



# CANADIAN WEEKLY BULLETIN

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## WEEK'S EVENTS IN REVIEW

**UNITED NATIONS:** During the week, the Canadian delegation to the U.N. General Assembly took an active part in discussion of major issues. In the Political and Security Committee, Minister of Justice Ilesley, supporting a U.S. resolution for a Special Committee on Greece, pressed for urgent action to bring about adjustment between Greece and her northern neighbours. The Canadian delegation supported -- although "somewhat reluctantly" -- the report recommending Palestine partition. (P. 7-9)

The Palestine Committee has before it a Canadian resolution calling for the appointment of a sub-Committee which will:

1. Draw up a detailed plan for the government of Palestine under partition.
2. Put this plan in the form of a recommendation to the General Assembly.
3. Consider and recommend on the methods to be adopted to administer the Holy Land during the transition period in the light of Britain's announced intentions and of the obvious fact that policing will be necessary.

Mr. Creech Jones, U.K. Colonial Secretary, announced yesterday, that the British Government wished to make clear, beyond all doubt or ambiguity, that it would give up its mandate over Palestine and move out within a limited period. The U.K., Mr. Creech Jones added,

would not undertake the sole or even the major role in imposing a settlement in Palestine repugnant to either race.

**MEAT PACKING STRIKE:** Press reports today indicate possibility of an early settlement of the Canada-wide strike of some 14,000 packing house workers. Wilsil Ltd., one of the three Montreal companies affected by the strike, announced yesterday that it had reached an agreement with its employees independent of the Union (United Packing House Workers of America.) The agreement is reported to call for a 45-hour week and a general wage increase of ten cents an hour. Montreal's total of picket-line arrests climbed to 162 when another 11 workers defied an injunction restraining them from picketing the Wilsil and Canada Packers plants. Premier Douglas of Saskatchewan said yesterday that the provincial government would take over plants in Saskatchewan if the strike did not end by tomorrow. The P.E.I. Government took over a strike-bound Canada Packers plant in Charlottetown three weeks ago.

**TAXATION CHIEF RESIGNS:** The Prime Minister, Mr. Mackenzie King, announces that the Government has accepted, with regret, the resignation of Frank H. Brown as Deputy Minister of National Revenue (Taxation). Mr. Brown's resignation became effective October 15.

## DRAFT AIR LAW CHANGES

**ICAO CONVENTION:** International airline operators may soon find it simpler to finance the purchase of new aircraft as the result of a draft convention on air law drawn up by the International Civil Aviation Organization's Legal Committee at a meeting in Brussels. The meeting, which was attended by some 60 delegates and observers representing 29 nations and international organizations, prepared the final draft of a Convention on International Recognition of Rights in Aircraft, and also formulated the Legal Committee's work programme for the coming year.

The draft Convention will be presented to the ICAO Assembly next spring. Should it be adopted, it will settle certain contentious aspects of aircraft financing which have concerned legal experts for two decades. By international agreement, every signatory state will recognize rights of ownership, of mortgage, of hire-purchase and of conditional sale, and of lease for all foreign aircraft which fly into its territories.

The Convention when signed and ratified will fulfil the following objectives:

1. "It affords international air operators the largest possible measure of assistance, in order to enable them to arrange finance for purchase of aircraft.
2. "It provides for those financing the purchase of aircraft and spare parts, and others having rights therein, the best security which can be achieved whether the assets concerned are inside or outside the state or registry of the aircraft.
3. "It secures the rights of third parties in all states concerned.
4. "It involves a minimum of interference with national law and a minimum of trouble and expense for contracting states."

## LOSS OF S.S. "NOVADOC"

**INQUIRY COMMISSION'S REPORT:** Loss of the Canadian merchant vessel s.s. "Novadoc" with all 24 hands off the coast of Maine last March "must be considered due to an Act of God" according to the findings of the Formal Investigation undertaken by Mr. Justice W.F. Carroll of the Supreme Court of Nova Scotia and Judge in Admiralty for Nova Scotia. The report of the Court as released by C.P. Edwards, Deputy Minister of Transport, was signed by Mr. Justice Carroll as Commissioner and concurred in by the three assessors: Captain Rowland Forbes of Barrington, N.S.; Captain Robert A. Goudey of Yarmouth, N.S.; and Mr. A.S.J. Hall of Toronto, Ont.

The Formal Investigation carried out under the provisions of the Canada Shipping Act of 1934 reported that the hull and machinery of the s.s. "Novadoc" were in seaworthy condition, that the vessel was equipped with all necessary

fittings to ensure safety, and that the vessel was properly manned.

According to the report of the Formal Investigation, the ship was lost "during a very heavy gale of hurricane force with heavy seas running, and whether she sank or ran on a shoal, there was no control the Master could exercise and the loss must be considered due to an Act of God". The report further states that "the loss of the s.s. "Novadoc" was not caused or contributed by the wrongful act or default or negligence of her owners, charterers or any other persons".

When the s.s. "Novadoc" sailed from Deep Brook, N.S., on March 1 bound for New York with a cargo of 360 tons of crude gypsum, the winds were light and the weather fine according to the findings of the court. At 11.18 a.m. on March 2 storm warnings were broadcast by radio to all shipping. At 2:17 a.m. on March 3 when off the Coast of Maine the vessel sent out a message to the effect that one of the hatches had been stove in and that the vessel had shipped quite a bit of water and was running before the wind to keep it down. U.S. Coastguard vessels went to the rescue followed by diligent air and surface operations but no trace of the vessel or her crew was ever found.

**FARM PRICES INDEX:** Prices received by Canadian farmers for agricultural products at August 15 averaged higher than at the corresponding date in 1946, according to the Dominion Bureau of Statistics. The index number of prices received for all products, on the base 1935-1939=100, at 196.7, was nine points above the index number of 187.7 a year ago.

By provinces, considerable variation exists in comparison with August last year. The index numbers for Prince Edward Island, Nova Scotia and New Brunswick are lower than a year ago, due principally to marked declines in prices received for potatoes, poultry and eggs and fruits. The index numbers for all other provinces have registered increases from August last year. Higher prices for live stock and dairy products are chiefly responsible for the increases in the index for each of these provinces.

**ARMY FINGERPRINTS:** A statement has recently appeared in the Press to the effect that the Department of National Defence "Will Turn Over Fingerprints of War Veterans Suspected of Crime". The article further goes on to say that "Fingerprints of war veterans suspected of crime are being made available to the R.C.M.P. on request, National Defence Headquarters said today".

These statements are not factually correct and have arisen owing to a misunderstanding as to the true nature of the situation, a spokesman for the Department of National Defence said today.

In the past, requests from the Royal Canad-

ian Mounted Police for fingerprint records necessary to trace wanted personnel have occasionally been referred to the Canadian Armed Forces Identification Bureau, but not always have they been complied with. Nor has the future policy in this respect been definitely decided, although it is at present under discussion.

It is likely that the use of these files will be restricted to assistance in the following fields: amnesia victims, cases of mental derangement, unknown deceased, and proof of service cases. There is no intention on the part of the Department of National Defence to make these secret and confidential records generally available. These fingerprints were made to serve primarily to identify those killed in action. It is not considered that they should be made available as a means of identification for reasons other than those mentioned above.

**FARM INVESTMENT TOTALS BILLIONS:** Capital investment in Canadian farms in 1946 amounted to \$5,922,347,000, more than 38 per cent above the figure recorded by the 1941 census, according to the Quarterly Bulletin of Agricultural Statistics for April-June 1947. The investment includes land and buildings, implements and machinery--including motor trucks and automobiles--and livestock, including poultry and animals on fur farms.

The estimated value of farm capital in 1946 was almost seven per cent higher than the value for 1945, but nearly 78 per cent of it can be attributed to the enhanced value of land and buildings. Higher prices for livestock, which more than offset a decrease in numbers, and substantial purchases of farm implements during 1945 increased the value of both these components of farm capital in 1946.

**FINANCE DEPT. APPOINTMENTS:** At a Press Conference October 10, Finance Minister Abbott announced the appointment of three deputy ministers in the department, all from within the departmental ranks.

The appointments:

Kenneth W. Taylor, economic advisor and now chairman of the Prices Board, becomes deputy minister in charge of policy.

Robert B. Bryce, director of the economic division, becomes deputy minister in charge of finance.

Dr. A.K. Eaton, director of the taxation division, becomes deputy minister in charge of taxation.

**LEGION EDUCATION COURSES FOR ACTIVE ARMY:** Correspondence courses in a variety of lower and upper school subjects now are being offered free of charge to members of the Canadian Army Activa Forza by the Canadian Legion Educational Services. During the war years thousands of

servicemen studied under a similar Legion educational plan.

## LATE-SOWN CROPS, ROOTS, POTATOES

**SECOND ESTIMATE:** Canada's potato crop, this year will amount to 43.5 million hundredweight, down just under ten per cent from last year's revised estimate of approximately 48 million hundredweight, according to estimates released by the Dominion Bureau of Statistics. Both acreage and yield per acre have declined somewhat from last year, thus accounting for the drop in production. But the 1947 crop is still the fourth largest since 1934, with this year's average yield running three hundredweight per acre higher than the long-time average. Lower yields in the Maritimas this year are partly compensated for by increased production in Manitoba and Saskatchewan. Production in Ont. and Quebec has declined almost a million hundredweight in each province, while the outturn in British Columbia is down rather less than a quarter of a million.

Sugar beet production this year is estimated at 627,000 tons, with acreage and anticipated production down in all producing provinces compared with last year's results. Production in 1946 was placed at 733,500 tons. Unfavourable seeding conditions, particularly in Ontario, contributed largely to the reduction in acreage. Weather conditions were not of the best for beet development during the growing season and as a result anticipated yields per acre are lower than last year in three out of the four producing provinces. Manitoba alone is expected to exceed last year's yield per acre of sugar beets.

Production of shelled corn has suffered a sharp decline with an outturn of only 6.7 million bushels in prospect as against last year's outturn of 10.7 million bushels. Unseasonable weather and moisture conditions in Ontario during the normal seeding period caused a drastic reduction in the 1947 acreage devoted to corn for shelling in that province. Although the Ontario crop is unusually late, anticipated yields per acre are only 10 per cent below last year. Manitoba's crop of shelled corn, at 263,000 bushels, is only slightly below that of a year ago.

Lower yields per acre more than offset a slight increase in Canada's dry pea acreage and production is expected to reach only 1.8 million bushels compared with the 1946 crop of 2.2 million bushels. With yields per acre down only fractionally from last year the dry bean crop at 1.6 million bushels exceeds the 1946 crop by a small margin. The increased outturn is due chiefly to a higher seeded acreage in Ontario.

Fodder corn acreage is up slightly from last year, but anticipated production at 3.7 million tons is below the 1946 estimate of just under four million tons. The decline is largely attributable to unfavourable growing weather in the central provinces. Alfalfa

production is placed at 2.6 million tons, about 0.1 million tons below last year's output, a substantial decline in Ontario's crop of alfalfa being partially offset by gains in most other provinces.

As a result of lower acreages and yields the 1947 harvest of mixed grains had declined sharply from 53.0 million bushels last year to only 35.6 million bushels this year. Most of the reduction occurred in Ontario. With buckwheat acreage up substantially from 1946 levels the estimated production for 1947 stands at 5.8 million bushels as against last year's crop of 4.9 million.

Following are the estimates of this year's late-sown crops, roots and potatoes, figures for 1946 being in brackets: dry peas, 1,819,000 (2,233,000) bushels; dry beans, 1,611,600 (1,573,000) bushels; buckwheat, 5,797,000 (4,881,000) bushels; mixed grains, 35,588,000 (53,031,000) bushels; shelled corn, 6,709,000 (10,661,000) bushels; potatoes, 43,523,000 (47,963,000) cwt.; turnips, etc., 20,244,000 (26,997,000) cwt.; fodder corn, 3,697,000 (3,970,000) tons; alfalfa, 2,622,000 (2,732,000) tons; sugar beets, 627,000 (733,500) tons.

### ITALY'S FIRST MINISTER

**LETTER OF CREDENCE PRESENTED:** Count Carlo Fecia di Cossato October 10 presented to His Excellency the Governor General at Government House his Letter of Credence by which the Provisional Head of the Italian State accredits him as Envoy Extraordinary and Minister Plenipotentiary of the Republic of Italy in Canada.

The Secretary of State for External Affairs, Mr. St. Laurent was present at the ceremony. Howard Measures, Chief of Protocol, Department of External Affairs, presented Count di Cossato to the Governor General. Guy V. Beaudry, Assistant Protocol Officer, Department of External Affairs, was also present.

Count di Cossato has been in Ottawa since 1945 as Representative of Italy, with the personal rank of Consul General. He has served abroad in the diplomatic and consular service of Italy in Egypt, Turkey, France, Belgium, Greece and at the Holy See and has held important posts at the Italian Foreign Office in Rome.

The Minister of Italy was accompanied at the ceremony by the following members of the staff of the Italian Legation: Mario Majoli, First Secretary, Mr. Pietro Migone, Commercial Attache.

Presenting his letter of credence, Count Carlo di Cossato said:

Your Excellency:

I have the honour to present the Letter of Credence by which the Provisional Head of the Italian State accredits me as Envoy Extraordinary and Minister Plenipotentiary in Canada of the Republic of Italy.

I am honoured to be the first Minister of Italy in Ottawa and I shall do my utmost to

foster friendly relations between our two countries.

After many events which have caused hardship and suffering to her population, Italy desires once again to take her place as a free nation among the democratic peoples of the world. The new democratic Italy, which I have the honour to represent, is founded on the same principles as the noble Country of which I am the guest, love of peace and freedom and the desire to promote the welfare of the people.

It gives me great pleasure to recall that during the period of co-belligerency, units of the Italian Armed Forces fought side by side with the gallant Canadian Divisions, thus contributing, in conjunction with elements of our resistance forces, to the liberation of Italy.

My Country is grateful to Canada also for the aid so generously given at a time when the Italian people are in such dire need. This valuable help, necessary to the healing of our wounds, should lead the way to further development of commercial exchanges to the advantage of both Countries.

In assuming my duties I am looking forward with confidence to Your Excellency's kind support and to the co-operation of the Canadian Government.

The Governor General replied:

Mr. Minister:

It affords me great pleasure to receive in the name of His Majesty the King the Letter of Credence by which the Provisional Head of the Italian State accredits you as Envoy Extraordinary and Minister Plenipotentiary of Italy in Canada. I convey to you my best wishes on your appointment as the first Minister of Italy in Canada.

During your residence in Canada as Representative of Italy, I am sure you have found that the Canadian people are desirous of assisting the people of Italy in the realization of their aspirations for the development of democratic institutions. This ceremony today and a similar reception of the Canadian Minister by the Provisional Head of the Italian State on Monday next emphasize the renewal of our traditional friendship.

I thank you for your reference to the assistance which Canada has rendered towards the rehabilitation of Italy. I share your hope that this co-operation in the solving of post-war problems will help to establish a firm basis of amity and mutual interest between Canada and Italy.

In the discharge of the duties of your new mission, you may rely upon my cordial assistance and upon the co-operation of the Canadian Government.

**STORY OF 40,000 PARCELS:** More than 40,000 items of kit and personal belongings stored in Britain by Canadian servicemen before they went into action, have been shipped to Canada and returned to their rightful owners, military authorities said this week.

**FOREIGN FIELD POSSIBILITIES:** Outlets for the Canadian electrical manufacturing industry in the foreign field were discussed by M.W. Mackenzie, Deputy Minister of Trade and Commerce, in an address at Niagara Falls, Ont. Oct. 9. Mr. Mackenzie was speaking at a meeting of the Electrical Manufacturers Association.

There is probably no phase of Canada's industrial progress that presents such an amazing growth curve as that which depicts the increase in the last forty years in the total capacity of our waterpower installations, Mr. Mackenzie said. From 1900 on the total installed horsepower of our waterpower developments has been climbing with a rise that is both sharp and phenomenally consistent. I know of no other industry which shows such a continuous and, at the same time, such a well sustained record of expansion.

If anything else were needed to give to anyone who is not familiar with the field a vivid impression of the basic development that has already taken place, and of the potential resources available for further development, it is to be found in graphic and fascinating form in the map issued by our waterpower authorities, showing the location of the main water sites in Canada, both developed and undeveloped. Looking at a map of this kind the layman, of course, is not able to form any very useful opinions, but he certainly carries away the impression that we are still a long way from having reached the stage where we have to resign ourselves to a flattening out in the rate of new waterpower installations.

### THREEFOLD INCREASE IN 20 YEARS

The growth of the electrical manufacturing industry has, as a consequence, been similarly impressive, having increased threefold in the last 20 years its production and the employment that it provides. To me one of the most interesting phases of this growth, having regard to my own special interest in foreign trade, is that the industry is still primarily one which serves domestic requirements. Until 1941 the percentage of the industry's production exported was of the order of four to six per cent. Special wartime shipments inflated the statistics for the years '41 through '46, but to-day the comparable percentage is only between six and ten per cent. Here then is an industry which has been built up in Canada, which has come to be one of our key industries, and which, unlike many others, has not developed on an export demand. It has, however, in its development brought a substantial increase in its import demands, almost entirely from the United States, which is one of the contributing factors to the difficult problems that face us to-day.

What of the future for the industry? Undoubtedly, there will be a continuing increase in the development of Canadian waterpower resources and the consequent growth in the

domestic demand for the products of the electrical manufacturing industry, but it is doubtful, in my mind, whether this industry can achieve the expansion of which it is capable unless it has a greater participation in filling the needs of other countries, as well as the domestic demand in Canada.

It has been well and truly said that in most cases a prosperous export trade in manufactured goods can only be built as an addition to a substantial domestic business. Exceptions to this general rule there are, of course, -- more particularly in some of our semi-processed materials, such as base metals, abrasives and the like. But in the field of manufactured goods generally there are few industries that can prosper in the export business unless they are at the same time carrying on an important volume of domestic business. Yet very often it is that added volume of production resulting from an export demand which makes possible the greater savings and efficiency in production for the domestic market. Canada has in the electrical manufacturing industry a proven industrial machine and proven engineering skill, which is a match for that of any other country.

### HYDRO-ELECTRIC DEVELOPMENTS

Furthermore, we find to-day in nearly every country in the world a determination to press forward with the development of hydro electric resources. One hears the story from Latin America, from Europe, from the Middle East and the Far East -- in fact, in almost every country of the world, except those which are notably deficient in water, there is a determined effort being made towards the development of hydro electric resources. Canada, I suggest, can and must find ways of participating in these developments. It will be to our own interest, not only because of the potential supply from Canada of engineering skill, materials and equipment, but because we, with our specialized resources and inevitable dependence on international trade, are vitally concerned with the welfare of the rest of the world.

That brings me to the obvious question that must be in the minds of most of you -- that, while there can be little doubt of the demand for Canadian engineering skill, materials and equipment in various countries of the world, what good is the demand unless there can be found a means of payment for the goods and services supplied? Many of the biggest potential power developments are in countries which can only proceed with their plans if they can obtain extensive financial assistance. Unfortunately, that is true of most of them and they are all looking to the North American continent not only for the actual materials, but for the necessary credits.

How far can we go in that direction? I, for one, don't know. It would be a brave man who

would forecast the extent to which the North American continent could finance such projects. I am talking now not of the next two or three years, but of a longer period -- albeit a short period in the history of our development. Certainly, the forecasts that were made early in the war of production capabilities look very small in relation to what was actually accomplished, and we are probably capable of much greater production than we have yet dreamed of. You will note, however, that I have referred to the contribution that could be made by the North American continent because it is, I believe, crystal clear that there are severe limitations on how far Canada, proceeding alone, could go along such a course. These limitations arise not from the country's inability to balance overall exports and imports, and to provide a surplus for foreign capital investment, but because of the badly unbalanced position of our trade. Furthermore, I am not speaking particularly of credits or foreign investments made by the Government. From the point of view of the balance of payments of the country as a whole it does not matter whether a credit is extended or a foreign investment made from public or private resources.

#### UNBALANCED EXTERNAL TRADE

Our problem arises from the fact that we are to-day dependent upon the United States for some 75% of all the goods that we import, and for which we must pay in cash, while our exports are in large measure to countries which to-day are only able to buy from us because of the credits that we have extended -- credits that were granted more on broad policy grounds than on commercial considerations. That extension of credit was a very necessary step in the aftermath of war, but it obviously cannot continue for any protracted period; and, until the war-torn countries are once again in production, and through the operation of convertible currencies enabled to pay for their purchases from us -- or before we reach that situation, which I must say at the present time sounds like the millenium -- at least until we have achieved a better balance in our trade with the United States, we will be severely hampered in the contribution that we can make towards the development of the potential hydro-electric developments in the world.

This unbalanced position in our external trade is a matter of profound importance on Canada's whole economic position and upon our outlook for the future. The historic pattern of our trade shows a tremendous and increasing dependence on the United States for imports, and yet only a fairly steady, or if anything a falling off in the proportion of our total exports that that country takes from us. On the other side we have a serious diminution in our imports from the United Kingdom, and yet a reliance on the United Kingdom for a fairly constant proportion of an increasing volume of total exports.

Our commodity exports to the United States have never been as great as our imports from that country, and even in pre-war years the difference used to be of the order of one or two hundred millions. In the year 1929 it reached a pre-war peak of \$400,000,000. It was possible for this situation to develop because there was a lengthy period in which a well working system of multilateral payments made it unnecessary for Canada, or for any other country, to be greatly concerned with its bilateral trade balances. The free convertibility of currencies provided us with a ready means of squaring our accounts with all countries, regardless of the size of the balance in any one direction. Now that the multilateral system of payments has suffered a serious breakdown for the second time, or perhaps one should say for the third time in the last generation, Canada and all other countries that are engaged heavily in international trade are facing a difficult stage in their affairs. The balance of trade between pairs of countries -- that is, the bilateral balance -- has become a matter of first importance and will remain so until the mechanism of the multilateral system has once more been placed in good order. That in itself is a tremendous and complex task, requiring measures of many different kinds. It is a job that will require time, even under the best of circumstances.

But while that job is progressing it is, I believe, highly desirable that Canada's trade should be more widely diffused throughout the world, that our exporters should seek out new markets, and our importers new sources of supply. The Department of Trade and Commerce is doing what it can towards this end by such measures as the trade mission, headed by the Hon. Mr. MacKinnon, that is now in South Africa, by the strengthening of our Trade Commissioner offices throughout the world, and of our head office organization in Ottawa, and by such undertakings as the International Trade Fair, which we are sponsoring next year in Toronto. These and other activities are all part of our endeavour to strengthen Canada's foreign trading relationships, not only by stimulating exports but also by seeking out new sources of supply for materials that we must have in order to achieve a more desirable pattern in our foreign trade.

**SALMON FOR EXPORT:** Permits for the export to any destination of all varieties and forms of Pacific Coast Salmon (fresh, frozen, salted, smoked or canned) are being issued freely as of Wednesday, October 15, according to simultaneous announcements by the Export Permit Branch, Ottawa, and the Chief Supervisor of Fisheries, Vancouver. This action has been taken in view of the fact that the pack of canned salmon is now adequate to meet the requirements of the domestic market and the reduced requirements of the British Ministry of Food.

**GREEK BORDER COMMITTEE:** On a vote of 36 to 6, with ten abstentions, the Political and Security Committee of the U.N. Assembly adopted, Oct. 11, the United States resolution (as amended by France and the U.K.) for a Special Committee on the Northern Greek border. Canada voted for. The six voting against were: Byelorussia, Czechoslovakia, Poland, Ukraine, USSR and Yugoslavia.

A Soviet proposal was defeated by 40 to 6, with 11 abstentions.

Speaking on the U.S. resolution, Oct. 10, the Minister of Justice, Mr. Ilsley, said: The statements regrettably made in this Committee yesterday by the representatives of the Union of Soviet Socialist Republics and certain other governments indicating that they would neither participate in the establishment of the Special Committee nor co-operate with it after it has been established, make it all the more important to reflect carefully before we decide upon the composition of this Committee.

Now that we have agreed by a large majority to establish this Committee for the purpose of endeavouring to apply procedures of conciliation to the explosive situation which exists on the northern borders of Greece, and to supervise and facilitate the implementation of the resolution of the General Assembly, we must not be diverted from our purpose.

It was suggested yesterday in this Committee that our purpose might best be served by the exclusion of all permanent members of the Security Council from the Special Committee.

In this connection, a parallel was drawn between this Special Committee and the Committee which was sent by the General Assembly to Palestine to investigate and recommend solutions of the Palestine Problem.

#### URGENT ACTION REQUIRED

Surely we have now reached a point in the Greek case, in which it is not further investigation that is required, but action, urgent action, to conciliate and bring about adjustment in the relations between Greece and her northern neighbours.

In the present situation, which involves the maintenance of international peace and security, the permanent members of the Security Council bear a primary and special responsibility in trying to find a solution.

The representative of the United States said that "The United States was motivated by the desire to press as far as possible for conciliation among the permanent members".

The significant statement in our view is sufficient ground for asking that all the permanent members that are willing to serve should be members of this Special Committee and that the door should be left open to that permanent member which has expressed its intention not to co-operate in this effort, to serve as a member of the Committee as well.

Another important factor which must be

taken into account is that if this Special Committee is to be effective, it must have real prestige and authority and its composition must be such as to assure that this is the case. One cannot read Paragraphs 5 and 6 of the resolution without realizing how desirable it is that the Great Powers be represented on this Committee. Under Paragraph 5, Greece and her northern neighbours are called upon to carry out certain specific measures of co-operation in the settlement of their disputes and under Paragraph 6, the Special Committee is set up not wholly and not mainly to observe and report whether they do or not, but mainly to assist them in doing so. The Committee will have grave and high responsibilities. It may even recommend that a special session of the United Nations be convoked to deal with the situation, should it further deteriorate.

I would therefore urge that this Committee, after reflection, might accept as a basis for the composition of the Committee the view expressed by the United States.

Specifically my proposal is that the Special Committee shall consist of representatives of Australia, Brazil, China, France, Mexico, the Netherlands, Pakistan, the United Kingdom and the United States, seats being held open for Poland and the U. S. S. R.

**PALESTINE PARTITION SUPPORTED:** Speaking for the Canadian Delegation in the U.N. ad hoc Committee on Palestine, Oct. 14, Mr. Ilsley said: The report of the United Nations Special Committee on Palestine contains the considered judgment of a group of conscientious observers on a problem of world importance. The Canadian Delegation considers that it must express its views on the report, if for no other reason, because the lives and hopes of countless persons and the tranquility of great areas depend upon our ability to find satisfactory answers to the question before us.

#### WITHOUT COMMITMENTS

The Canadian Delegation has approached the Palestine question at this session of the Assembly without commitments. The Canadian representative on the Special Committee on Palestine was in no way bound by instructions from the Canadian Government and his freedom to use his own judgment and to reach independent conclusions was made known publicly at the time of his appointment. The Canadian Government appointed to this Committee a justice of the Supreme Court of Canada, Mr. Justice Rand, who was specially qualified to consider evidence and to form impartial judgments, and who, in addition, was known to bring no preconceptions or prejudices to the consideration of the Palestine problem.

The conclusions which the Canadian Government has reached in regard to the question of Palestine and which I now propose to outline

to the Committee are based on a careful consideration of the report as a whole, and the important discussion which has taken place in this Committee.

The Canadian Delegation agrees in principle with the eleven recommendations of the Committee which were unanimously approved and with the twelfth which was approved by a substantial majority. In particular, in our view, the Special Committee established beyond doubt the need to end as soon as practicable the mandate for Palestine, to grant independence in Palestine and to clear out rapidly by concerted international action the Assembly centres for displaced persons in Europe so as to relieve distress and create a better climate in which to carry out a final solution of the Palestine problem.

The discussion which has taken place in this Committee has, in our view, tended to confirm the principal argument given by a majority of the Committee in support of its proposal for partition with economic union. The report says:

"The basic premise underlying the partition proposal is that the claims to Palestine of the Arabs and Jews, both possessing validity, are irreconcilable, and that among all of the solutions advanced, partition will provide the most realistic and practicable settlement, and is the most likely to afford a workable basis for meeting in part the claims and national aspirations of both parties."

In the debate to which we have listened, strong arguments have been advanced in support of both Zionist and Arab positions, of the basis of geographical, historical, legal, social, ethnological and other considerations. These arguments lead in opposite directions rather than pointing the way to a mutually satisfactory adjustment.

There has been much discussion of the principle of self-determination and of the areas and groups to which this principle should apply, much debate on the character, the interpretation and the priority of commitments. While these considerations are of great importance and none of them can be ignored, we have come to the conclusion that the most important question for our consideration is what arrangement will best enable two peoples living within the confines of a restricted geographical area to avoid obstructing one another's development and most conduce to their welfare and freedom.

#### ACCEPT SOMEWHAT RELUCTANTLY

Our own experience predisposes us in favour of national unity in some form. In Canada we have had to work out a problem which while not analogous has points of resemblance to that which confronts the Committee for we ourselves are a nation of two peoples with two cultural traditions. During almost two centuries, both before and after the attainment of self-government in Canada, a number of solutions have been tried, including both partition and com-

plete union. Eventually we reached a satisfactory working arrangement in a federal state which is now 80 years old. Every year which passes confirms the wisdom of the decision we made and strengthens the interdependence and the mutual respect which made it possible. Confederation in Canada, was, however, based on agreement. The representative of Pakistan has said here that partition should not take place without consent but the question arises as to whether it is any better to try to maintain unity without consent. There is no evidence yet in anything we have seen or heard that both Arabs and Jews will accept accommodation within the framework of a single state. We maintain the hope, based on our own experience in federation, that they will some day find in federation a means of solving their problems. For the moment, however, we must accept the fact that they have emphatically rejected even the form of federation suggested in the minority report. In the circumstances we have been lead to accept, somewhat reluctantly, the majority proposals for partition as a basis for discussion.

Since the report of the United Nations Special Committee on Palestine was written, the problem has been greatly altered by the announcement by the mandatory power of its intention to withdraw from Palestine. This is a statement of serious import and we must take it into full account in making our decisions.

#### THREE URGENT PROBLEMS

Confronted with the situation which will arise when the mandatory power withdraws, we must, I think, consider urgently three problems.

First, how can we work out quickly and efficiently the details of the plan for Palestine which we are preparing to adopt?

Secondly, who will take over the responsibility for the administration of Palestine which the mandatory power proposes to surrender?

Thirdly, how shall we go about putting our decisions into effect in the absence of agreement by both Jews and Arabs to accept them?

In regard to the first of these questions, we share the views of other delegations that the partition scheme must be made workable if either political pacification or economic unity is to be achieved in Palestine. Therefore a sub-Committee should be set up without delay, as the United States Delegation has suggested, to work out the details of a scheme particularly in respect of boundaries for recommendation to the Committee and, if approved, the Assembly.

There remains to be considered the other two questions: the acceptance of responsibility for administration and the problem of implementation. Various suggestions have been put forward in the course of discussions in this Committee as regards possible measures for giving effect to a settlement in Palestine. In particular, we note that the United States has expressed its willingness to participate in a

United Nations programme for meeting economic and financial problems and the problem of internal law and order during the transition period. For the purpose of meeting the problem in internal law and order the United States Delegation has suggested the establishment of a special constabulary recruited on a voluntary basis by the United Nations.

#### SUGGESTION OF SPECIAL CONSTABULARY

From a preliminary examination of this proposal, we believe that such a scheme has possibilities which must certainly be explored. It should be recognized, however, that the authority of the United Nations over such a force must be established beyond doubt, while the basis of recruitment should be such that it will not further inflame either community in Palestine. To establish United Nations authority it may be necessary to explore the possible application of Chapter 12 of the Charter during the period of transition to independence.

The Security Council has also been mentioned as an appropriate organ which might be charged with the responsibilities of implementation since the immediate question involved would be that of safe-guarding peace and security.

It is to be hoped, however, that in spite of the uncompromising words which have been used in this committee, the executive functions of the Security Council will not have to be invoked. We must assume that the decision we make will be a collective and responsible one. Once that decision has been reached, all members of the United Nations will realize that precipitate action to challenge it in violation of the Charter would set in train events of serious and unpredictable consequence not only to Palestine, but also to the United Nations itself.

The problems raised by these questions concerning administration after the withdrawal of the mandatory power and the implementation of whatever plan we adopt should in our view be the subject of special and separate study by a second sub-Committee in which the five permanent members of the Security Council should be included. This sub-Committee would take into consideration, among other things, the suggestions regarding methods of implementation which have been made in the course of this debate.

In conclusion, I must reiterate with emphasis the view I have already expressed that only through compromise and accommodation can the people of Palestine hope to find the freedom and the control of their destinies which they so rightly and urgently desire. The United Nations, for its part, will have to be prepared collectively to support the decisions reached during this Assembly. Only in this way will it be possible to provide the conditions of stability which are necessary if Arabs and Jews are to be enabled eventually to find peace and understanding within the arrangement which is made.

**U.N. INFORMATION SERVICE:** Senator Norman Lambert of the Canadian delegation told the United Nations budget Committee Oct. 15 that his government approves the U.N. information service work but does not want it to be merely "a shot in the dark".

The Committee was considering an item of \$3,280,000 for the public information branch and most delegates seemed to think it too much.

Senator Lambert said it was too much or too little according to the value the branch was giving and what use was being made of the information. At the moment the Committee did not know.

He proposed that the secretary general review annually the use being made throughout the world of the information material supplied.

"With such information available the Assembly will be able to assess more accurately the character and size of the information program required", he said.

"The Canadian delegation has been guided by the view that the success of the U.N. will depend not only on its practical achievements but also on the degree to which its purposes and performance are understood and supported by an informed public opinion in each member state."

**QUESTION OF S.W. AFRICA:** The Fourth (Trusteeship) Committee of the U.N. Assembly Oct. 15 adopted a resolution, submitted by the India delegation, urging South Africa to present a trusteeship agreement for South West Africa in time for its consideration during the third regular session of the General Assembly.

A revised Danish proposal would have urged the South African Government to present such an agreement "at an early date" and would request the U.N. Secretary-General to report to the third regular session of the Assembly the results of that recommendation. Poland offered a further amendment to have the Assembly declare that it is the clear intention of Chapter 11 of the Charter that all former mandated territories be placed under trusteeship. This was carried by 21 to 19.

A roll call vote was taken on the paragraph of the Indian resolution proposing a time-limit. It carried by 27 to 23 with one abstention. Russia and the Slav group voted with the majority. Canada, the U.K. and U.S. voted with the minority.

The Indian resolution as a whole was then carried by 27 to 20, with four abstentions.

(S.W. Africa is a former German colony for which the Union of South Africa was given a League mandate after the first Great War. South Africa has maintained that there is no legal obligation to yield the mandate and that the people of South West Africa do not want a trusteeship, preferring to become a part of the union.)

**FIRST WAR LOAN "E" BONDS CALLED:** Repayment of the first issue of Canada's wartime bonds was set in motion when the Minister of Finance, Mr. Douglas Abbott, drew a card bearing the call letter "E" from among cards bearing all the call letters printed on First War Loan Bonds. This drawing means that First War Loan Bonds bearing the call letter "E" are called for payment on February 1, 1948.

At the time of the drawing in Mr. Abbott's office, the Minister of Finance recalled that great events had transpired since February 1, 1940 when the First War Loan Bonds were offered for sale. "At that time," said Mr. Abbott, "people were talking about the 'phony' war. Hitler's armies were facing the Allies across the Maginot Line and British troops were stationed along the Belgian Border but warfare was confined to skirmishing. It is interesting to note in the news of the day an announcement of the location of air training schools in Canada, and news of the expected arrival of two hundred flyers from England. The conjunction of the First War Loan with these events," added Mr. Abbott, "reminds us of the long road we have travelled since that time."

Under the terms of the issue, First War Loan Bonds dated February 1, 1940, were printed in five equal groups, each identified with a distinguishing 'call' letter. The terms of issue specified that one of these groups of bonds, representing twenty per cent of the issue, were to be redeemed on February 1 of each year from 1948 to 1952 inclusive. The selection of the groups for redemption was to be made by an annual drawing three months prior to the date of redemption. Total holdings of First War Loan Bonds of all series outstanding is two hundred and fifty million dollars.

In the presence of Graham Towers, Governor of the Bank of Canada; Dr. W.C. Clark, Deputy Minister of Finance, and G.E. Lowe, Executive Assistant to the Deputy Minister, who witnessed the drawing, Mr. Abbott emphasized that all owners of First War Loan Bonds bearing the call letter "E" should make arrangements to present them for redemption on February 1, 1948 since bonds so marked will not bear interest after this date.

**ACROSS CANADA IN 6 H. 52 M.:** A new Trans-Canada Air Lines North Star streaked across the Dominion October 13 from Vancouver to Montreal in six hours 52 minutes, lopping one hour and 48 minutes off the non-stop record for the 2,672-mile flight.

Among the 19 passengers on the test flight were Reconstruction Minister Howe and TCA President, H.J. Symington.

Officials reported the plane hit an average speed of 342 mph on the trip travelling at an altitude of between 20,000 and 23,000 feet. The plane never reached its top speed, believed to be nearly 360 mph, they said.

**WEEKLY SECURITY PRICE INDEXES:** The following are security price indexes of the Dominion Bureau of Statistics for the week ending Oct. 9, 1947, a week and month earlier:

Oct. 9    Oct. 2    Sept. 11  
 (Base, 1935-1939=100)

**INVESTORS' PRICE INDEX**

(100 Common Stocks....	104.8	104.5	104.0
74 Industrials.....	98.3	97.7	96.7
18 Utilities.....	117.4	118.2	117.8
8 Banks.....	124.9	125.5	130.4

**MINING STOCK PRICE INDEX**

(27 Stocks).....	87.0	88.6	86.5
23 Golds.....	78.9	80.6	79.2
4 Base Metals.....	100.9	102.0	98.5

**PENICILLIN FOR PAKISTAN:** An RCAF Dakota transport is on its way from London, England to Pakistan and India, carrying a shipment of penicillin for use in refugee camps, announces the Minister of National Defence, Mr. Brooke Claxton. The penicillin, which is the gift of the Canadian Red Cross to the two countries, was flown to the United Kingdom by a TCA aircraft, and transportation from there was arranged by the RCAF.

Also aboard the aircraft is Group Captain V.H. Patriarche, Senior Air Staff Officer in the United Kingdom, who will along the way conduct certain items of official business.

**MINES AND RESOURCES REORGANIZED:** The Department of Mines and Resources has been reorganized.

The three technical Branches of the Department - Mines and Geology; Lands, Parks and Forests; and Surveys and Engineering - are abolished and two other Branches established in their place.

W.B. Timm, who has been Director of the Mines and Geology Branch, becomes the Director of a new technical and research unit to be known as the Mines, Forests and Scientific Services Branch.

R.A. Gibson, who has been Director of the Lands, Parks and Forests Branch, will head a new unit designed to supervise all the developmental work carried on by the Department. It will be known as the Lands and Development Services Branch.

J.M. Wardle, heretofore Director of the Surveys and Engineering Branch, becomes associated directly with the Deputy Minister's Office as Director of Special Projects.

The re-alignment will rationalize the departmental structure placing all scientific or research activities in one branch; all departmental and construction duties in another. An immediate saving of \$80,000 per year is expected.