



# Bulletin

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## THE CANADIAN ECONOMY

*The following excerpt is from a White Paper presented by Mr. E.J. Benson, Minister of Finance, to the House of Commons on October 16:*

In the course of the past two years, Canada has passed through a period of economic adjustment while still in the midst of the longest and strongest expansion in its history. During 1967, many of the adjustments taking place resembled that of a mild cyclical recession, but other expansionary forces more than offset these movements, and production, income and employment continued to rise. Some serious industrial disputes have occurred in 1968, but despite these it seems clear that a moderate acceleration of growth was established in the early months of this year.

### CYCLICAL DEVELOPMENTS

Business profits reached a peak early in 1966 and declined to a trough in the first quarter of 1967, recovering thereafter. Excess capacity emerged in some manufacturing industries. Strains developed in the markets for capital, beginning in 1966 and persisting, in varying degree, throughout 1967 and early 1968. In response to these developments, business expenditures on plant and equipment first levelled off and then turned down; the trough was reached in late 1967 and an improved first-quarter 1968 level appeared. This renewed expansion was maintained in the second quarter. The business inventory pattern has also followed a characteristic cyclical form. Accumulation rose to peak rates in mid-1966, after which it fell back. In early 1967 only nominal accumulation occurred, but a third-quarter pickup was followed by a very substantial swing to actual decline in the fourth. Inventories may now have com-

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pleted their cyclical correction, and seem likely to resume a normal growth pattern in coming months.

In the personal sector, 1967 was a year of continued increase in both hourly earnings and the unemployment rate. This pattern has persisted in the first half of 1968. During 1967, wage settlements under collective bargaining produced a quarterly record of increases which, on the whole, exceeded gains made in the corresponding quarters of 1966. However, some signs of moderation appeared towards year-end and have persisted in the first and second quarters of 1968, although current gains are still excessive in relation to productivity. Throughout this period, consumers have continued to increase their spending at rates little changed from those of 1966. Price increases, however, particularly in consumer services, accelerated in 1967, except in the case of food prices. Some easing in the rate of advance took place in 1968, but it is not sufficiently strong to suggest that recent pressures have been completely checked.

### EXPANSIONARY FORCES

The mild recessionary pattern of 1967 described above was almost totally obscured by the continuation of a number of strong expansionary forces, including the special events of centennial year, particularly Expo. These special events contributed substantially to the maintenance of relatively high levels of employment and output, mainly in the service industries, during the second and third

quarters. Tourist expenditures in Canada by non-residents, included in the statistics relating to exports of services, expanded very sharply during the Expo period, while tourist expenditures by Canadians in Canada were also above normal levels.

Other sources of strength in 1967 which overshadowed the cyclical weaknesses were a strong merchandise export performance, the continued very large increases in expenditures by governments, and the recovery of residential construction from its 1966 levels. These demand factors were accompanied by further increases in employment, which arose partly from uninterrupted advances in the number of women at work, and partly from higher immigration. The growth in the labour force slowed significantly after mid-1967, reflecting the reduced rate of growth in non-farm employment which began to show at the end of the first quarter.

Developments in the first two quarters of 1968 have been dominated by the continued strength of these factors. Consumer expenditures and labour income both recorded substantial gains in this period, while exports of goods and services advanced at an exceptional rate. Government sector expenditures have continued to increase. In conjunction with the mild cyclical changes discussed above, these factors have thus led to fairly strong quarterly increases in the various national accounts income and expenditure totals. However, the employment increases accompanying this growth in output have fallen short of the rapid growth in the labour force. Accordingly, the seasonally-adjusted unemployment rate has risen, and in mid-1968 it was running at about five per cent of the labour force.

The Canadian economy at the present time, therefore, has the physical capability of continuing on a sustained period of growth. Having regard to the continued large increases in money incomes still occurring, current cost and price developments are of crucial importance. The price pressures generated by the 1965-66 boom, although lessening somewhat, have persisted throughout the period of adjustment. Accordingly, the extent to which sustained growth may occur must be viewed against the problem of price and cost stability....

### B.C. POWER PROJECT PROGRESS

Facilities for British Columbia Hydro's Peace River project have been tested successfully at 500,000 volts, the highest voltage ever produced in the province.

Work is nearly complete and final testings under way on all phases of the project required for initial operation of the generating-station.

The transformer-shaped central-control building, 100 feet high, and the 1968 stage of the switchyards on the southeast flank of the dam are virtually complete. A 500-foot shaft housing two high-speed elevators connects the building with the power-plant directly below.

Also nearing completion is the spillway on the west side of the dam. This concrete-lined chute, 100

feet wide and 2,300 feet long, will be used as a safety device for discharging peak flood-water.

A 500,000-volt transmission-line stretching 575 miles from the power project to the lower mainland is complete and the reservoir behind the W.A.C. Bennett Dam has reached an elevation of 2,060 feet above sea-level - 60 feet above the minimum level required for initial operation of the first three powerhouse units. The deepest point of the reservoir immediately behind the dam is now 430 feet.

Work is well advanced on installation of the fourth and fifth turbines, scheduled to go into service next year. The remaining five units will be brought into service later, one in 1971, two in 1972, and the last two as required. The ultimate generating capacity of Portage Mountain Generating Station with all ten units operating will be 2.3 million kilowatts, equal to the total of all British Columbia Hydro's present facilities.

Clearing for the second, 558-mile-long transmission-line for the Peace River project has been completed, except for a section south of Kelly Lake, near Clinton. Towers have been erected and conductor cable strung along most of the portion between Portage Mountain and Prince George. This line will be brought into service as far as Kelly Lake in 1969.

### WESTERN OIL WELL COMMEMORATED

The first well in Western Canada to yield crude oil in appreciable quantities was commemorated recently at Oil City, Waterton Lakes National Park, Alberta, as a national historic site by Mr. Jean Chrétien, the Minister of Indian Affairs and Northern Development.

In 1902 at Oil City, in what is now Waterton Lakes National Park, the Rocky Mountain Development Company struck oil at a depth of 1,020 feet. Although this well remained in operation for only two years (the drilling-tools became embedded in it by gravel), its total production of 8,000 barrels encouraged other companies to seek drilling-sites in southern Alberta.

Previous attempts to obtain oil in Western Canada had been unsuccessful. Operations at Athabaska Landing from 1894 to 1896 were suspended because of crumbling shale and the thickness of overlying strata, and a project at Pelican Rapids was abandoned because natural gas escaping under pressure froze the oil on the drilling-tools.

The Historic Sites and Monuments Board of Canada declared the Oil City site of national historic significance because it encouraged prospectors who continued the search which led to the strike at Turner Valley in 1914. This strike opened up the oil and gas industry of Western Canada.

The first oil well in Canada to be declared a national historic site (1938), is located at Oil Springs, Ontario. It was dug by James M. Williams in 1858.

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Nearly 6,000 Red Cross blood donor clinics were held in Canada during 1967.

## FRANCE-CANADA A-PACT EXTENDED

Atomic Energy of Canada Limited and the French Commissariat à l'Énergie Atomique have announced agreement on the extension of their co-operation in the exchange of research and development information relating to nuclear-power reactors moderated by heavy water.

The agreement provides for the exchange of existing technical information in this field and such information as will be obtained during the next five years from AECL and the CEA. The parties will also assist each other in the development of nuclear-power systems of this type.

The exchange does not include full design details of specific nuclear-power stations such as the Douglas Point, Pickering and Gentilly nuclear power stations in Canada and of the EL-4 nuclear power station in France. The agreement does include the exchange of information of commercial value and, as a consequence, there is provision for a payment by the CEA to AECL to balance the difference in value of the initial exchange of technology.

Co-operation between AECL and the CEA dates from the Second World War, when French scientists worked in Canada along with British and Canadian scientists. The first heavy water for the early experiments was brought to Canada by the French.

Close ties have been maintained between the two organizations since that time, but the extent of technical co-operation was limited because the French concentrated primarily on the development of the gas-cooled type of nuclear-power system. However, with a growing interest of the CEA in heavy-water-moderated reactor systems with water coolant and an enlarged CEA development programme, particularly in materials research, the way is now open for expanded technical co-operation between AECL and the CEA, which will be of mutual benefit.

## UNESCO DELEGATES

Mr. Mitchell Sharp, Secretary of State for External Affairs, has announced that the Canadian delegation to the fifteenth session of the General Conference of the United Nations Educational, Scientific and Cultural Organization is led by Mr. Napoléon LeBland, Vice-Rector of Laval University and President of the Canadian National Commission for UNESCO. The two deputy heads are Mr. Graham McInnes, Canadian Permanent Delegate to UNESCO in Paris, and Mr. L.H. Bergstrom, Deputy Minister of Education of Saskatchewan.

This biennial conference taking place from October 15 to November 20 in Paris, the permanent site of the Organization, brings together representatives of 130 countries to discuss UNESCO's programme in the Organization's various areas of activity, such as education, natural science, social science and communications.

Other members of the Canadian delegation are: Mr. G.W. MacKenzie, Director, Inspection Services, Department of Education, Nova Scotia; Mr. J.R. Meredith, Assistant Superintendent, (Instructional

Services), Department of Education, British Columbia; Mrs. Madeleine Joubert, Director General, Canadian Institute for Adult Education; Dr. Georges Volkoff, Head, Department of Physics, University of British Columbia; Mr. Marc Adélar Tremblay, Professor of Anthropology, Laval University; Mr. Alphonse Ouimet, former President of the Canadian Broadcasting Corporation; Dr. William Rogers, Head, Department of French, Trinity College, University of Toronto; Mr. J.J. MacDonald, Dean of Science, St. Francis-Xavier, University of Nova Scotia; Mr. D.W. Bartlett, Secretary-General, Canadian National Commission for UNESCO.

Mr. W.W. Meldrum, Minister of Education of New Brunswick and Mr. F.W. Rowe, Minister of Education for Newfoundland, are accompanying the Canadian delegation as observers as a result of the invitation extended by Mr. Sharp to the provinces. Several officers from the Department of External Affairs are attached to the delegation as advisers.

## WEATHER FILM WINS AWARD

The recently-released National Film Board colour film *In One Day*, the first ever made on the work of the Canadian weather service, has been awarded a prize at the recent International Film Festival in Rome.

*In One Day* won the trophy in the category films of technical and industrial information in the "Grand Prize of Cinematographic Technique", held in conjunction with the Electronic, Nuclear, Teleradio and Cinematographic Exhibition.

The 35-mm. documentary produced in English and French by the NFB in co-operation with the Department of Transport Meteorological Branch, is currently showing in theatres across Canada and will soon be widely available in 16 mm. for general public use.

The film will also be distributed to all Canadian diplomatic and trade posts abroad.

## NEW AIR-CUSHION CRAFT

A new type of air-cushion vehicle, the *Terraplane*, has undergone three weeks of engineering tests at Orleans, about ten miles east of Ottawa.

The tests were conducted for the Department of Transport at the Land Engineering Trials Establishment of the Department of National Defence. Designed and built by the French firm of Bertin & Cie, the *Terraplane* BC. 7 was obtained for the tests through the company's Canadian agent, Hoverwork Canada Limited.

The vehicle, which resembles a huge truck, rests on wheels but is equipped with air cushions that give it certain amphibious qualities.

Essentially a land conveyance, the *Terraplane* is designed for use over crudely-cleared or bulldozed tracts of land in all seasons or weather conditions. It can ford rivers, cross marshes and manoeuvre on sand, mud, ice and snow. The vehicle is capable of speeds up to 50 miles an hour on level ground. Its



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