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A GOOD YEAR FOR CANADIAN OIL

Addressing the Independent Petroleum Association of Canada in Calgary on March 1, the Minister of Trade and Commerce, Mr. George Hees, described the National Oil Policy as an attempt to achieve "a series of target levels of production of oil and natural-gas liquids to reach approximately 800,000 barrels a day in 1963". He noted that the 1961 production target had been "an average of 640,000 barrels a day, with a level of not less than 625,000 barrels a day to be attained by mid-year". These aims, he went on, were to be achieved "by the increased use of Canadian oil in domestic markets west of the Ottawa Valley, and by some expansion of export sales, largely in existing markets which could be reached through established pipe-lines".

In answer to his own question as to what the record showed "a year later", Mr. Hees said:

"...Complete statistics covering 1961 production of oil in Canada are not yet available, but all the indications of the preliminary figures support my congratulating you on reaching both of the interim targets set for 1961. The record shows unmistakably that the target level of production of 625,000 barrels a day to be reached by mid-year was exceeded. There is good reason to believe final figures will confirm that the industry at least reached the production target of 640,000 barrels a day average for the year 1961. More important than the figures themselves are the real sense of achievement and renewed vitality which have permeated the industry over the past year.

"As a result of our co-operative effort, production of oil and natural gas liquids increased in 1961 by some 100,000 barrels a day, or by some 18 per cent

over the level of 1960. Approximately 70 per cent of the increase was marketed in the United States, the larger portion of the export gain going to the Puget Sound area of the West Coast. As a result, exports in 1961 were about equally distributed between this West Coast area, District V, and the northern tier of states ranging from Minnesota to New York and comprising parts of Districts I - IV. This growth in exports was greater than had been expected by the industry in its discussions with the National Energy Board late in 1960. The initial increase in exports undoubtedly reflects a response to the National Oil Policy. However, the increase would not have been so great nor so firmly rooted if it did not also reflect the general underlying vitality of the Canadian oil industry and its ability to compete in certain United States markets.

"It would appear there was a levelling-off in the rate of growth of exports in the last few months of 1961 and there are some indications that, apart from seasonal variations, our exports for the first six months of 1962 will not vary much from the level established during the last few months of 1961.

DOMESTIC CONSUMPTION

"Let me turn from exports, then, to what has been happening in our own consumption of Canadian crude. In contrast to the growth of exports, the increase in the use of domestic oil production in Canada was somewhat lower than had been anticipated, although this accounted for some 30 per cent of the increased production. Virtually all of this growth took place in the Province of Ontario. Crude and product demand

(Over)

in the Prairies in 1961 was lower than in 1960, while demand in British Columbia increased only slightly. This reflects unusually mild climatic conditions in these parts of Canada, and a relatively poor grain crop in the Prairies. The growth in the use of Canadian crude in Ontario reflects an increase in basic demand, but also a considerable reduction in imports of foreign crude and products and in the transfer of products refined in Montreal. During 1961, the importation of foreign crudes into Ontario, except for minor quantities used for specialty purposes, was completely eliminated. Direct imports of products were reduced by approximately 40 per cent, while transfers into the target area in Ontario were cut by over 5 per cent.

"At first sight, the increase in the use of Canadian crude in our domestic markets, even after some allowance is made for climatic and crop conditions, could be taken as somewhat disappointing. Because I am very conscious of the many difficult decisions which had to be made by many companies serving Eastern Canadian markets, decisions usually involving considerable cost, I want to congratulate those who made possible our achievements in this area of the programme. It is easy to underestimate the problems which are involved in switching supply-lines and making the marketing adjustments which are implicit in the National Oil Policy. Such a process involves modification of contracts, negotiation of new ones, and the planning and implementation of refining and marketing arrangements which call for substantial investment. It is difficult to single out any one feature of the efforts of the industry in this part of our programme, but one of the most important events in the national oil programme in 1961 was the firm commitment of refiners in Ontario for expansion totalling 55,000 barrels a day, at a cost of approximately \$40 million. These increases in capacity will come into effect partly in 1962, and in entirety, it is expected, by the late summer of 1963.

"This expansion in refinery capacity underlines the permanent nature of the policy of expanded use of Canadian crude in Eastern Canada. It also makes clear the willingness of the industry to go well beyond normal financial limits in implementing this policy because, in undertaking this programme before it would normally do so, the industry has incurred considerable cost in terms of reduced usefulness of existing refining facilities and supply-lines built to serve the old pattern. The Government of Canada appreciates the very high degree of co-operation which it has received from those concerned in the implementation of this part of the National Oil Policy.

MORE USE OF DOMESTIC CRUDE NEEDED

"However, the position is not one which allows any sense of self-satisfaction, and in 1962 we must look for a substantial further adjustment of the supply position in Ontario to bring the achievements of the industry more in line with the stated objectives of the National Oil Policy.

"The use of Canadian oil in our domestic markets cannot reach a satisfactory level without a major

effort in 1962 to substitute in the target areas products refined from Canadian crude for those manufactured from foreign crude. This applies whether the products of foreign crude are imported directly or indirectly or are refined in Canada from these crudes for subsequent transference into Ontario west of the Ottawa Valley. This is a task which can and must be carried out.

"I invite all those who participate in supplying and distributing products in Canada to make, forthwith, their maximum possible contribution to this most important part of the Government's oil programme.

"We have not set specific target figures of oil production in 1962 and unless it is absolutely necessary, they will not be introduced, so that what now appear to be unnecessary inflexibilities can be avoided. However, let me say emphatically that the Government remains determined to take any necessary measures to ensure that real progress is made in securing an expanded use of Canadian crude in Canada. I look for progress of an order which will substantially correct the contribution of this part of our programme to the total increase in oil production.

IMPORTS CONTINUE TO GROW

"...It is of some interest to note that imports of foreign crude into Eastern Canada increased in 1961 in spite of a reduced market in Ontario for crude or products from these sources. Crude-oil imports into Eastern Canada in 1961 increased by approximately 24,000 barrels a day, or 7 per cent. This increase was partially offset by a decline of some 8,000 barrels a day in products imports. There was thus a net increase in crude and product imports of some 16,000 barrels a day or 4 per cent. A major reason for this increase was the abnormally cold weather in the eastern part of Canada. While this quirk of the weather 'beclouded' the growth of the use of Canadian crude in the target area, the resulting continued high level of imports to Montreal and the Maritimes is at least consistent with our desire to achieve our target levels with the least possible disturbance to relations with the many countries with which Canada trades.

"On all accounts, it would appear that the Canadian oil and gas industry enjoyed an excellent year in 1961... There has not only been a substantial increase in oil production but there has been an even greater rate of growth in natural-gas production which, in the first nine months of 1961, increased by over 27 per cent. The Government's export policy on natural gas, predicated upon exporting gas surplus to Canadian requirements, in accordance with the National Energy Board Act, has been largely responsible for the increased activity in the Canadian gas-producing and related industries. The number of export licences granted in the last few years has effected an increase in exports from less than 11 billion cubic feet in 1956 to approximately 170 billion cubic feet in 1961, a fifteenfold increase. With the recent completion of major export projects, gas exports are expected to increase substantially, with exports in 1962 anticipated in the order of 380 billion cubic feet, or more than double the 1961 export volume..."

ESKIMO BUSINESS PROSPERS

Art has become such big business in Canada's Arctic that, for the first time, the white man is faced with competition from the Eskimo in ordinary trade. On the basis of earnings from the internationally-famous stone-block and seal-skin prints, Cape Dorset Eskimos have set up a co-operative to compete with the local Hudson's Bay Company store. And, following the white man's business practices a step further, the Eskimos have lured away the Hudson's Bay manager to make him boss of their own store.

The West Baffin Eskimo Co-operative is the second such organization to be formed in the North-west Territories, the other being at Port Burwell.

ART IS THE AIM

The West Baffin Co-operative is, however, singular in that its main purpose is the creation of art. During the last two years, the Eskimo prints that are now prized collectors' items throughout North America as well as in other parts of the world have brought in more than \$80,000 for the Eskimos - \$60,000 in 1960 alone. This year, another big sale is being planned and the Cape Dorset Eskimos are calling upon the volunteer services of experts to advise them. A Canadian Eskimo Art Committee is now being formed by the Eskimos and details are to be announced shortly.

The West Baffin Eskimo Co-operative, first in the Arctic to hire a white man as manager, now has about 75 members, representing approximately 95 per cent of the households in the Cape Dorset area. The expected volume of business in 1962 is \$16,000. This figure covers all 10 departments of the co-operative, although the largest single item of revenue is the print. Other categories covered include hunting, fishing and tourism. "The co-operative is set up in such a way as to meet all the needs of the Eskimo, both from the exporting and importing viewpoints," an official said recently. Members share profits equally.

Set up originally as the West Baffin Sports Fishing Co-operative Ltd., the group changed its name in October 1960, as a result of the print sales and a vastly increased volume of business.

The Cape Dorset Eskimos first got into the art business about 10 years ago, when soapstone and ivory carvings were shipped to the Canadian Handicrafts Guild, Montreal, by the Department of Northern Affairs. In 1957, they showed Area Administrator J.A. Houston what they could do with prints. The Hudson's Bay Company became interested, supplied the necessary materials and sold the finished products. The Department of Northern Affairs provided technical assistance and made a small heated building available.

It soon became obvious that more had to be done to develop the new art form. In the autumn of 1958, Houston travelled to Japan to study print-making techniques under Japanese experts.

By December 1959, the Eskimos were ready for the professional art market, and the entire production of graphics was flown south. A committee of persons experienced in fine arts volunteered assistance in determining quality, price and outlets. The net return from the first sale was \$20,000. The 1960 production was an even greater success, both in public estimation and in profit, bringing \$60,000 to the co-operative.

With the formation of the co-operative and its financial success, the Cape Dorset area experienced true community life for the first time. The Eskimos had a large bank account and they began talking about getting a store of their own. Many could vividly remember the 1920's when there were two stores competing in Cape Dorset until Hudson's Bay brought out the other. Last September, after lengthy discussions, the Eskimos built their own store and filled it with all the articles needed in an Arctic community.

JANUARY STRIKES AND LOCKOUTS

During January the number of workers involved in work stoppages was less than half the previous month's figure and the total loss in man-working-days was cut sharply, according to a preliminary summary of strikes and lockouts recently released by Mr. Michael Starr, the Minister of Labour.

There were 40 work stoppages in January, involving 9,174 workers and a total time loss of 85,420 man-days. In December there were 42 work stoppages involving 22,053 workers with a time loss of 139,390 man-days.

Twenty-two of the stoppages were in industries in Ontario, seven in British Columbia, three in Quebec, two each in Newfoundland and Alberta and one each in Nova Scotia, New Brunswick, and Manitoba. A single stoppage was in an industry under federal jurisdiction.

Nineteen of the January stoppages involved 100 or more workers. Of these, eight were over by the end of the month. Five work stoppages accounted for just over 55 per cent of the month's estimated time loss. These involved auto workers in Oakville, Ontario, hotel employees in Toronto, mine workers in Chapais, Quebec, transportation workers in various Ontario and Quebec centres, and workers in fur manufacturing in Montreal.

Analysis by industry of the month's stoppages shows 17 in manufacturing, nine in construction, six in transportation and utilities, four in trade and two each in mining and service.

On the basis of the number of non-agricultural wage and salary workers in Canada, it was calculated that the number of man-days lost in January represented 0.08 per cent of the estimated working time. In December the percentage was 0.13. The corresponding figure for January 1961 was 0.03.

DECEMBER INDUSTRIAL PRODUCTION

Canada's seasonally-adjusted index of industrial production (1949=100) rose 0.7 per cent in December 1961 to 180.5 from 179.3 in November. Increases of 1.4 per cent in the manufacturing index to 160.4 from 158.2, and 1 per cent in that for electric power and gas utilities to 325.5 from 321.8, offset a decrease of almost 3 per cent in the mining index to 276.5 from 284.8. The total index of industrial production in December was some 9 per cent above the level reached in the early months of 1961.

Featuring unusually large gains in December from the preceding month in foods and beverages (3 per cent), rubber (13 per cent) and textiles (9 per cent), the index for non-durable manufacturing rose to 165.1 from 161.5. More moderate increases were recorded for paper products, leather products, clothing and miscellaneous manufactures, while declines were posted in tobacco and petroleum products. The output of chemicals was unchanged.

In durable-goods manufacturing, a rise in lumber production that pushed the wood-products index up, together with a gain in the output of telecommunication equipment that raised the electrical-apparatus-and-supplies index, more than counterbalanced a decline in the transportation-equipment index that reflected reduced output of motor vehicles and parts. As a result the total durable-goods index rose to 154.9 from 154.4.

Production in metal mining and fuel mining was lower in December than November, while output in non-metal mining was higher. In metals, a large increase in iron ore was offset by decreases in uranium, nickel, copper and lead. In fuels, a gain in the natural-gas component, reflecting increased exports to the United States, was more than counterbalanced by a drop in crude-petroleum mining.

AUTHORITY FOR "HAM" MESSAGES

The Secretary of State for External Affairs, Mr. Howard Green, announced on February 27 that, through an exchange of notes that took place in San Jose on February 23, the Governments of Canada and Costa Rica had entered into an agreement to allow the amateur radio stations of Canada and Costa Rica to exchange messages or other communications from or to third parties, subject to the conditions set down in the notes. These conditions were that amateur stations not be paid any direct or indirect compensation, and that messages be of a technical or personal nature, and exchanged only when recourse to the public telecommunications service is not justified.

CURRENT PRACTICE

Canadian radio amateurs are at present authorized to communicate with radio amateurs throughout the world in compliance with the International Radio Regulations of the International Telecommunications Union and with the Radio Act and Regulations of Canada, provided that communications are made in plain language and limited to messages of a technical nature. Radio amateurs generally are not permitted to use their stations for communications on behalf of third parties. However, the International

Radio Regulations recognize that countries may conclude special agreements to permit amateurs of the countries concerned to exchange third-party communications. This will be the third agreement of this type to which Canada is signatory, the others being with the United States of America and with Venezuela. The Canadian Government is at present negotiating similar agreements with a number of other countries.

OPENING DATES FOR SEAWAY

Unless, in the opinion of the Seaway Authority, weather and ice conditions do not allow, navigation on the Seaway canals will open on the following dates: Welland Canal and Third Welland Canal - April 1, Sault Ste. Marie Canal - April 4; South Shore, Beauharnois and Iroquois Canals - April 15; Lachine and Comwall Canals - April 15.

The Authority is advised that the Saint Lawrence Seaway Development Corporation proposes to open the Wiley-Dondero Canal and ancillary locks on April 15.

PANEL TO ADVISE ON AIRPORT ART

Seven Canadians prominent in the field of fine arts will advise the Minister of Transport on works connected with the new terminal building for Toronto International Airport, the Minister of Transport announced recently. The seven are: Dr. E.R. Arthur, Director Emeritus, School of Architecture, University of Toronto; Dr. Charles F. Comfort, Director, National Gallery of Canada; Dr. Thomas Howarth, Director, School of Architecture, University of Toronto; John C. Parkin, of John B. Parkin Associates, consulting architects on the project; John A. Russell, Director, School of Architecture, University of Manitoba; Dr. Evan Turner, Director, Montreal Museum of Fine Arts; and William Withrow, Director, Toronto Art Gallery.

The panel will examine the consulting architects' proposals on such works as sculptures and murals, and make recommendations to the Minister.

FARM INCOME

Total farm net income in 1961, including changes in farm inventories of grains and livestock, is estimated at \$1,006.0 million, about 24 per cent below the revised estimate of \$1,319.6 million for 1960, and the lowest since 1957, when total farm net income was estimated at \$1,058.3 million.

Although farm operating expenses continued to rise, most of the decline in farm net income between 1960 and 1961 can be attributed to the reduction in the production of Prairie grain crops in 1961 and the consequent drop in the year-end inventories of grain on farms. This becomes quite evident when consideration is given to realized farm net income, which excludes the effects of inventory changes. In 1961, realized farm net income was estimated at \$1,313.2 million, \$10 million above the revised figure for 1960 and 2.4 per cent above the average of \$1,282.7 million for the five-year period 1956 to 1960.

Farm cash income, the most important component of farm net income, reached the all-time high of \$2,928.9 million in 1961, 2.4 per cent above the previous record of \$2,859.1 million in 1952, and 5.3 per cent higher than the \$2,781.5 million realized in 1960. Major contributions to the increase in farm cash income between 1960 and 1961 were higher returns from the sale of wheat, flaxseed, tobacco, cattle, calves, hogs, dairy and poultry products, and increased Canadian Wheat Board participation payments.

NEW CANADIAN TELESCOPE

Canada's newest and most advanced telescope, which had been four years in the making, went into operation recently at the astrophysical observatory, Victoria, British Columbia.

The 48-inch instrument, built in England by the firm of Grubb-Parsons, was designed by members of the Dominion Observatories Branch of the Department of Mines and Technical Survey. With its accessories, it is housed in its own domed building on Victoria's Observatory Hill, not far from the 42-year-old dome of the 73-inch telescope familiar to Victorians.

Like most large modern telescopes, the new instrument is of the reflecting type, especially suited for spectroscopic analysis, since the light from the stars does not pass through any glass but is reflected; and magnified, by concave and convex mirrors. It is the diameter of the principal mirror which determines the size of the telescope.

The cost of the telescope and building (without the spectroscope) is approximately \$700,000. Before calling for tenders on the instrument, Dominion Observatories scientists built an exact scale-model to test the mechanical setup.

ADVANTAGE OVER EARLIER TELESCOPE

Though smaller than its older brother, the new telescope has several important advantages, thanks to its unique design. The spectroscope, instead of being attached directly to the telescope, is housed in a separate room below the dome and is larger than that used with the older instrument. The balancing counterweight, an essential part of every large telescope, has been placed to the rear and below the instrument. This and other features make it possible for the telescope to be pointed at any part of the sky, leaving no "blind spots".

The new telescope will greatly increase the number and variety of observations that can be made by the staff of the Victoria astrophysical observatory, whose main task is the investigation of the physical properties of stars, chiefly by means of spectroscopic analysis. Such analysis also helps to determine the direction and velocity of star movements and the properties of interstellar space. The new instrument will also be used for direct photography and photoelectric photometry.

First on the list of jobs for the telescope is an investigation of the atmospheres of giant double stars.

"The installation of the new telescope," a spokesman for the Department said, "will not only meet research requirements, it will also help to broaden professional opportunities for Canada's astronomers, who have attained an enviable international reputation."

JET SERVICE TO WEST INDIES

In February, Trans-Canada Air Lines inaugurated DC-8 jetliner service to Trinidad and Barbados, bringing a new era of speed and comfort to travellers fleeing Canada's winter weather. The giant jets, carrying 99 economy-class passengers and 28 first-class passengers, will leave Toronto each Monday on a weekly schedule for the two Caribbean islands. There will be onward connections from most other major Canadian cities. They will make the 2,500-mile journey from Toronto to Barbados in less than five flying hours, and to Trinidad in less than six.

With the inauguration of this new service, TCA will be providing jet links between Canada and all the islands of the Caribbean it serves, except Antigua, where runway restrictions prevent jet service. The airline is providing twice weekly service to Antigua from Toronto and Montreal with 425-mile-an-hour turbo-prop Vanguards.

With the introduction of the DC-8 jets, TCA is continuing a tradition of service to the Caribbean that began December 1, 1948, with a weekly flight to Trinidad with 42-passenger "North Stars".

During 1949, the first full year of operation to Trinidad, TCA carried 832 passengers between Canada and the island's capital city, Port-of-Spain. In 1961, it carried more than 2,500 passengers. Scheduled service to Barbados began in 1949, and in 1950, the first full year of operation, 1,348 passengers made the air journey between Canada and this tropical island. In 1961, the airline carried almost 5,000 passengers between Canada and Bridgetown Barbados.

STUCHEN TO MALAYA

The Secretary of State for External Affairs recently announced that Mr. Philip Stuchen of the Department of Trade and Commerce was being sent to Malaya under the Colombo Plan to act as industrial development adviser to the Government of Malaya. He left Canada for Malaya on February 24 on a six-month assignment.

Mr. Stuchen is at present special adviser in the Economics Branch of the Department of Trade and Commerce in Ottawa. At the request of the Government of Malaya his services are being provided as part of Canada's technical assistance programme under the Colombo Plan. Among other duties, he will make a survey and advise the Government of Malaya on possible industries which might be economically established in that country.

