

# Bulletin

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## CANADA'S ECONOMY IN 1969 AND THE OUTLOOK FOR 1970

The following is a year-end statement by Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce:

Although serious problems of containing inflation have continued, 1969 has been another year of significant economic achievement for Canada. New export gains and renewed growth in business investment have been key factors contributing to the further expansion of production and employment. Canada's gross national product has risen 9 per cent from 1968 to 1969, with at least half of this increase representing real output growth. Business activity surged forward strongly in the early part of the year but the pace of advance moderated in subsequent months reflecting in part an abnormal amount of time lost in work stoppages due to industrial disputes.

Total employment for the year was up more than 3 per cent, a larger increase than in 1968. Labor force growth also was somewhat higher and average unemployment has changed little between the two years. Unemployment, after adjustment for usual seasonal changes, was running a little over 5 per cent of the labor force in the concluding months of 1969.

Per capita disposable income, in real terms, has increased moderately.

### AUTOMOBILE PRODUCTION

Industrial output was up about 5 per cent in 1969, matching the gain for the previous year. Manufacturing production has advanced somewhat faster than in 1968 even though growth has been hampered by strikes in the primary metal industries. Motor vehicle output has shown another large advance. More than 1.3 million motor vehicles came off the assembly lines, and for the first time production of passenger cars passed the 1-million mark. The number of motor vehicles turned out in 1969 was double the number manufactured in 1964, the year immediately preceding the implementation of the Canada-United States Auto Agreement. Output of motor vehicle parts and supplies has continued to move upwards.

Elsewhere in manufacturing good increases in output were realized in synthetic textiles, rubber products, industrial machinery and major consumer appliances.

A highlight among resource industries has been the resurgence of pulp and paper output following two years of little change. Production and sales have strengthened for both newsprint and woodpulp, contributing to a sharp rise in plant utilization and efficiency. High levels of lumber and plywood production were stimulated by vigorous trends in housing and other construction early in the year. However, the trend has slowed since mid-year paralleling the slowdown in residential building in Canada and the United States.

### MINERALS

1969 has been a year of rising production for important mining and mineral processing sectors, among them asbestos, aluminum, oil and natural gas. Additions to sulphur and potash productive capacity have, however, increased the available supply of

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these minerals in a situation of world oversupply and downward pressure on prices. Declines in production of iron ore, primary steel, copper and nickel in 1969 are principally a result of protracted work stoppages due to strikes at the mines and mills of leading producers.

The major service-producing industries have continued to expand to meet widening requirements of an increasingly urban-oriented population. Growth has remained particularly strong in the community and personal services sector. Electric power generation has shown a further large increase, supported by new capacity following completion of several major hydro projects, most notably in Quebec and British Columbia.

#### EXPORTS

Canada's merchandise exports have increased by nearly 10 per cent in 1969, about in line with the growth in world production and trade. The annual value of Canadian exports is now just short of the \$15-billion mark, having more than doubled in the past six years.

An outstanding factor in export growth has been the continuing strong rise in exports of automotive products. Continuing rationalization of North American car production has advanced automotive exports to about \$3.5 billion in 1969. Imports of automotive products also have increased sharply, though somewhat less than exports. Canada's deficit in automotive trade is now at its lowest point in many years.

Higher foreign sales have been achieved in other manufactured lines including wearing apparel, industrial equipment and non-farm machinery. Exports of aircraft and aircraft parts, however, are lower than in the previous year.

Among Canada's forest and mineral products major increases have been achieved in exports of newsprint, woodpulp, aluminum and petroleum. Lumber and plywood exports rose sharply in the first half, but have slowed in later stages of the decline in residential building in the United States. Strikes in some of the principal mining and metal processing industries have been largely responsible for lower exports of iron ore, iron and steel products, copper and nickel.

Exports of agricultural products, other than grain, have increased moderately. Wheat and flour exports are down for the third consecutive year reflecting the substantial world over-supply and increased domestic production in importing countries. However, orders now in hand suggest that this downward trend will be reversed in 1970.

#### OVERSEAS MARKETS

Regionally, the outstanding feature of Canadian trade in 1969 has been the continuing strong growth in sales to the United States. Exports to this market are up 16 per cent in 1969 from the preceding year, notwithstanding the slowing pace of advance in the

United States economy. United States purchases from Canada have been increasing nearly twice as rapidly as their total imports and Canada's share of the U.S. import market is now higher than ever before.

In Britain, policies of restraint, including a temporary deposit scheme applied to imports, have had a slowing effect on British purchases. These restraints, together with scarcity of nickel and copper supplies, have led to a modest decline from last year's record level of sales to Britain. Commonwealth countries have about maintained their last year's level of purchases. Exports to Japan have gained with the continuation of Japan's economic boom. Sales to the European Economic Community were higher largely due to increases to France and Western Germany. On the other hand, exports to state-trading countries have declined primarily as a result of sharply lower purchases of wheat and wheat flour.

#### IMPORTS

Canadian imports have increased sharply in 1969 - more even than exports. The merchandise trade surplus has declined by about \$0.5 billion from the record \$1.2 billion achieved last year.

Meanwhile, current payments for non-merchandise services have risen faster than receipts, reflecting in large part a further sharp increase in Canadian tourist spending abroad. Thus, with a narrowing in the merchandise trade surplus, and a higher deficit in the service sector, Canada's deficit on all current transactions is well above last year's low figure but compares favorably with the performance over the past decade.

#### 1970 FORECAST

The Canadian economy enters the new year with considerable forward momentum. The underlying expansive thrust in the economy is reflected in the renewed growth of business capital spending in 1969 following two years of approximately level outlays. The realization of expansion programs in 1969 has been hampered by work stoppages but the delays encountered have added to the carry-over of work into the new year. A recent survey of capital-spending intentions indicates that large companies plan to spend 14 percent more on new capital facilities in 1970 than in the preceding year. Much of this increase is expected to take place in manufacturing, particularly metal refining, chemicals and a number of durable goods industries. In other major investment sectors spending increases are expected to be relatively moderate....

Meanwhile, indications of a continued upward trend of personal incomes will provide the basis for continued growth in consumer spending....

#### PRICE LEVELS

Between 1968 and 1969, industry selling prices in Canada rose 3.4 per cent, while consumer prices and



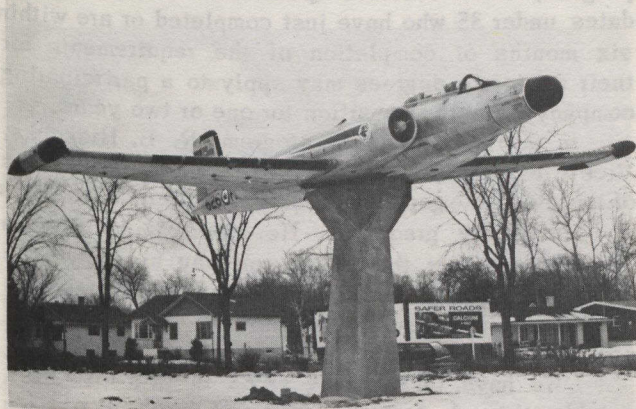
## THE OLD GIRL FLIES AGAIN

Poor old No. 626 used to be a picture of dejection squatting on her landing-gear, usually in a puddle of water.

Six years earlier the old *CF-100* had flown for the last time with Flight Lieutenant Len Bart at the controls and Flying Officer Hugh Stickles in the back seat. Then came the majestic retirement parade through the center of North Bay, Ontario on October 17, 1962.

The years, though, had taken their toll. There she sat — lonely, dirty, and blocking a new road. It looked like the end of the line for the old “clunker”.

But Manny Guervitch, Chairman of No. 404 Association Royal Canadian Air Force, dreamt of seeing No. 626 flying again. He enlisted the help of many organizations to build a memorial.



*CF-100 memorial in North Bay*

Colonel E.C.R. Likeness, Base Commander, CFB North Bay, was approached to see if his unit would assist in refurbishing the plane. The answer was yes.

Lieutenant G.R. Knight, Base Aircraft Maintenance Engineering Officer, was given the job of readying the aircraft so it could be mounted on a pedestal that would give the aircraft a slight bank, and present it in a climbing attitude.

Working on their spare time, the men of the Aircraft Maintenance Section completely gutted No. 626, removing all the components except those required to hold her together. They braced her at critical stress points and added ballast so that her center of gravity would be properly positioned. As a finishing touch, they repainted all the markings.

Then, at 5.30 one cold November morning, No. 626 was transported to Lee Park, North Bay, and a giant crane plucked her from a truck, and placed her atop a concrete pedestal.

Now, as you rise over the hump in the North Bay overpass, you can see old No. 626 resplendent in her markings and cutting a natural flying pose.

## THIRD ATTACK ON CIGARETTES

In releasing recently the third report of the Federal Government on the tar and nicotine content of Canadian cigarettes, the Minister of National Health and Welfare, Mr. John Munro, drew attention to the generally high levels of tar and nicotine in “premium-size” (100 millimetre) filter cigarettes and “king-size” plain (non-filter) cigarettes. “As groups, these long cigarettes have the highest levels of all,” the Minister said. If one does smoke them, he should never try to get his money’s worth by consuming them to an average butt length. This way he obtains an ‘extra’ dose of tar and nicotine. He should make a special effort to throw away an extra long butt.”

The Minister also noted that regular-size plain (non-filter) cigarettes tended to have fairly high tar and nicotine levels, only two of 16 brands of this type having tar levels below 20 milligrams and only three having nicotine levels below 1 milligram.

“King-size filter cigarettes showed the widest variations,” Mr. Munro commented. “They ranged from the lowest tar levels (10 milligrams) to well over 20 milligrams of tar per cigarette. As a rule, king-size cigarettes have tar and nicotine levels very close to the regular size plain cigarettes of the same name. However, king-size filter cigarettes of one name may have higher levels than regular size plain cigarettes of another name. One can never assume that filter cigarettes are automatically lower than non-filter cigarettes in tar and nicotine levels.”

Mr. Munro advised smokers that the tar level of a king-size filter cigarette might be higher than one would expect in comparison to the tar level of the same name. “A low tar level in a regular-size filter cigarette may lead smokers to believe that the king-size filter cigarette of that name would be correspondingly low in tar,” he said. “This is not always so, and one should judge each cigarette separately.”

The Minister also pointed out that almost all regular-size filter cigarettes and all compact-size filter cigarettes had tar levels below 20 milligrams.

The Government’s tar and nicotine studies are carried out at the University of Waterloo by Drs. W.F. Forbes and J.C. Robinson. The recently released study covers 91 different brands of cigarettes on sale during mid-1969.

### REDUCING THE POISON?

The report notes:

“...Smokers are reminded not to rely on the brand of cigarette as the only way to reduce the inhalation of cigarette smoke constituents into the lungs. In addition to nicotine and the tar, which contain cancer-producing and irritating chemicals, there are several toxic or irritating gases in cigarette smoke. About 4 per cent of the gases is carbon monoxide. These gases may not be reduced along with tar and nicotine levels. However, the smoker can



reduce his intake of all cigarette smoke constituents, gases, as well as tar and nicotine, by reducing the amount of smoke he inhales. This can be accomplished by: (1) lengthening the period between cigarettes; (2) lengthening the period between puffs; (3) not inhaling; (4) removing the cigarette from the mouth after each puff; (5) throwing away a very long butt. Tar and nicotine collect in the tobacco as the cigarette is smoked and the shorter the cigarette is puffed the more concentrated the tar and nicotine in the smoke become."

## MÉTIS MARINERS

When the 6,320-ton ice-breaker CCGS *Norman McLeod Rogers* slipped away from a Quebec City pier recently, and headed north on a buoy-laying voyage, her powerful diesel engines were being tended by two young men who, only a few years ago, would not have dreamt of leaving their homes in the heart of the Northwest Territories for a life on the sea.

Charles Blondin, 26, and Andrew Mandeville, 27, from Fort Resolution and Fort Franklin, NWT, are believed to be the first Métis (Canadians of mixed Indian and white parentage) to sail as junior engineers on an ocean-going vessel. When they boarded the *Norman McLeod Rogers*, they joined the increasing number of technicians from Canada's North who are contributing to the economic development of the region. Within five years both Blondin and Mandeville will be qualified as chief engineers.

The first steps of the two trainees away from their distant homes near Great Slave Lake began in schools run by the Department of Indian Affairs and Northern Development. After elementary education at Fort Franklin, Blondin continued his studies at the Sir John Franklin Vocational High School in Yellowknife, as did Mandeville, where both youths graduated with senior matriculation diplomas.

## EARLY TALENT NOTICED

Placement officers of the Department of Indian Affairs and Northern Development and guidance councillors at the Sir John Franklin Vocational High School noticed that both young men showed exceptional aptitude for mechanics and engineering, as a result of which they were chosen to receive training as marine engineers, an occupation of growing importance as the wealth along the rivers of the territories and Arctic shores is being uncovered.

In 1964, Indian Affairs personnel arranged with the Department of Transport to train northern residents as marine engineers for Coast Guard vessels. That year both Mandeville and Blondin got their sea legs aboard auxiliary vessels of the Royal Canadian Navy in Nova Scotia waters.

Subsequently, they attended the Fleet Engineering School at HMCS *Stadacona*, Halifax, N.S., joining a naval class in engine-room mechanics. Both Métis

placed in the first ten of a class of 24. In May 1965, they were assigned as oilers to Coast Guard ships sailing out of Quebec City. During the summer of 1969 Mandeville and Blondin, after gaining enough experience, wrote and passed their examinations in Quebec City to become 4th Class Marine Engineers and became rated as Technicians No. 1, or Junior Marine Engineers.

## INDUSTRIAL FELLOWSHIP PROGRAM

A program designed to encourage highly qualified science and engineering students in graduate schools to make careers in Canadian industry has been established by the National Research Council of Canada. Some 30 Canadian companies will participate in a newly-created Industrial Postdoctorate Fellowship program, which becomes operational in 1970. Candidates under 35 who have just completed or are within six months of completion of the requirements for their doctorate degrees may apply to a participating company for a staff position for one or two years.

In outlining the new program, R. B. Hiscocks, Vice-President (Scientific), described it as a means of narrowing the gap in outlook between industrialists and university graduates. He said: "Industrialists question whether the Ph. D. can pay his way in a particular organization. The young graduate questions the ability of industry to provide an intellectual challenge."

"We have taken some steps in this direction, notably through existing programs such as our Industrial Research Assistance Program, which has assisted in creating many new posts for Ph.D. graduates in industrial research and development. We intend to strengthen such programs, but additional measures are required and so we are introducing the Industrial Research Fellowships."

## OBJECT OF PROGRAM

Mr. Hiscocks said the object of awarding fellowships was to create in the universities a greater interest in careers in industry and to reduce the cost to industry of the relatively high starting salaries of graduates with doctorates.

The competition is open to Canadian citizens and landed immigrants having or anticipating a doctorate degree from a Canadian university, who have shown high scholastic achievement and demonstrated an interest in a career in industry.

Fellowships are awarded on a 12-month basis and there is provision for a renewal for a second 12 months. Salaries will be established in direct negotiation between the company and the candidate, but will not be less than a basic grant of \$7,200 provided by the NRC.

There will be two competitions annually for these awards.



## CANADIAN FURS - THE MINK

Today's symbol of elegance in furs was once the poor relation of the fur industry. In the early days, the traders who avidly sought beaver, otter and marten pelts accepted mink reluctantly; indeed, it was not until the present century that the outstanding qualities of this fur were recognized.

The mink, a member of the weasel family, has a long, slender body, a small head with short ears and a long, bushy tail. Its color ranges from light brown to near black. A white patch is often found on its throat and chest. The male, which weighs up to four pounds, is about twice the size of the female.

### TWO VARIETIES

There are two main types of this animal - the wild mink and the ranch-raised mink.

The wild variety is found in many countries, but the North American type is considered the most



A pearl male mink

valuable. The world's finest wild mink is found in the Canadian North, where the animal spends much of its time in and around water in search of food. Although it prefers a heavy diet of fish, it also eats birds, mice and other creatures.

Ranched mink are raised in many parts of the world. While the characteristics of wild mink fur may differ from area to area, ranched mink pelts are comparatively uniform throughout the world because they have all been developed from common stock, the North American wild mink.

Mink-farming originated in Eastern Canada about 1910 and developed steadily into the most important branch of fur-farming. By 1945, the mink industry had overtaken and passed the once dominant silver fox business, and it has not looked back since.

Originally all ranched mink, like the wild variety were brown or dark brown. But about 1936 the silver-blue, or platinum, was developed from dark-brown parents. This mutation was followed by others and today there are more than 200 natural colors of ranched mink.

The wide range of natural colors boosted the industry considerably, and the popularity of this fur increased rapidly, until today the value of the annual mink-pelt crop is far greater than the value of all the rest of the world's fur together.

Ranched mink account for almost two-thirds of Canada's fur-trade; over 1.5 million pelts are sold annually at Canadian fur auctions to international buyers. The Canada Mink Breeders Association is active in the sale of ranched mink pelts produced by its members. The pelts of finest quality are sold under the trade name "Canada Majestic".

(This article is one of a series on the Canadian fur industry and fur-bearing animals.)

## CHANGES IN COAST GUARD FLEET

Seven new ships are being added to the Canadian Coast Guard fleet and ten are being removed from active service in a twofold program of increasing the fleet's efficiency while reducing expenses.

The fleet's major activities include icebreaking to assist shipping and to prevent flooding in the St. Lawrence River, summer re-supply of Arctic settlements and government outposts, maintenance of navigational aids, and search-and-rescue operations.

Based at Dartmouth, Nova Scotia, are the new CCGS *Louis S. St-Laurent*, the world's largest and most powerful conventional icebreaker, and the *Provo Wallis*, a new lighthouse supply-and-buoy vessel. Also going to Dartmouth is the CCGS *Alert*, a large search-and-rescue cutter built at Lauzon, Quebec.

Three Dartmouth-based vessels will leave active service. The CCGS *Edward Cornwallis*, a light ice-breaking lighthouse-and-buoy tender built in 1949, will be held in reserve; the *Gannet* and the *Mink*, two northern supply vessels converted from British landing craft built more than 20 years ago, will be disposed of.

The new Gulf icebreaker CCGS *Norman McLeod Rogers* operates out of Quebec City. CCGS *C.D. Howe*, the Quebec-based vessel built in 1950 for the annual Arctic medical survey, is being disposed of since it is no longer needed by the Department of National Health and Welfare. The *Auk*, a northern supply vessel similar to the *Gannet*, which works out of Quebec, is also being disposed of.

CCGS *Robert Foulis*, a new workboat-and-buoy tender, is based at Saint John, New Brunswick, for service in the Saint John River. Canada's last lightship in active service, which was located near the



Lurcher Shoals off Saint John, has been placed in reserve as other types of navigational aids have made it no longer necessary.

CCGS *Bartlett*, a sister ship to the *Provo Wallis*, will be used for lighthouse supply-and-buoy-tending out of St. John's, Newfoundland. CCGS *Montmorency*, a lighthouse-and-buoy tender built in 1957, is being transferred from St. John's to Parry Sound, Ontario, to replace CCGS *C.P. Edwards*, a lighthouse supply-and-buoy vessel built in 1946, which will be disposed of.

Prescott, Ontario, will receive next year a light icebreaking lighthouse-and-buoy tender now under construction.

CCGS *Estevan*, a lighthouse-and-buoy tender built in 1912 and employed on the west coast, is being retired from service.

Five new shore-based lifeboats have been completed, three for service on the west coast and two for the east coast.

### WORLD FISHERIES MEET

Participation by the U.S.S.R. in a forthcoming Canadian fisheries conference has been confirmed by the Soviet Fisheries Minister, Alexander Ishkov. A paper entitled "Fishing Peculiarities of a Two-hulled Trawler" will be presented by engineer Jury Kadilnikov at the conference on Automation and Mechanization in the Fishing Industry, to be held in Montreal next month. Mr. Kadilnikov will be accompanied by a delegation of Soviet officials.

The conference is sponsored by the Federal-Provincial Atlantic Fisheries Committee made up of the deputy ministers responsible for fisheries in the Federal Government and the governments of Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.

### GREATER INTEREST ABROAD

The committee has sponsored other fisheries conferences on Atlantic offshore-fishing vessels, the Atlantic herring fishery, fish protein concentrate and fishing vessel construction materials. All have been international, but the conference on automation and mechanization is attracting more attention from the major fishing countries than any of the previous meetings; the U.S.S.R., for example, is taking an active part in the program for the first time. Japan has been represented at previous fisheries conferences in Canada, but this time its experts will present three papers on automation and electronics.

Britain's White Fish Authority will send representatives with information on the use of computers on stem trawlers, mechanization of gear handling on board, and marine fish farming. Dr. J. Scharfe, a well-known German fisheries engineer, will represent the Food and Agriculture Organization of the United

Nations with a paper on fishing-gear instrumentation and underwater control systems, and automation in the Polish fishing fleet will be discussed by a member of the Fisheries Research Institute from Godynia. The United States and West Germany also will be well represented by the authors of several technical papers.

### CANADA'S ECONOMY IN 1969 AND THE OUTLOOK FOR 1970

(Continued from P. 2)

the price component of the gross national product each rose by about 4.5 per cent. Similar inflationary conditions have been prevalent in other industrialized countries. However, a superior price performance is of crucial importance to Canada. Simply to hold even on prices with our competitors will not permit Canadian producers to capture the increased share of world markets necessary to employ Canada's rapidly growing labor force and absorb other available productive resources.

To some extent, price increases in Canada are a reflection of higher prices paid for imports and received for exports. It would not be practical for a trading nation such as Canada to try to insulate entirely its domestic price level from increases occurring in international product markets. It is critically important, however, to minimize price increases generated from within the domestic economy — increases resulting primarily from widespread pressures for income returns which are out of line with the overall productive performance of the economy.

In the past year productivity in Canadian industry has continued to improve. In manufacturing, output per person employed has been increasing at a rate close to the postwar average of 3.7 per cent. However, most income rate increases have exceeded the improvement in national productivity by a considerable margin, the inevitable consequence being upward cost pressures and rising prices. This internally-generated inflation constitutes a serious obstacle to trade and industrial growth and to better economic performance generally.

The Government is trying in every practical way to contain the rise in prices. In addition to the application of the necessary expenditure restraint and appropriate fiscal and monetary policies, the newly-created Prices and Incomes Commission is endeavoring to develop new approaches to supplement the traditional remedies for control of inflation.

For the Canadian economy the decade ahead holds great promise. In its sixth annual review the Economic Council of Canada demonstrates that Canadian potential for growth in the 1970s is no less impressive than that achieved in the 60s....