



CANADA

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## CANADA'S ECONOMY DURING 1961

The following review of the Canadian economy in 1961 was issued by Mr. George Hees, the Minister of Trade and Commerce, on December 29:

"As 1961 closes, forces are in motion which could bring a major reshaping of world trade patterns. Britain, Canada's major overseas customer, is now negotiating to enter the European Common Market. The ramifications of such an association would have far-reaching implications for virtually all trading nations. Canada, as a member of the Commonwealth and as a major world trader, is doubly affected. This new formative period in world trade relations comes upon us at a time of expanding economic activity in nearly all parts of the world.

"This favourable climate should help to foster outward-looking attitudes on the part of countries adapting to these new conditions. For Canada such a prospect poses the likelihood of considerable adjustment, but it also gives promise of new opportunities.

### DOMESTIC PROSPERITY

"Meanwhile, the pace of the economic expansion in Canada has accelerated in 1961. National output has increased sharply from the beginning to the end of the year. Industrial production has moved into new high ground and, on the basis of the latest figures, is running six per cent higher than a year ago. Higher operating levels in Canadian industries have meant more employment and increased incomes.

"The upward trend of total personal income has accelerated, and corporate profits have reversed

their previous decline and appear headed to new records. The labour market has strengthened. Over the course of the year, the growth of job opportunities has exceeded new job seekers, and unemployment has declined. By November, there were 18 per cent fewer jobless persons in Canada than in the same month a year ago.

"Economic developments in Canada in 1961 have occurred within the context of renewed cyclical expansion in North America, and continued growth in most overseas countries. More goods have moved across retail counters, and spending on consumer services has increased in line with the strengthening trend of personal incomes. A resurgence in sales of automobiles and other durable goods was evident in the latter part of the year. Following a period on inventory adjustment, businesses are again adding to stocks, though at a moderate rate. Business outlays on plant and equipment turned upward at about mid-year.

### BUILDING ACTIVITY

"In the field of residential house building, the easier terms under the National Housing Act, implemented last year, together with the greater availability of mortgage funds, have contributed to increased housing activity. Meanwhile, institutional and public construction has continued to expand. Special federal measures, which have helped to round out local public investment programmes, include the provision of financial assistance for such purposes as technical education, sewage projects, university residences,

and the extended municipal winter works programme.

"A key feature of the current economic expansion has been the strengthening in Canada's trade position. Exports have been increasing at a faster pace than imports, resulting in a further improvement in the merchandise trade balance. It is now evident that a trade surplus has been realized in 1961, compared with deficits of \$97 million in 1960, \$369 million in 1959, and \$713 million in 1956. On the other hand, Canada has been running an 'invisible' deficit in excess of \$1 billion annually. Therefore, the deficit on all current transactions, though less than last year, remains large.

#### EXPORT EXPANSION

"Much of the increase in exports this year reflects higher wheat shipments. At the same time, there has been an encouraging growth in exports of manufactured products. Despite lower sales abroad of farm implements and automotive products, total exports of manufactured goods, on the basis of figures available to date, are up about 10 per cent. In addition to large deliveries on aircraft orders, significant increases have occurred in such categories as industrial machinery, electrical apparatus, cotton products, and manufactured wood products. Industrial material exports were adversely affected early in the year by the economic slowdown in the United States economy. More recently, however, sales of mineral and forest products have been moving ahead in response to the upturn in factory output south of the border.

#### IMPORT LEVEL

"Imports are higher this year compared with last, but the increase is moderate in relation to the general expansion in activity. There has, in fact, been increased reliance upon domestic, as opposed to foreign, sources of supply in a number of fields, including automobiles, appliances, textiles, and iron and steel products. All in all, trade figures for 1961 show that Canadian producers are making headway to an encouraging degree in the further penetration of both home and foreign markets.

"New federal measures of a far-reaching character have been implemented to help Canadian producers extend their markets and expand production. Of major importance has been the change in exchange rate policy, resulting in a lower external value of the Canadian dollar. For the last six months, the Canadian dollar has been at a discount with the United States dollar, amounting, on average, to 3.3 per cent compared with an average premium of 3 per cent during 1960. In the prevailing conditions of intensive international competition, an exchange rate shift of this magnitude provides an important lift to the wide range of Canadian industries competing with foreign goods, both domestically and abroad.

"The new credit facilities available to capital goods exporters have brought an energetic response. Projects in eight countries, involving the possible sale of Canadian capital equipment, ag-

gregating \$82 million, are under active consideration, while five other proposals are being studied - a total of \$214 million.

#### TRADE CONFERENCES

"Throughout the past year, the Department of Trade and Commerce has made an all-out effort to bring to the Canadian businessman a greater awareness of opportunities in foreign markets, and also to help in the search for new avenues of economic production and development. To this end, the trade conference of late 1960 has been followed up by a series of provincial conferences, aimed at fostering, at the local level, the necessary sense of urgency in the drive for new markets.

"Other new measures contributing to business growth include the provision of guaranteed bank loans to small business; extension of the operations of the Industrial Development Bank; the provision, under income tax regulations, of accelerated depreciation for specified categories of capital outlays; and the establishment of new arrangements providing for increased attention to product design...."

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#### COAL IN 1960

Marketing problems resulting from high mining and transportation costs and ever-increasing competition from other sources of energy continued to plague Canada's coal-mining industry in 1960. A gain in exports took up part of the year's small increase in production, and government assistance made it possible for Canadian coal to compete with other fuels in markets where, without such aid, competition would have been impossible. Nevertheless, consumption was lower than in the previous year.

In 1959, recognizing the importance of the coal industry in the national economy, the Federal Government appointed a Royal Commission on Coal to investigate the industry's problems and make recommendations for their solution. The Commission's findings were published in September 1960, and it is generally hoped that its recommendations, when carried into effect, will bring an improvement.

#### PRODUCTION

A sign of possible recovery was the increase of 3.6 per cent that raised output from the 1959 level of 10.6 million tons to a 1960 total of more than 11 million. This left production still far below the 19.1 million tons obtained in 1950, but it was the first significant gain in 10 years. Furthermore, it occurred despite a general slackening in the expansion of Canada's economy.

The greatest interest in output was the 11.5 per cent gained by lignite, all of which was mined in Saskatchewan. The production of bituminous coal rose by 4.1 per cent. Subbituminous coal, mined solely in Alberta, decreased by 11.2 per cent.

Nova Scotia was the leading producer, 41.5 per cent of Canada's output coming from that province, Alberta produced 21.7 per cent, Saskatchewan 19.7 per cent, New Brunswick 9.3 per cent, and British Columbia and the Yukon Territory the remaining 7.8 per cent.

## NATIONAL HEALTH IN 1961

Strong support for a fitness and amateur sport programme; new legislation to combat the menace of "goofballs" and a stepped-up programme of measurement of atmospheric radioactivity were among the highlights of the 1961 activities of the Department of National Health and Welfare.

Significant as were these measures, it has been stated by Mr. J. Waldo Monteith, the Minister of National Health and Welfare, "the outstanding event of the past 12 months was the appointment of a Royal Commission on Health Services." This body was set up to make "a comprehensive study of Canada's national health requirement and the existing deficiencies in health care with a view to consideration of the establishment of a National Health Plan." Its chairman is Chief Justice Emmett Hall of Saskatchewan.

Continued progress was made in the medical stockpiling of the Emergency Health Services Division. It is expected that, by March 1963, the \$18-million project will be complete.

Awareness of the need for preparedness was a factor in the accelerated activity at the Canadian Civil Defence College at Amprior, Ontario, where 4,000 persons attended a variety of courses and conferences.

### INTERNATIONAL ACTIVITIES

Dr. Joseph W. Willard, Deputy Minister of Welfare, represented Canada on the Social Commission of the United Nations. Mr. John Macdonald, Assistant to the Deputy Minister of Welfare, served as an ad-

viser to the Canadian delegation to the forty-fifth session of the I.L.O. Canada was elected to the Executive Board of UNICEF.

Dr. Kingsley Kay, a senior scientific consultant of the Occupational Health Division, visited Malaya as adviser to the Malayan Government in setting up an industrial health service.

Dr. Morgan Martin, chief of the Mental Health Division, accepted an invitation to serve as a member of the World Health Organization's Expert Committee on Mental Health. He is the third Canadian ever to sit on this Committee.

Dr. Peter M. Bird became the first chief of the Radiation Protection Division. This division, as a result of the resumption of nuclear-weapon testing and the consequent increase in the levels of radioactive fallout, took steps to speed up reporting of atmospheric radiation levels.

The International Health Section completed a comprehensive questionnaire on health activities in Canada from 1957 to 1960, which was prepared for the World Health Organization. In 1961, a new record (166) was achieved in the number of health trainees who studied in Canada under various Canadian aid programmes.

On September 25, Parliament passed Bill C/131, entitled "The Fitness and Amateur Sport Act", an act designed to encourage, promote and develop fitness and amateur sport in Canada through a co-operative partnership among local, provincial and federal governments and fitness and amateur sport organizations.

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### B.C. AMATEUR FILM FESTIVAL

More than 100 amateur films are flooding into Vancouver from all parts of the world for one of the principal film events of 1962, the Vancouver International Amateur Film Festival. Entries have been assured from Japan, Greece, France, West Germany, Italy, Belgium, South Africa, New Zealand, Great Britain, the United States and Canada. A Russian entry will be the first such entry in any international amateur film festival.

The best films of this competition will be presented at public showings on three evenings in early March, at the new Vancouver civic theatre now under construction. The competition is being held under the patronage of the Union Internationale du Cinéma d'Amateurs, a member of the International Council for Films and Television (UNESCO). The Festival will be a showcase for the best amateur films and is designed to stimulate amateur film making in Canada.

#### PRIZES

Open to 16mm films of every kind, the contest features nine awards, in addition to certificates of merit, certificates of presentation and audience awards. The major award is an Eskimo carved-stone statuette and \$250.00. The form of the award was

determined after the Festival organizers had received a suggestion from Spain that it should represent an aspect of Canadian art. Gold, silver and bronze plaques will be awarded to second, third and fourth place films for overall excellence.

Guy Glover, executive producer of the National Film Board, has accepted an invitation to serve as a judge. At least two additional judges will be appointed.

The driving force behind the Festival is an amateur film maker who has made his own mark in other international festivals. Anthony Collins, formerly associated with the Grasshopper Group in England, combined his enthusiasm for film making with his interest in campanology to make "Ringers Required." This film won the trophy of the Association of Motion Picture Producers and Laboratories of Canada for the best amateur film in the Canadian Film Award competition of 1960. Among other honours, it also received an award at an international festival in Johannesburg. The Board of Management of the VIAFF has been drawn from the group which produced "Ringers Required". They are Anthony Collins, Director of the Festival; Mrs. Frances Bodie, Secretary for International Relations; Ronald Hyatt, Secretary of Film Entries; and Stanley Andrews, Director of Publicity.

## NEW ARCTIC BIRD SANCTUARIES

It was announced recently that six new migratory-bird sanctuaries had been established in the Western Arctic. Their combined area - 32,870 square miles - increases sixfold Canada's total of migratory refuges, which now cover 39,136 square miles. The Western Arctic sanctuaries have been set aside to protect waterfowl nesting grounds of continental significance.

Birds that nest in this region and range the American continent in their migratory flights include ducks, geese, swans, and shore birds. The sanctuaries, created by Order in Council under authority of the Migratory Birds Convention Act, are administered by the Canadian Wildlife Service.

Canada now has 108 migratory bird sanctuaries. The new ones are on Kendall Island, Anderson River, Cape Parry, Queen Maud Gulf, and Banks Island.

Protection of the northern nesting areas anticipates an even greater increase in mineral exploration that could adversely affect habitat. Changes in habitat could, in turn, seriously lower population levels of waterfowl, an important renewable resource with both aesthetic and economic values for many thousands of North Americans. Establishment of the sanctuaries does not prevent mineral exploration and development within their boundaries; it merely effects some measure of control on the activities of those carrying out exploratory or development work in the field.

The interests of Indians and Eskimos in sanctuaries north of the 60th Parallel will not be affected. Both will be permitted to trap fur-bearing animals and carry firearms in the sanctuaries, to take sea mammals and big game in season. Sled dogs will be permitted, though they will not be allowed to run at large when migratory birds are present.

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## "HERITAGE DE FRANCE" EXHIBIT

An outstanding exhibition of masterpieces of French painting of the seventeenth and eighteenth centuries, entitled "Heritage de France", opened at the National Gallery of Canada on January 5. It had previously been seen at the Montreal Museum of Fine Arts and the Musée de la Province de Québec. The exhibition will close on February 4.

### DIDACTIC FEATURE

A special feature is the comprehensive didactic exhibition covering all the major events of the period of painting represented. Photographs of Versailles, extracts from letters, diagrams highlighting the historical events and figures of the time, serve as an introduction to the exhibition itself.

One section of the didactic display is devoted to significant events taking place in New France during the seventeenth and eighteenth centuries, and includes photographs of Canadian art of those centuries. A complementary exhibition of prints of drawings of the same period is on display in the Department of Prints and Drawings, National Gallery.

## SALE OF FARM PRODUCTS

During the first nine months of 1961, farm cash income from the sale of farm products reached the all-time high of \$2,121.0 million. This estimate is 4.0 per cent above the figure of \$2,039.7 million for 1960, and 3.1 per cent higher than the previous record high of \$2,056.8 million established in 1959. These estimates include Canadian Wheat Board participation payments, net cash advances on farm-stored grain in Western Canada and deficiency payments made under the provisions of the Agricultural Stabilization Act. It should be emphasized that, in preparing these estimates, no allowance is made for costs incurred by farmers in the production of the items sold.

Major contributions to the increase in farm cash income between 1960 and 1961 were made by wheat, flaxseed, tobacco, cattle, calves, hogs, dairy products, poultry products and Canadian Wheat Board participation payments. Offsetting these gains, to some extent, were greatly reduced returns from potato sales, a substantial net repayment of cash advances on farm-stored grains in Western Canada, and some reduction in income from oats and barley.

With the exception of Prince Edward Island and New Brunswick, all provinces shared in the increase in cash income. In the case of the two Maritime Provinces, a substantial reduction in income from the sale of potatoes was almost entirely responsible for the declines from the high levels of 1960 of 18.2 per cent for Prince Edward Island and 11.0 per cent for New Brunswick. The gains recorded for the remaining provinces ranged from about 3 per cent in Ontario to 8.6 per cent in Nova Scotia.

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## CLOTHING MISSION TO EUROPE

A Canadian clothing trade mission to Europe will leave Ottawa on January 19, returning on February 9. Nine members of the industry have been invited to participate. The purpose of this mission, which is one of 22 scheduled for 1962, is to explore the market in the Netherlands, Sweden, West Germany, Switzerland and Belgium for men's, women's, and children's wear manufactured in Canada.

Mr. Hees, the Minister of Trade and Commerce, said that a survey undertaken by trade commissioners in the countries mentioned, following the Export Trade Promotion Conference in Ottawa last December, indicated that there was a good market for quality merchandise of this nature. Individual exporters had been encouraged by the measure of response to their sales efforts in Europe.

Trade commissioners have arranged meetings with members of the trade in their respective countries. These should enable members of the mission to familiarize themselves with the specific requirements of the various markets, including prices, quality and the months in which delivery of garments should be made. They will also be afforded opportunities to study the measure of competition that may be anticipated. When they return to

Canada, members of the mission will make available their observations to other manufacturers, either directly or through their trade associations.

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### CANADA AND EL SALVADOR

The Secretary of State for External Affairs, Mr. Howard Green, recently announced that the Government of Canada and the Government of El Salvador had agreed to establish diplomatic relations, and that Mr. Jean-Louis Delisle, the Canadian Ambassador resident in Costa Rica, had been appointed concurrently to El Salvador. Mr. Delisle will continue to reside in San José, making periodic visits to El Salvador in discharge of his duties as Ambassador to that country. He is also accredited to Honduras, Nicaragua and Panama.

With Mr. Delisle's appointment to San Salvador, Canada will have completed the establishment of diplomatic relations with all 20 Latin American Republics. El Salvador is the ninth Latin American country with which Canada has established relations during 1961, thus furthering the Canadian Government's expressed intention actively to promote closer ties with all nations of the Western Hemisphere.

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### WRITING AND PAINTING GRANTS

Thanks to a grant by the Canada Council, a representative collection of Canadian books will go on display in what the *Sunday Times* has called "the world's number one book shop". Mr. H.E. Heinemann, Montreal bookseller, was awarded \$3,500 to enable him to accept an invitation to exhibit at the Frankfurt Book Fair in September 1962. Mr. Heinemann will organize a collection of some 300 - 350 of the best works printed in Canada in recent years, to be shown in the new Hall of Nations. Canadian publishers represented by the Book Publishers' Association and the Association des Editeurs Canadiens have expressed their support of the proposed exhibition.

The grant to Mr. Heinemann was one of several awards for writing and painting announced recently. A sum of \$7,000 was voted to *Les Ecrits du Canada Français*, a Montreal publisher of new writing in French. Since 1954 this organization has issued ten volumes of essays, short stories, poetry and drama. Several young writers who first appeared in this series have since been published in Paris.

### LIBRARY WEEK

A grant of \$8,000 was approved for Canadian Library Week to be held in April 1962. Library Week has for several years provided valuable publicity material, particularly for the smaller institutions in Canada, and helped to stimulate a general interest in the work of Canadian libraries.

A final grant of \$5,000 was made to the York Regional Library Committee, Fredericton, New Brunswick, to enable it to continue operating a regional

library and bookmobile in York County. The project was established on an experimental basis in 1958.

The Canadian Writers' Foundation was awarded a grant of \$10,000.

### ART AWARDS

The noted British sculptor, Lynn Chadwick, will visit Toronto early in 1962 to work with Canadian artists and art students. Mr. Chadwick will have a studio at the Ontario College of Art, where he will act as artist in residence. A Council grant of \$2,000 to the College will help underwrite Mr. Chadwick's expenses.

The Edmonton Art Gallery will continue its programme of art instruction for children with a grant of \$1,700 from the Council. The latest grant to the gallery will help it purchase materials for instruction and audio-visual aids, and organize a summer school for gifted children.

Two publications on the arts in Canada will be assisted by the Council. A grant of \$5,000 to the University Press of New Brunswick will go toward the publishing costs of "The Arts in New Brunswick", a volume dealing with the historical development of painting, music, handicrafts, literature, etc. in that province. A history of Canadian art by Dr. Evan Turner, Director of the Montreal Museum of Fine Arts, will be published with the help of a grant of up to \$850 to the University of Western Ontario. The book will be one of 20 in the University's "Century of Canada" series, to be issued by the Macmillan Company of Canada.

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### ROYAL VISITS IN 1962

Prime Minister John G. Diefenbaker announced recently that Her Majesty Queen Elizabeth the Queen Mother had accepted the Government's invitation to pay a short visit to Canada in the first half of June 1962, and that, immediately following this visit, the Princess Royal would be in Canada as a guest of the Government for about a fortnight.

The Canadian Government has invited the Queen Mother to come to Canada principally to participate in the centennial celebrations in Montreal of the Royal Highland Regiment of Canada, the Black Watch, of which she has been Colonel-in-Chief for some 25 years. The ceremonies will take place from June 8 to 10, and will include presentation of new colours to the Regiment. Her Majesty will then come to Ottawa to stay with Governor-General and Madame Vanier. The detailed programme will be announced later.

### SECOND VISIT

Princess Mary's visit has been planned to enable her to present new colours to two Canadian regiments of which she is Colonel-in-Chief. The Royal Regiment of Canada will receive its new colours from Her Royal Highness in Toronto over the weekend of June 16; the following weekend she will be in Victoria to present new colours to the Canadian Scottish Regiment (Princess Mary's Own). The Princess Royal has also accepted an invitation

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to be made an Honorary Bencher of the Law Society of Upper Canada. The detailed programme for Princess Mary has not yet been worked out, but, before she leaves Canada towards the end of June, it is expected that she will visit her other Canadian Regiment, the Royal Canadian Corps of Signals. Her Royal Highness has also accepted the invitation of the Governor General and Madame Vanier to visit them in Ottawa.

It is recalled that Prince Philip will also be in Canada in the spring of 1962 on a private visit, to attend the Second Commonwealth Study Conference, which is taking place between May 14 and June 6.

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### CANADA-U.S. TRADE TALKS

The seventh annual meeting of the Joint Canada-United States Committee on Trade and Economic Affairs is to be held in Ottawa on January 12 and 13. The Canadian members of the Committee are Mr. Howard Green, Secretary of State for External Affairs, Mr. Donald M. Fleming, Minister of Finance, Mr. George Hees, Minister of Trade and Commerce, and Mr. Alvin Hamilton, Minister of Agriculture.

The United States will be represented by Mr. C. Douglas Dillon, Secretary of the Treasury, Mr. Stewart Udall, Secretary of the Interior, Mr. Orville L. Freeman, Secretary of Agriculture, Mr. Luther H. Hodges, Secretary of Commerce and Mr. George W. Ball, Under-Secretary of State.

This will be a regular meeting of the Committee, for the purpose of discussing trade and economic matters of mutual interest to the two countries. The last was held in Washington on March 13 and 14, 1961.

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### ENGINEERS AND SCIENTISTS

Who employs Canadian engineers and scientists? In what kinds of work are they engaged? How much do they earn and how do these earnings vary by specialization and experience? These and other questions are dealt with in a report entitled "Engineering and Scientific Manpower Resources in Canada: Their Employment, Earnings and Salary Rates, 1960-61" recently released by Mr. Michael Starr, Minister of Labour.

This bulletin, the tenth in the Professional Manpower Series published by the Department, is the

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third that presents statistics on the employment and professional income of engineers and scientists. Similar reports were issued for the years 1957 and 1959.

The statistics in the report are based on replies received from some 15,000 respondents in a representative sample of Canadian engineers and scientists surveyed early in 1961. Engineers constituted about two-thirds of the total replying and scientists the remaining one-third.

Four out of five of the engineers who replied worked in private industry; 16 per cent in government; and three per cent in universities and secondary schools. Out of every 100 engineers, 46 had graduated from university from one to ten years ago; 30 from 11 to 20 years ago; 14 from 21 to 30 years ago; and the remainder more than 30 years ago. More than a quarter of the engineers were engaged in executive or administrative work, with the next two most commonly-found functions being design and production.

### FIGURES FOR SCIENTISTS

The pattern of employment for scientists was different in many respects from that of the engineers. Fewer than half (46 per cent) were employed in private industry; nearly a third worked at various levels of government; and the remainder were employed in universities or secondary schools. The largest group of scientists replying were employed in teaching (22 per cent) with an almost equal proportion (21 per cent) engaged in research and development work. About 18 per cent, most of whom had many years of experience, were engaged in administration, compared to 28 per cent among the engineers. The distribution by years since bachelor graduation followed much the same pattern as that for engineers.

The median earnings for all engineers in 1960 was \$8,500, and for all scientists \$7,500. The comparable figures for 1959 were \$8,250 and \$7,100. Medians for those with graduate degrees were higher than for the total group, \$9,050 for engineers in this category and \$8,550 for science graduates.

In 1960, the highest-paid engineering fields for those with bachelors' degrees were mining, metallurgy and geology, with median earnings of \$9,850, \$9,100 and \$8,750 respectively. In science, median earnings were highest at the bachelor-degree level for graduates in mathematics and physics, geology and chemistry, at \$9,000, \$8,650 and \$8,550 respectively.