirements were met, on balance, by cut-backs in the inventory sector. Inventory stocks, which were still accumulating in the second quarter, were drawn down considerably in the third quarter.

INCOME DEVELOPMENTS

Turning to developments on the income side, all major components of national income showed relatively greater strength in the third quarter; national income as a whole showed a gain of 1.0 per cent, in contrast to the decline of over 1.5 per cent which occurred in the second quarter of the year. At the same time disposable income, which had shown a drop of about 1.5 per cent in the previous quarter, advanced by more than 2.0 per cent, as higher earnings from productive activity were supplemented by increased transfer payments from government and a decline in direct personal tax collections. The rate of personal saving made a substantial recovery, to 6.0 per cent of disposable income, following the steep decline of the second quarter.

In the first nine months of this year, the gross national product has averaged 2.9 per cent above the same period of 1959. Approximately half this increase represents a further advance in final product prices, so that in physical volume terms the gross national product shows a gain of about 1.5 per cent. The post-war average increase in the physical volume of output has amounted to approximately 4.0 per cent a year, and was 3.5 per cent in the year 1959.

Related indicators of real output by industry show little overall change in the volume of production between the second and third quarters, on a seasonally adjusted basis. Production in both the goods-producing and the service-producing industries showed only fractional movements.

Within the major goods-producing industries, production was off by 1.0 per cent in manufacturing and by 2.0 per cent in mining, but these declines were offset by a moderate increase in output in construction and public utilities and a substantial gain in output in forestry.

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NEW PRIVY COUNCIL APPOINTMENT

Prime Minister Diefenbaker recently announced that the Governor-General had approved the appointment of Mr. Robert H. McGregor, Member of Parliament, as a member of the Canadian Privy Council. Mr. Diefenbaker referred to Mr. McGregor's "lifetime of public service", which had included terms of office as Reeve of York Township and of East York. "He has now", the Prime Minister concluded, "completed 34 years in the House of Commons and is the Dean of the House, or, in the usage of the United Kingdom House of Commons, the Father of the House, in that he has longer continuous service than any other Member."

EXPORTS AND IMPORTS

Canada's commodity exports to all countries were 6.4 per cent higher in value in the first eleven months of 1960 than a year earlier, while imports were virtually unchanged, according to preliminary figures from the Dominion Bureau of Statistics. Exports in November decreased 4.0 per cent from the figure for the same month in 1959, while imports increased 7.2 per cent. The import balance in the January-November period was substantially smaller than in the like 1959 period, but in November there was an import balance in contrast to export balances in the four previous months and in November 1959.

OVERALL FIGURES

The value of commodity exports to all countries in the January-November period rose to \$4,953,800,000 from \$4,656,500,000 in the like 1959 period; imports were almost unchanged at \$5,069,400,000 against \$5,068,500,000. The import balance in the 11-month period was considerably lower than a year earlier, at \$115,600,000 against \$412 million. Commodity exports in November declined to \$475,700,000 from \$495,600,000 in the corresponding month last year, while the value of imports increased to \$514,900,000 from \$480,200,000. As a result, there was an import balance in November of \$39,200,000 as compared to an export balance of \$15,400,000 in the same month last year.

CANADA - U.S.

Commodity exports to the United States in the January-November period fell 2.1 per cent to \$2,817,600,000 from \$2,898,100,000, and imports were less than 0.1 per cent higher at \$2,412,900,000, against \$3,411,900,000. Exports to the United States in November fell 14.7 per cent to \$256,900,000 from \$301,200,000 in November of last year, while imports rose 7.2 per cent to \$326,100,000 from \$304,200,000. The month's import balance was sharply higher than a year earlier at \$69,200,000 against \$3 million, bringing the total for the 11-month period to \$595,300,000 as against \$513,800,000.

* * * *

JAMES IAU PRESIDENT

At the Third General Conference of the International Association of Universities held in Mexico City in September, 1960, the assembled universities of the world voted into office as their president for the next five years Dr. F. Cyril James, principal and vice-chancellor of McGill University, Montreal.

This well-earned personal tribute to Dr. James, who had played an outstanding role of leadership in the international affairs of universities during the past two decades, was also proclaimed throughout the academic world as a signal honour for Canada.

CANADIAN HEADS WMO BODY

Clarence C. Boughner, chief of the climatology division, Transport Department Meteorological Branch, was elected president of the World Meteorological Organization's (WMO) commission for climatology at its recent session in London, England.

The commission is one of eight technical commissions of the WMO, itself a Specialized Agency of the United Nations.

Mr. Boughner, who was Canada's principal delegate at the session, will hold office for four years; for the past four years he has been vice-president.

He joined the Meteorological Service in 1934 as assistant to the chief climatologist and was appointed to his present position in 1950.

Mr. Boughner graduated in honour mathematics and physics from the University of Toronto in 1933 and received his master's degree in meteorology the following year.

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LOANS FOR STUDENT RESIDENCES

Late in November, the House of Commons passed legislation authorizing the Central Mortgage and Housing Corporation to make long-term loans to universities for the construction of student residences. This satisfied one of the four requests made in a brief presented to Prime Minister Diefenbaker earlier in the month by a delegation of university heads (Very Rev. H.F. Légaré, Dr. Claude Bissell, Msgr. I. Lussier, Dr. W.A. Macintosh, Dr. H.H. Sanderson and Msgr. H.J. Somers) representing the Canadian Universities Foundation.

The four specific requests were:

(1) that there be an increase by 1962-63 from \$1.50 to \$2.50 a head in federal grants to the universities;

(2) that for each full-time student enrolled in a school of graduate studies proceeding either to an M.A. or a Ph.D. or their graduate equivalents, and for each full-time student enrolled in a faculty of medicine or a faculty of dentistry, an additional payment of \$500 be made;

(3) that the present capital grants for university construction on a matching basis be extended so as to include grants made for science buildings through the agency of the National Research Council, and that an annual sum of between five and eight million dollars be made available both to the Canada Council and to the National Research Council for this purpose;

(4) that an amendment be introduced to Central Mortgage and Housing Corporation legislation and regulations to allow the Corpo-

ration to lend money on 30-year mortgages to the universities at a rate of interest no higher than that paid by the Government on its own long-term obligations, to permit the universities to construct residences for students and housing for married students.

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SENIOR NRC APPOINTMENT

Dr. Donald Charles Rose, 59, has been appointed Associate Director of the Division of Pure Physics, National Research Council of Canada.

Dr. Rose will continue to head the cosmic ray section of NRC's Pure Physics Division and to represent Canada on various committees concerned with space research. In addition he will co-ordinate the work on space research in the National Research Laboratories with that being done in other government departments and in universities.

Dr. Rose is chairman of the Associate Committee on Space Research set up in Canada and, in 1959, was chairman of the United Nations Technical Committee on Outer Space. He is also the Canadian representative on the International Committee on Space Research (COSPAR) established by the International Council of Scientific Unions. During the International Geophysical Year, 1957-58, Dr. Rose was chairman of the Co-ordinating Committee of the Canadian programme. In 1954, he carried out a major research mission as head of a party of scientists on HMCS "Labrador" sailing through the North-West Passage.

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CANADA - PAKISTAN AIR PACT

The Minister of Transport, Mr. Léon Balcer, has announced that an air-transport agreement between the Governments of Canada and Pakistan was signed in Karachi on December 21.

The agreement was signed by V.C. Moore, Acting High Commissioner for Canada in Pakistan, and by Hameduddin Ahmed, Joint Secretary, Pakistan Ministry of Defence, on behalf of their respective governments. It provides for the establishment of scheduled international air services between Pakistan and Canada by airlines of both countries. The pact, however, represents long-term planning and any routes to be operated by designated airlines will be agreed upon between the two countries at some later date.

The signing of the agreement, which was negotiated earlier this year when a Canadian delegation visited Karachi for the purpose, and which has now been approved by the respective governments, is a further step towards strengthening the ties of friendship and co-operation between Canada and Pakistan.