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WEEK'S EVENTS IN REVIEW

BUDGET SPEECH: The Minister of Finance, Mr. Abbott, on Thursday, October 20, re-introduced into Parliament the 1949-50 Budget. In addition to the tax reductions and removals announced when the Budget was first introduced on March 22 the Minister proposed three new tax curtailments, as follows:-

- (1) Removal of the 8 per cent sales tax on fuel oils used for heating or lighting homes or in industry, but not including fuels used in internal combustion engines.
- (2) Reduction by one half, from 50 cents a gallon to 25 cents a gallon, in the present tax on cider and other wines containing less than 7 per cent of proof spirits.
- (3) Personal income tax credit of 10 per cent on common dividends to be extended to include all classes of shares, retroactive to January 1, 1949.

The Minister estimated, in the light of the further figures which had become available since March, that the nation's total expenditure for the year 1949-50 would be of the order of \$2,460,000,000. Even after taking into account the additional tax changes he believed, he said, that the budgetary surplus for the year will be fairly close to the \$87,000,000 which he forecast on March 22 last. He added:

"A budgetary surplus of this magnitude would mean, of course, a corresponding reduction in the net debt of Canada. That would bring the total reduction which we have been able to achieve in this and the preceding three fiscal years to about \$1,730 million. Of this achievement we have every right to be proud but, on the other hand, we have no right to be complacent, as under the assumptions made the total net debt of Canada on March 31 next would still amount to about \$11,690 million -- surely no inconsiderable burden for a nation of thirteen and a half million people."

Following are additional excerpts from the Minister's 7,000-word financial review:

"So far as one can see at the moment, the net effect of the recent world-wide realignment of currency rates does not require any significant revision in my estimate that the level of prices during the current fiscal year will not vary significantly from that of last year."

"Our policies should work in the direction of attempting to achieve a relative increase in our imports from non-dollar sources and an expansion of our exports to the United States. We should look to positive measures of this kind rather than to restrictive devices for the means to overcome our dollar difficulties and to achieve a better balance in our trade."

"In the United States market the Government of Canada had a strikingly successful flotation

SEVEN MONTHS OF HOME BUILDING: Nearly 10,000 more homes were built in Canada during the first seven months this year than in 1948, an estimated 46,326 units being completed as compared with 36,601 last year, the Bureau of Statistics reported on October 12. Starts were down slightly to 49,285 as compared with 49,452.

Completions were more numerous in all provinces in the first seven months of this year than last, Ontario leading with a total of 16,411 as against 13,810, followed by Quebec with 12,775 as against 9,755. Total for the Prairie Provinces was up to 8,704 compared with 5,628, British Columbia to 5,709 compared with 5,590, and the Maritimes 2,727 compared with 1,818.

The number under construction in Ontario at the end of July was 22,543 compared with 19,505 a year ago, followed by Quebec with 15,227 compared with 13,175, British Columbia 7,437 compared with 8,616, the Maritime Provinces 3,852 compared with 4,501, Alberta 5,105 compared with 4,637, Manitoba 2,751 compared with 3,069, and Saskatchewan 2,298 compared with 2,083.

FOREIGN TRADE IN AUGUST: The Bureau of Statistics stated on October 13 that Canada had a favourable balance on total world trade of \$41,900,000 in August, up sharply from \$12,800,000 for July and more than double last year's August balance of \$20,000,000. Largest since last December, the month's credit balance equalled the cumulative balance for the previous seven months, bringing the total for January-August to \$83,700,000, which compares with \$197,200,000 for the corresponding period of 1948 and \$121,600,000 for that of 1947.

Canadian purchases from the United States declined in August for the second successive month but were moderately higher than a year ago, while exports were substantially above July and only slightly above August last year. As a result, the trade deficit with the United States dropped to \$26,600,000 from \$54,200,000 in July but was above last year's August total of \$20,300,000, and the aggregate deficit for the eight months increased to \$389,100,000 as against \$277,100,000 in 1948. These figures compare with \$644,500,000 for the first eight months of 1947.

Trade with the United Kingdom in August yielded a credit balance of \$37,100,000 as compared with \$41,700,000 in July and \$27,900,000 in August last year. In spite of increases in the three months from June to August, the aggregate balance for the eight months this year was lower than last year at \$253,000,000 compared with \$276,000,000.

In trade with all other countries, Canada had an increased favourable balance of \$31,400,000 as compared with \$25,300,000 in July and \$12,400,000 a year earlier, the cumulative total for the eight months amounting to \$219,800,000 as against \$198,300,000 last year.

(C.W.B. October 21, 1949)

Total merchandise imports during August were valued at \$212,100,000 down nearly nine per cent from \$230,900,000 in July; but above the 1948 August total of \$206,500,000. For the eight months ended August imports amounted to \$1,852,400,000 as compared with \$1,701,700,000 last year, an increase of nine per cent.

August imports from the United States were up in value to \$143,600,000 in comparison with \$136,100,000 in August last year, but sharply down from this year's July and June figures. Purchases from the United Kingdom in the month increased moderately to \$26,200,000 compared with \$24,700,000 a year earlier, raising the total for the year to date to \$218,800,000 as compared to \$193,200,000 last year. Canadian purchases from Latin America dropped to \$15,287,000 from \$20,374,000 in August last year. Imports from Europe maintained the advance of the previous seven months, rising in the month to \$6,195,000 from \$4,660,000 and to \$57,200,000 from \$38,000,000 in the eight months.

By commodity groups, the largest increases over last year were again in iron and its products and the miscellaneous commodities group, while the non-metallic minerals group showed the largest decrease. (For August exports, see Canadian Weekly Bulletin Vol. 4, No. 48, P. 5).

EMPLOYMENT AT AUGUST 1: Employment in the major industrial divisions showed a slightly upward movement at the beginning of August as compared with a month earlier. The increase of 0.1 per cent in the working forces reported by 20,425 leading establishments, however, was considerably below the average for midsummer in the experience of the years since 1920, being also less than the gain indicated at August 1, 1948, the Bureau of Statistics reported.

Improvement was shown in all provinces except New Brunswick and Ontario. Industrially, there was expansion in mining, communications, transportation, construction and maintenance, hotels and restaurants and wholesale trade. The largest advance was that of four per cent in construction, in which the increase was less than usual for the time of year. The gain in mining resulted from the resumption of operations in asbestos fields in Quebec following the settlement of prolonged labour-management disputes. The trend was downward in retail trade, logging and manufacturing, the losses in retail stores and logging being seasonal in character.

"SATURDAY NIGHT" IN NEW FORMAT: On October 7, the Canadian weekly "Saturday Night" appeared for the first time in a new shape like that of "Maclean's" and the "Saturday Evening Post". Mr. B.K. Sandwell continues as editor-in-chief, assisted by three associate editors in special fields: Mr. P.M. Richards (Business), Mr. Michael Barkway (Ottawa), and Mr. Wilson Woodside (Foreign).

CANADA - DENMARK AGREEMENT: The Department of External Affairs announced on October 17 that Canada and Denmark have concluded an agreement modifying their visa requirements for temporary visitors.

Beginning October 15, Canadian citizens who are bona fide non-immigrants (visitors, not seeking employment or permanent residence) and who are in possession of valid Canadian passports may, without previously obtaining a Danish visa, visit Denmark for periods each not exceeding three consecutive months. However, visas are still required for entry into Greenland and the Faroe Islands.

Danish citizens, who are bona fide non-immigrants coming to Canada and who are in possession of valid Danish passports, will receive, from the Canadian Legation in Copenhagen, visas free of charge, valid for an unlimited number of entries to Canada during a period of twelve months from the date of issue of visas.

This agreement in no way exempts Canadians or Danish citizens from the necessity of complying with the Immigration and residence regulations of Denmark and Canada. In this connection it should be noted that a Canadian citizen must obtain special permission to re-enter Denmark within three months of his departure therefrom, if, in the six months period prior to his departure, he had visited Denmark for an aggregate period of three months.

Earlier this year Canada concluded similar arrangements with Switzerland and Sweden.

NATIONAL PARKS POPULAR: Of the million and a half persons who visited the National Parks of Canada up to the end of August this year, it is estimated that more than 23 per cent came from the United States and countries abroad. These figures are contained in a statement recently compiled by the National Parks Service, Department of Mines and Resources, Ottawa.

Much of the increase in the number of visitors is due to the recent expansion of facilities for recreation and accommodation in the Parks. Additional accommodation includes new hotels, bungalow cabins, camp-grounds and trailer parks. In the field of recreation, greater opportunities are being provided for outdoor enjoyment by the construction of bowling greens, outdoor swimming pools, children's playgrounds, and athletic fields and by improvements to bathing beaches, golf courses and tennis courts. A broad programme of highway and trail improvements in the Parks has also been carried out by the National Parks Service, in order to facilitate sight-seeing by motor-car, bicycle, saddle pony, and on foot. Re-stocking park waters with sport fish, and consistent use of modern methods employed in fish culture have assured good angling. Winter sports have been given new stimulus by the improvement of ski jumps, ski runs, and

ski tows. In Banff National Park, Alberta, the new chair-lift on Mount Norquay is proving a great attraction for both summer and winter visitors.

Extensive highway construction and improvements throughout Canada, particularly highways which lead to National Park areas, are regarded as important factors contributing to this year's increase in the number of park visitors.

FARM PRICES DOWN: Farm prices of agricultural products averaged lower in August than in the preceding month and August last year, according to index numbers compiled by the Bureau of Statistics. The decline in August continued the down-trend shown since the first of the year, but there was a slight rise over the annual average for 1948.

The all-Canada index number for August, on the base 1935-39=100, is estimated at 253.2 as compared with 253.7 in July and 263.9 in August last year, the high point for the index. It was 257.5 in January this year, and averaged 252.5 during 1948.

As compared with August last year, prices were lower for grains, dairy products and potatoes, relatively unchanged for livestock and slightly higher for poultry and eggs. Compared with the preceding month, August prices were lower for grains, livestock and dairy products and higher for potatoes, poultry and eggs.

CANADA - ARGENTINE AGREEMENT: The Department of External Affairs announced on October 17 that an agreement has been reached between Canada and the Argentine for the avoidance of double taxation on shipping profits.

Under the terms of this Agreement the Argentine Government undertakes not to tax Canadian concerns on the profits they earn by operating ships or aircraft to Argentina. Similarly Canada will exempt from income tax the revenue received by Argentine ships and aircraft carrying to and from Canada.

The Agreement is retroactive to January 1, 1946, and covers profits earned since that date.

MOTOR VEHICLE SALES: Sales of new motor vehicles and financing of sales of new and used motor vehicles in August were sharply higher than in the corresponding month last year. The sales, however, showed a steep decline as compared with the level of the previous five months. This August down-trend was apparent in 1947 and 1948 also, and can be traced largely to the shutting down of motor vehicle manufacturing plants during late July and early August for employee vacations, the Bureau of Statistics reports.

(C.W.B. October 21, 1949)

MR. PEARSON SPEAKS AT UN ON ARMAMENTS

FRENCH RESOLUTION: The Security Council on October 14 continued debate on the proposal for a census of armaments and armed forces of United Nations members, originally introduced by France and adopted by the Commission for Conventional Armaments on August 1, the UN Press Bureau reported.

At the Council's last meeting, on October 11, the representative of France presented a draft resolution, calling on the Security Council to approve the census proposals and to transmit them to the General Assembly.

The representative of the USSR then introduced a draft resolution by which the Security Council would recognize as essential the submission of information on atomic weapons as well. A revised text of this proposal was circulated on October 13. A French amendment to the Soviet proposal also was circulated on October 13.

MR. PEARSON SPEAKS

The Secretary of State for External Affairs, Mr. Pearson, speaking after Mr. Jean Chauvel, (France) said that the brief new Soviet proposal was apparently intended to be "disarming," at least in the sense that it was ingenuous and naive, continued the UN Press Bureau report. But the need for disarmament and security was no matter for propaganda or psychological warfare, he contended.

The Security Council had to recognize the need, not for "mere assurances," but for information which could be verified and substantiated, he declared; also that this information must itself be but a step toward effective disarmament and the effective organization of collective security for all.

During the 1930's, he recalled, humanity had learned the hard way that unenforceable promises by totalitarian powers were inadequate and often gave a false sense of security.

It was Canada's view, continued Mr. Pearson, that verification of information concerning armaments was essential, particularly in the case of information submitted by totalitarian regimes "not responsive to the internal checks of a free and informed public opinion."

He thought it significant that the "free democracies" represented in the Commission for Conventional Armaments had all approved the French arms census plan with the necessary

checks to substantiate the information presented. That the Soviet and Ukrainian representatives had opposed the plan was "disturbing, if not surprising," he observed.

This Soviet opposition, said Mr. Pearson, was one more reflection of a refusal to cooperate with the rest of the world community, "justified by an insistence on an outmoded and old-fashioned concept of unrestricted national sovereignty." Canada, he went on, favoured the fullest interchange of information on armaments and verification of such information.

As for the question of information on atomic weapons, Mr. Pearson said he considered that what was needed was a free pooling of substantiated information, and even of facilities and activities in this important field, as part of a co-operative international effort to control nuclear forces and ensure their use only for peaceful purposes as well as to ensure the effective prohibition of atomic weapons and their elimination from national armaments.

NATIONAL SOVEREIGNTY

The Canadian Government, he said, had long been prepared to accept the degree of international co-operation and the necessary limitations on national sovereignty which world security in this field required.

Mr. Pearson spoke of the current talks of the permanent members of the Atomic Energy Commission--Canada, China, France, the Soviet Union, the United Kingdom and the United States--on the subject of atomic energy. The results of these discussions would, he said, probably be made known soon to the General Assembly.

"It would not be wise, I think," said Mr. Pearson, "for the Security Council to try to by-pass these consultations by taking a hasty and patently inadequate decision."

Mr. Pearson supported the first French proposal, with its "carefully worked out system for the census and verification of national armaments and armed forces."

He could not support the Soviet proposal, which he considered "dangerously misleading and inadequate," Mr. Pearson said. He would, however, support the second French resolution which, he thought, amounted to a re-statement of the Soviet proposal in an improved form.

The Minister of Finance, Mr. Abbott, said pre-campaign reports from all sections of the country were uniformly encouraging. Every province has already reported new additions to the list of firms offering the payroll savings plan, he said, and there was evidence of increased interest on the part of the general public, as well.

"There is every reason to hope, not only

that more Canadians will invest in Canada Savings Bonds this year," Mr. Abbott said, "but that the average purchase may be higher. Past experience has shown that the savings habit is deeply rooted in our people and income tax reductions effective this year should mean that most wage earners will have a little more money available for saving."

Although no national objective has been set for the sale of Fourth Series bonds, the Minister added, it was natural in any human endeavour to regard past performances as a minimum for future attainment. Last year, sales on the payroll savings plan reached \$118 million -- the highest point since Canada Savings Bonds were introduced in 1946. Sales to the general public totalled \$121 million.

Series Four bonds will be available, as in the past, in denominations of \$50, \$100, \$500 and \$1,000, with a limit of \$1,000 placed on holdings of this series in any one name. Bonds, however, may be registered to this amount in the names of each adult and child in the family.

RCAF RESERVE EXERCISE: Air Marshal W.A. Curtis, Chief of the Air Staff, RCAF, and Air Vice Marshal C.P. Slemon, Air Officer Commanding Training Command, will be spectators at a joint US National Guard -- RCAF Reserve exercise in New York City on October 22, it has been announced by Air Force Headquarters, Ottawa. Called "Operation Metropolis", the Reserve exercise will include a simulated air attack upon the city and interceptor tactics by defending aircraft. RCAF Reserve units from Montreal are to take part.

The Exercise was organized after an exchange of letters between Air Marshal Curtis and General Hoyt S. Vandenberg, Chief of Staff of the USAF. Air Marshal Curtis has expressed keen interest in the exercise which is a forerunner to other similar exercises with American reserve forces.

ARCTIC EXPLORATION: A 4,000-mile voyage of exploration and study of island and mainland areas in Hudson and James Bays, Foxe Channel and Basin, and Roes Welcome Sound has been completed by a scientific party headed by T.H. Manning, of the Geographical Bureau, it was announced on October 17 by the Minister of Mines and Resources, Mr. Gibson.

During their three-month trip aboard the diesel-powered vessel, the "Nauja", the scientists studied the geography, animal and plant life, and geology of several unexplored islands in Foxe Basin.

These included Prince Charles and Air Force Islands, recently discovered about fifteen miles west of Wordie Bay, Baffin Island, by the R.C.A.F., the Spicers, sixty miles east of Melville Peninsula, discovered by Captain Spicer, a whaler, in 1880, and Rowley Island, in the northwest corner of the Basin.

The party left Moosonee, Ontario, early in July, and moved up the east coast of James Bay and through Hudson Bay and Foxe Basin. After their explorations on the islands, they went down the east coast of Melville Peninsula and through the Frozen Straits to Repulse Bay, one of the re-fueling points. From there they continued through Roes Welcome Sound and down the east coast of the District of Keewatin, calling at Chesterfield Inlet en route.

"The Nauja" also stopped at Marble Island in Hudson Bay, entering the harbour in which the Hudson Bay Company explorer, Captain James Knight, and the crew of two vessels under his command, died of scurvy and starvation in 1719-20. The Manning party saw twenty-four graves near the harbour which might have been those of some of the members of the ill-fated Knight expedition.

The islands in Foxe Basin were found to be largely composed of bare ridges of disintegrated limestone. All were very flat, although several granite hills rising to a height of 50 feet were noted on Air Force Island.

Owing to the scarcity of rock outcrops, few fossils were collected. Bear were unusually plentiful on all the islands, and lemming were numerous as were eider ducks and brant geese. Caribou were seen on Prince Charles Island, although there were none on the Spicers. There was no evidence that Eskimos had lived on the islands.

FINANCIAL STATEMENT: The Minister of Finance, Mr. Abbott, released on October 15 the regular monthly statement of the Comptroller of the Treasury covering revenues and expenditures for the Government of Canada for the month of September and the first six months of the current fiscal year.

Total revenues of the Government for the month of September amounted to \$174.0 million compared with \$199.6 million for the same month last year. Total revenues for the first six months of the current fiscal year amounted to \$1,240.6 million as against \$1,314.8 million in the same period last year.

The declines in revenues for the month again reflected the reductions in excise tax and personal income tax rates announced in the last budget. While revenue from these two sources declined there was a moderate increase in Corporation Income Tax. Excise Duties were higher for the month than for September, 1948, while Customs revenue remained unchanged.

Total expenditures for September were \$14.5 million higher, at \$189.4 million, than in September last year. Total expenditures for the first six months of the year were \$961.4 million compared with \$845.4 million in the same period last year.

Expenditures for September exceeded revenues by \$15.4 million. This resulted in a so-called budgetary surplus for the six months period of \$279.2 million compared with \$469.4 million in the first six months of last year.

CANADA SAVINGS BONDS: The Fourth Series of Canada Savings Bonds went on sale on October 17 through banks, investment dealers and other savings institutions in Canada's ten provinces. Simultaneously, canvasses were begun in more than 2,500 business and industrial establishments, where arrangements have been made for employees to purchase bonds by deductions from pay over a twelve month period.

This budgetary surplus does not take into account certain receipts and certain outlays for loans, advances and investments which are not revenues or expenditures in the true accounting sense. Total loans, advances and investments during the first six months of the current fiscal year aggregated \$110.7 million compared with \$129.5 million during the same period last year.

RAW FURS PRODUCTION: Production of raw furs in Canada in the 12 months ending June 30, 1948 had a value of \$32,233,000, showing an increase of \$5,883,000 over the preceding year, but a decline of \$11,638,000 from 1945-46. The number of pelts taken during the year was 7,952,146, wild life accounting for 7,209,120, and ranch-raised animals for the remaining 743,026. In the preceding year the total number of pelts was 7,486,914, the Bureau of Statistics reports.

In value, mink was in the lead at \$11,084,584, being 27 per cent more than in the preceding season. Muskrat was next in order at \$5,518,004 as against \$5,431,833, followed by beaver at \$4,382,241 compared with \$3,760,045, silver fox \$1,583,006 compared with \$2,080,668, squirrel \$1,577,887 compared with \$1,288,751, and ermine \$1,201,271 compared with \$844,589. Platinum fox had a value of \$660,147 against \$722,270, white fox \$616,210 against \$907,920, and marten \$415,898 against \$670,412.

Total value of all furs increased over the preceding 12 months in Ontario, the Prairie Provinces and the Northwest Territories, but declined in the Maritime Provinces, Quebec, British Columbia and Yukon Territory. Ontario was again in the lead with a total value of \$8,132,455, followed by Manitoba with \$6,105,926, Alberta \$5,313,956 and Saskatchewan \$3,500,945. British Columbia and the Northwest Territories were slightly less than \$2,000,000 each, all other provinces and the Yukon being well below the million dollar mark.

The export value of Canadian raw furs amounted to \$27,458,079, an increase of 11.4 per cent over the 1946-47 season. Mink again led with \$12,500,000, all fox pelts at \$3,600,000, and muskrat at \$3,100,000. Imports of undressed skins also increased being valued at \$19,877,868 as compared with \$15,235,092, Persian lamb skins were again the highest in value at \$8,300,000, muskrat pelts next at \$4,600,000.

WHEAT STOCKS: Stocks of Canadian wheat in store or in transit in North America at midnight on October 6 amounted to 174,853,900 bushels as compared with 162,961,000 on September 29 and 169,472,200 on the corresponding date last year.

H.M.C.S. "HAIDA" TO LABRADOR: The Canadian destroyer H.M.C.S. "Haida", commanded by Lt.-Cdr. E.T.G. Madgwick, R.C.N., of Ottawa, will team with four destroyers of the United States Navy in an amphibious assault exercise to be conducted by U.S. Atlantic Fleet units near Cape Porcupine, Labrador, later this month. Naval headquarters announced on October 18. The destroyers will exercise in screening convoys, anti-submarine warfare, scouting, and giving close gunfire support to the assault landing.

Five Canadian Army officers, headed by Brigadier H.A. Sparling, Deputy Chief of the General Staff, will observe the exercises.

The landing is scheduled for October 22, with the objective presumed to be an enemy held weather reporting station in the Arctic land mass, capable of being expanded into an emergency air strip.

Twenty-six ships will comprise the amphibious force, while a further 15 ships -- a cruiser, aircraft carrier, destroyers, minesweepers and other vessels -- will form a supporting force. In all, approximately 11,660 officers and men will participate in the exercise. Of this number, 8,530 will be naval and 3,130 Marine Corps personnel.

H.M.C.S. "Haida" trained with the other ships of the task force in the Chesapeake Bay area for more than two weeks prior to the departure for Labrador, October 13.

COAL PRODUCTION UP: Reversing the downward trend of previous months this year, production of coal in Canada was eight per cent higher in September than in the corresponding month last year, and was up two per cent in the first nine months of this year. Imports were down 56 per cent in the month and 30 per cent in the cumulative period.

According to preliminary figures, the all-Canada output in September amounted to 1,703,600 tons as compared with 1,578,500 a year earlier. During the nine-month period, 13,134,300 tons were produced as against 12,906,000 in the similar period last year. Imports were down to 1,772,500 tons in September compared with 3,982,300 a year ago, bringing total imports for the year to date to 16,264,900 tons against 23,219,100 in the same month last year.

U.S. PRESENTS HOSPITAL TO NEWFOUNDLAND:

The United States Senate, on October 17, passed and sent to the White House, a resolution authorizing presentation to the people of St. Lawrence, Nfld., of a hospital or dispensary, it was reported from Washington.

The institution would be in appreciation of the action of St. Lawrence people in saving lives of officers and men of the United States ships "Pollux" and "Truxton", wrecked near there in 1942.

NATIONAL DEFENCE DEPT. REPORT: The annual report of the Department of National Defence, tabled in the House of Commons, presents certain departures from the format and manner of the reports of previous years. A brighter make-up and treatment of material should prove more attractive to the reader than the traditional drab blue cover and statistic-studded text of the old report.

Departmental and tri-service activities are collated in the first thirty-four pages, followed by the usual reports of the three armed services. Sections on the Defence Research Board, Civil Defence, and the Industrial Defence Board complete the text. Contrary to usual practice, an attempt has been made to present, not only a recital of facts and figures, but an explanation of their relation to the defence policy of Canada. The text has photographs taken by the photographic bureau of the Services.

This report is intended to help to perform the function of informing Canadians about their country's defence, and thus strengthen that defence as only an informed public can do, the Department states.

MR. CLAXTON'S NEW YORK SPEECH: Following is an excerpt from the address of the Minister of National Defence, Mr. Claxton, to the Canadian Women's Club of New York, on October 15:

"...Because of Canada's close relationship with the United States and with Britain we have a very special interest in standardization of design because it is quite obvious that we would always fight with either one or other force and never alone. A major achievement of Canadian skill was the adoption of British design radar to North American standards. Much more must be done along similar lines if we are to take full advantage of our partnership.

"In the event of an emergency, Canada would be producing three or four times as many weapons as we would be using ourselves and it would be wasteful of time, effort and money if these were not produced on the same design as American weapons.

"Further, Canadian forces, as I have said, would never fight alone but always in close co-operation and in partnership with those of the British, American or other friendly forces. We have a list in Canada of all the weapons we are prepared to standardize to American designs. In fact, in some directions, it is almost true to say that greater progress has been made in standardization of weapons between our two countries than has been made between any two services in either country.

"By agreement with the United States, Canada recently announced that fighter planes of American design known as the F-86, the most modern kind, will be built in Canada for Canadian use. We hope that reverse arrangements along similar lines will be possible. Generally

speaking, it is not economical for us to make any items of major equipment just for our own use -- the run is too small. We must devote our productive capacity to those things which we can do best and exchange our surpluses for things we need and which you can make better.

"Last week at Washington the twelve Defence Ministers of the North Atlantic powers agreed that the principle of integration would guide their work together. In Canada we would like to see the principle of integration applied to defence production fairly, that is both ways.

"At present 'Buy American' legislation prohibits Canada selling military supplies to the United States for the use of the latter's armed forces. The true intent of the North Atlantic Security Pact is to integrate our forces. What we accomplished together in the Second World War shows the desirability of Canadian talents and resources being usefully exploited towards our joint security and, conversely, of our being able to avail ourselves of American skills and productive capacity. Canada is the only country that has paid the United States for everything we've got. We are the only country that is likely to pay for American defence equipment. It seems to us to make sense that we should not be prohibited from earning the money to pay cash for American goods. We believe that our mutual interests and our common cause require that the principle of integration be applied industrially on a two-way basis.

"It is not only in the field of military co-operation that we are working together for realistic results. The armed forces of any country must derive their strength directly from their country's economic life. If our two nations are to remain prosperous and at the same time support highly expensive defence forces, then we must have the same kind of economic co-operation between ourselves and other like-minded nations that we have found necessary on purely a military level...."

ATLANTIC PACT REPRESENTATIVE: Appointment of Air Vice Marshal H.L. Campbell, CBE, as accredited Canadian representative to the standing group of the Military Committee of the Atlantic Pact, was announced on October 20 by the Minister of National Defence, Mr. Claxton.

A/V/M Campbell will become head of the Canadian Joint Staffs in Washington and will be in charge of the Canadian Staff at Washington having to do with Atlantic Pact matters pertaining to Canada.

A veteran of twenty years' service in the R.C.A.F., 41 year old A/V/M Campbell is one of the youngest senior officers in the Royal Canadian Air Force.

A native of Salisbury, N.B., he graduated from the University of New Brunswick in 1930 with a Bachelor of Science degree.

(Continued from P.1)

in the latter part of August. To provide U.S. funds with which to redeem three called issues bearing our guarantee, two of the C.N.R. and one of the National Harbours Board, we offered \$100 million of our 2 3/4% bonds at a price of 100.25 to the public and the issue was immediately oversubscribed. To the best of my knowledge, this was the cheapest long-term borrowing ever done not merely by the Government of Canada but by any foreign government in the U.S. market."

"Plans are now under way for another set of multilateral trade negotiations during the course of next year, under the procedures established in the General Agreement on Tariffs and Trade. At that time we shall seek to negotiate further tariff reductions with the United States and with the other signatories of the Geneva Agreements."

"At an earlier point in my remarks I estimated that had no changes been made in the tax structure we had in effect last year, our total revenues for the current fiscal year would probably amount to about \$2,885 million. Our revised estimates of the loss of revenue occasioned by the tax changes I proposed last March indicate a total reduction of about \$376 million in a full year and of about \$335 million in the current fiscal year. The additional tax changes which I have proposed this evening are expected to cause a further revenue reduction of about \$11 million in a full year and about \$5 million in the current fiscal year. However, as I said a few minutes ago, even after taking into account the effect of the additional tax changes I have just announced, total revenues for the current year are likely to be maintained at a figure which, after deducting the total expenditures I have estimated, will produce a budgetary surplus very close to the \$87 million which I forecast last March."

COL. WRINCH TO WASHINGTON: Colonel A. E. Wrinch, CBE, 41, of Ottawa, has been appointed Assistant Military Attaché and Chief of Staff to the Commander of the Canadian Army Staff in

Washington, D.C., according to an announcement on October 19 by the Minister of National Defence, Mr. Claxton. He takes over his new duties on December 15, succeeding Col. L.G. Clarke, CBE, who is now Director of Artillery at Army Headquarters here.

MR. HOWE'S MONTREAL ADDRESS: The following is an excerpt from an address delivered by the Minister of Trade and Commerce, Mr. Howe, to the Canadian Exporters' Association, at Montreal, on October 20:

"...The economic plight of Western Europe is acute enough, but the broader issues of security are even more fundamental. The political association of the countries of the North Atlantic community is the most tangible safeguard of the western world. These relationships are rendered unstable by the economic difficulties of postwar Europe. The danger has been that the countries of Europe might isolate themselves from us by means of exclusive bilateral trade deals and payments arrangements. Differences in price levels resulting from these techniques have already increased the difficulties of selling European goods in North America. Canada has been adversely affected by the growth of these protectionist trading arrangements in other parts of the world.

"Countries behind the Iron Curtain would undoubtedly view with great pleasure the disintegration of our western world into separate groups. Not only our prosperity, but our security, are at stake in avoiding this. We intend to avoid the international economic anarchy of the 1930's. Since the end of the war, Canada has taken a leading part in helping the world avoid these evils. Everybody knows that devil-my-neighbour is a game in which all the players get hurt and no one wins. The alternative is the adoption of joint international economic policies to overcome the problems. By maintaining unanimity of purpose and close working relations among the leading countries of the western world, our difficulties will be overcome...."