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WEEK'S EVENTS IN REVIEW

GEN. MCNAUGHTON ON ATOMIC CONTROL: The following is the partial text of the address delivered by Gen. A.G.L. McNaughton, Permanent Delegate of Canada to the United Nations, to the 44th Annual Dinner of St. Andrew's Society of Baltimore, on November 30:

"...Anxiety over the control of atomic energy has increasingly troubled the nations of the world during the four years which have passed since the first man-made nuclear explosion took place in the desert of New Mexico in July, 1945, when the first experimental atomic bomb was detonated with awe-inspiring results in most remarkable accord with the predictions and prior calculation of the physicists and engineers.

"Shortly thereafter, as you will recall, two atomic bombs were exploded over Japan and these had very immediate consequences in inducing the surrender of that country. Thus World War II ended with the atomic bomb established as a weapon which stood in a class by itself. Even the earlier models used at Hiroshima and Nagasaki represented a concentration of explosive power some 5,000 to 10,000 times greater than anything which could previously be carried in a single aircraft. By reason of continuing large-scale research, principally in the United States, it is only reasonable to expect that this factor has since been increased substantially.

"While these new atomic weapons have this vast power, yet they are only fully effective when used in a surprise attack on concentrated targets. It would not be efficient to use

atomic bombs against an army deployed in the field or against a naval force in open battle order. Atomic weapons do not therefore replace conventional armaments by land and sea and the usual vehicles and mechanisms of war continue in their relative importance. Atomic bombs are not an absolute weapon in the sense that their employment by themselves could be expected to win a war. They are a formidable power for destruction which is added to other existing measures, not a new weapon which replaces something else.

"The circumstances in which the effects of atomic bombs are to be most feared are when unsuspecting people are concentrated in great cities, when harbours are congested with unwarmed shipping and in closely developed manufacturing areas before measures can be taken to disperse important large industries. In consequence what we have most to dread is the secret accumulation in hostile hands of stocks of atomic bombs. Because of the vast power of the atomic weapon even a small stock is a very great menace and now that the USSR has been able to produce a nuclear explosion, there will be ever-increasing anxiety. By this I do not mean that ability to wage atomic war follows closely on the incident of a first nuclear explosion but I do say that the situation is such that while we maintain our technical leadership as a first requisite, we must continue to bend every effort towards reaching agreement for the creation of safeguards and international controls which will give certainty to the universal enforcement of the

(C.W.B. December 2, 1949)

CANADA - U.S. ALASKA EXERCISE: Names of senior commanders and major units participating in the joint Canadian-United States winter training exercise to be held in the Yukon and Alaska next January and February were announced on November 25 by the Minister of National Defence, Mr. Claxton.

In over-all command of the exercise will be Lt. Gen. Stephen J. Chamberlin, Commanding General of the United States Fifth Army. Working closely with General Chamberlin will be Maj. Gen. M.H.S. Penhale, C.B.E., General Officer Commanding the Canadian Army's Western Command, and Air Vice-Marshal C.R. Dunlap, C.B.E., Air Officer Commanding the RCAF's North West Air Command, both with headquarters in Edmonton, Alberta; and Major General Robert M. Lee, Commanding General of the U.S. Air Force Tactical Air Command, with headquarters at Langley Air Force Base, Hampton, Virginia.

Deputy Director, or Field Commander, will be Brig. Gen. G.C. Stewart, until recently Deputy Commander of the U.S. 10th Infantry Division, Fort Riley, Kansas. Colonel F.S. Bowen, Jr., of the U.S. Army, will be the Allied Forces Commander.

The RCAF will supply the over-all Air Force Commander and the U.S. Army, the over-all Army Forces Commander. These commanders have not yet been named.

PRINCESS PATRICIA'S

Major Canadian ground troops participating in the exercise will be the Princess Patricia's Canadian Light Infantry of Calgary, Canada's first airborne battalion, and "B" Battery of the 1st Field Regiment, Royal Canadian Horse Artillery, of Shilo, Manitoba. This Battery is presently completing its airborne training at the Canadian Joint Air Training Centre, Rivers, Manitoba.

The 1st Infantry Battalion, 14th Regimental Combat Team, stationed at Camp Carson, Colorado, will be supported in the exercise by service and support elements of the U.S. Army.

The RCAF tactical component will be supplied by 410 Fighter interceptor squadron equipped with jet aircraft and 417 Fighter squadron from The Canadian Joint Air Training Centre at Rivers, Manitoba. Transport aircraft will be supplied by 426 squadron, Dorval, 435 squadron, Edmonton, and 112 Transport Flight, Rivers. Reconnaissance aircraft from 408 squadron, Rockcliffe, 406 Auxiliary squadron, Saskatoon, and 418 Auxiliary squadron, Edmonton, will also participate.

Participating units of the U.S. Air Force include two squadrons of the 62nd Troop Carrier Wing, McChord Air Force Base, Tacoma, Washington, 363rd Tactical Reconnaissance Squadron, Langley AFB, Hampton, Virginia, 502nd Tactical Control Group, Pope AFB, Fort Bragg, North Carolina, and the 66th Fighter Squadron, Elmendorf AFB, Alaska.

GRATITUDE OF PEOPLE OF U.S.: The "profound gratitude" of the people of the United States for the rescue by the Canadian destroyer "Haida" from the stormy Atlantic of 18 survivors of a crashed B-29, was expressed on November 22 in a telegram from Defence Secretary Louis Johnson to the Minister of National Defence, Mr. Claxton.

Mr. Johnson referred to the rescue of the exposure-ridden United States airmen 79 hours after their four-engine bomber ditched in soupy weather as "one of the most brilliant air dash sea rescue operations in peace-time history." The text of Mr. Johnson's message:

"Permit me to express our profound gratitude to the men of the Canadian armed forces whose tireless effort in behalf of their fellow Americans has climaxed one of the most brilliant air dash sea rescue operations in peace-time history.

"The destroyer 'Haida's' rescue of 18 United States airmen symbolizes the highest tradition of mutual co-operation and helpfulness between our services and makes us more than ever proud of the many endeavours in which we have been associated.

"Please convey to all concerned as well as Commander Madgwick, (Lt. Cdr. Edward T.G. Madgwick of Ottawa) and men of the 'Haida' this expression of heartfelt thanks and appreciation for outstanding performance of duty."

FOR UNDERDEVELOPED AREAS: The International Labour Organization's Metal Trades Committee on November 24 wound up a ten-day meeting with the approval of a number of recommendations designed to further the development of the world's underdeveloped areas.

In a resolution laying down principles for vocational training and promotion in the metals trades industry, the Committee said that a programme should be worked out to provide for the training of officials from underdeveloped areas in advanced countries. These officials would be taught to organize vocational training when they return to their own countries.

The resolution urged that arrangements should be made to ensure a training programme for workers which would enable them to qualify for promotion. It added that there should be co-operation between employers' and workers' organizations in laying down rules governing promotion procedures.

The Committee decided to transmit to ILO's governing body a proposal made by the workers' members that the governing body should re-examine the question of relationship of the ILO with various international non-governmental organizations.

As an organization with consultative relationship with the ILO, the World Federation of Trade Unions was represented at the meeting. During the meeting, an effort was made by the

workers' group to exclude the WFIU representative from the Committee. The Chairman ruled, however, that the matter lay within the exclusive competence of the ILO's governing body.

INTERNATIONAL TRADE FAIR: Advice has been received from Mr. F.W. Fraser, Commercial Secretary for Canada in Melbourne, Australia, that the Australian Government has expressed keen interest in increasing Australia's exports to the dollar areas. It has set up an Export Advisory Committee, and more recently a Dollar Earning Committee to explore every possibility for developing new markets in Canada or the United States.

At a recent luncheon meeting arranged by General LaFlèche at Canberra (November 3) between Mr. R.M. Fowler, President of the Canadian Pulp and Paper Association, and several of the Australian Government Officials directly concerned with dollar commitments, Mr. Fowler suggested that the 1950 Canadian International Trade Fair would present an excellent opportunity for Australian exporters to explore the market possibilities. It was reported that many Australian manufacturers who enjoyed established markets within the Commonwealth or with the Far East were hesitant about switching to new fields in the dollar area. Their Government is doing everything possible to encourage them, and the Department of Commerce and Agriculture was reported to be giving sympathetic support to plans for Australian participation in the forthcoming Canadian International Trade Fair in Toronto, May 29 to June 9, 1950.

Trade Fair officials in Toronto report considerably increased interest from potential exhibitors in Australia with expectations that if space permits there will be exhibits from the Commonwealth of such products as: Engineering products and equipment, ball bearings etc; plant lifting equipment, small wares and hand tools; toys; foods products, such as canned foods, beverages, fruit juices; and textile products such as yarns, yard goods, men's socks.

LARGEST ENGINEERING CLASS: The Minister of Labour, Mr. Mitchell, stated on November 28 that the 1950 engineering graduating class would be the largest in the history of Canada.

Mr. Mitchell stated that the 3,500 new engineers who would be available to employers next spring would allow many employers to carry out plans for recruitment which had previously been restricted by the inadequate supply of graduates.

He explained that the 3,200 engineering graduates in 1949 had gone far towards taking up a backlog of openings, but that the needs of many employers had still not been met, especially in the smaller firms, many of whom were only now considering the possibility of using engineering graduates on their staffs.

Mr. Mitchell reported that a survey, made in 1946, had produced the information that an estimated 2,000 new engineering graduates in each of the five years from 1947 to 1951 inclusive would be required to meet the demand by Canadian industry for engineers. These estimates were being reviewed with the same employers, with particular reference to prospective needs in 1950 and 1951. While all of these employers have not yet been covered, the net results to date showed an increase of slightly more than 10 per cent in the combined estimates made three years ago.

In both 1947 and 1948, the actual demand for engineering graduates was between 2,000 and 2,200, while graduating classes in these two years amounted to 1,100 and 1,700 respectively. Thus, there was a considerable backlog of openings to add to the normal demand of 1949. This backlog was partially taken care of by the graduating class of 1949, which numbered about 3,200.

WHEAT STOCKS: Stocks of Canadian wheat in store or in transit in North America at midnight on November 17 amounted to 171,165,200 bushels as compared with 175,362,000 on November 10, and 183,999,400 on the corresponding date last year.

Overseas export clearances of wheat during the week ending November 17 totalled 5,919,100 bushels compared with 3,367,700 in the same week last year, and in the cumulative period, 62,796,500 bushels against 39,722,600.

SEED CROPS PRODUCTION: Hay and pasture seed crops are generally lighter this year than last, according to preliminary figures. Production of the major vegetable seeds such as peas and beans shows a sharp decline since last year, while the output of asparagus, lettuce, onion, radish and sugar beet seeds are all well above the 1948 level.

The alfalfa and clover crops are particularly light this season compared with those of 1948 when record crops of red clover, alsike clover, sweet clover and alfalfa were marketed. The grass crops are also somewhat lighter than those of a year ago, but the reductions are not as great as in the case of the clovers.

ARSENALS LIMITED DIRECTOR: Appointment of Air Vice Marshal D.M. Smith, C.B.E., of New Westminster, B.C., as a member of the Board of Directors of Canadian Arsenals Limited was announced on November 29 by the Minister of Trade and Commerce, Mr. Howe.

Air Vice Marshal Smith, whose appointment was confirmed today at a meeting of the crown company directors, will replace Air Vice Marshal A.L. James, C.B.E., recently appointed Air Member for Air Plans at R.C.A.F. headquarters.

J.E. COYNE SUCCEEDS DONALD GORDON: The Directors of the Bank of Canada have appointed J.E. Coyne to be Deputy Governor in succession to Mr. Donald Gordon who is leaving at the end of the year to become President of the Canadian National Railways. This was announced on November 28 in Ottawa by Graham Towers, Governor and Chairman of the Board. The appointment is effective January 1, 1950.

Mr. Coyne was born in Winnipeg 39 years ago, the eldest son of Justice J.B. Coyne of the Manitoba Court of Appeals. He graduated from Manitoba University in 1931 and subsequently studied law at Oxford University as a Rhodes scholar until 1934. After practicing law in Winnipeg for several years he joined the Research Department of the Bank of Canada in 1938, and undertook studies of financial problems in "federal type" countries for the Rowell-Sirois Commission.

Mr. Coyne's career in the Bank has covered a wide field of experience. He took a prominent part in the pre-war preparations for a Central Mortgage Bank and later for the inauguration of Foreign Exchange Control. He was Secretary of the Foreign Exchange Control Board from September 1939 to March 1941.

LOANED TO GOVERNMENT

Mr. Coyne was then loaned to the Canadian Government to take on special duties as Financial Attaché at the Canadian Embassy in Washington. These duties involved financial relations between Canada and the United States, including the development of the Hyde Park Agreement in April 1941.

Mr. Coyne returned to Ottawa in the autumn of 1941 to take part in the early period of planning and organization of the overall price ceiling by the Wartime Prices and Trade Board. He joined the Prices Board as Assistant to the Chairman at the same time as Donald Gordon assumed the Chairmanship, and was later appointed Deputy Chairman. In 1942 he enlisted in the R.C.A.F. and trained as a pilot.

At the end of 1944 Mr. Coyne returned to the service of the Bank, when he was appointed Executive Assistant to the Governors. He also took in the duties of Securities Advisor in 1946 when Mr. K.A. Henderson resigned from the Bank to become Vice-President of Imperial Oil Limited. Among the most recent of Mr. Coyne's responsibilities has been the direction of the Bank's operations in the Government securities market, and also the Bank's activities in connection with the last three Canada Savings Bond Campaigns.

NEW BANK DIRECTORS: The Governor-in-Council announced on November 29 the appointment of Alfred Pickard of Charlottetown and Mr. Hazen A. Russell of St. John's as Directors of the Bank of Canada.

Mr. Pickard's appointment fills the vacancy created by the death of J.L. Holman, Summer-

side, P.E.I. Mr. Holman's term did not expire until February 28, 1951, and in accordance with the Bank of Canada Act, the Minister of Finance has named Mr. Pickard to hold office for the remainder of Mr. Holman's term. Mr. Pickard is a successful merchant in Charlottetown and is also a member of the Prince Edward Island Advisory Board of the Eastern Trust Company.

Mr. Russell's appointment fills the additional directorship created at the last Session of Parliament in order that a director from Newfoundland might be appointed. Mr. Russell's term will also expire on February 28, 1951. Mr. Russell is President of Job Brothers and Company Limited and has had commercial banking experience.

CURRENT ECONOMIC CONDITIONS: A review of the major factors which tend to influence Canadian economic developments indicates mixed trends in comparison with the two previous years, states the Canadian Statistical Review.

The index of industrial production in September this year stood at 187.1 as compared with 184.1 for September, 1948 and 174.9 for September, 1947. The index for non-durable manufactures production was 185.3, an all-time high as compared with 181.1 and 173.0 for September of the two earlier years, while that for durable manufactures was 216.7 in September of this year, down from the 219.5 figure reached in September, 1948, but above the 210.1 figure for September, 1947. (These seasonally-adjusted indexes are on a base 1935-39=100).

Railway revenue freight loadings for September were estimated at 9,968,000 tons, 7.6 per cent below the 10,787,000 tons loaded in September, 1948, and 0.2 per cent below the September, 1947 figure of 9,983,000 tons. The number of freight cars loaded with revenue freight in September of each of the three years was 363,000 cars (1949); 378,000 (1948); and 352,000 (1947).

The general wholesale price index last September was 155.4 compared with 158.4 in September a year ago and 134.0 two years earlier. This index has now declined steadily but slowly since a high of 159.6 was reached in December of 1948. The wholesale price index of Canadian farm products was 145.7 as compared with 149.7 and 133.5 in the two preceding years. The fluctuations of this index have recently been irregular since it dropped to 145.1 in February of this year and then reached 150.9 in July before again turning downwards.

Despite these drops in wholesale indexes the cost-of-living index has shown year to year increases since it stood at 139.4 in September, 1947, moved to 158.9 in September, 1948 and to 162.3 in September of this year. The October figure for this index was practically unchanged at 162.2.

MR. GARDINER'S ADDRESS AT FAO CONFERENCE

INTERNATIONAL COMMODITY AGENCY: The following is the text of the concluding portion of the address of the Minister of Agriculture, Mr. Gardiner, before Commission I, Fifth Session FAO Conference, Washington, on November 24:

"Canada is prepared to give serious consideration to any international action designed to attain production and distribution of food. From this point of view we are interested in the proposal advanced by the Director-General for an International Commodity Clearing House. While endorsing the principle underlying this proposal we are not in agreement with the means which, it has been suggested, are necessary to reach the objectives. In this connection we may appear to agree with what has been said by the United Kingdom and United States representatives.

"Any transactions developed under the short term trading functions will be subject to concurrence by the governments concerned, and the major details of such transactions will also be subject to agreement by governments. This being the case it hardly seems necessary to have an international agency actually buying and selling in commodity markets. It may even be questioned whether such activity in commodity markets by an international agency is desirable. It seems to us, therefore, that the question of the creation of a large capital fund for such a purpose is not necessarily an issue.

LONG-RUN DEVELOPMENT

"We can see considerable merit, as a long-run development, in the proposal that stocks of food should be held against shortage situations which experience has shown will develop.

"Lord Boyd Orr, in presenting his proposal for a World Food Board, had in mind the fact that the world had surpluses during certain periods and extreme shortages in other periods. It was his purpose to stabilize returns to producers and costs to consumers by setting aside surplus quantities in good years for periods of shortages. As has been pointed out in other Conferences, however, national governments can, and do, perform this function and we do not see that stocks held by an international agency will, in the short run, contribute to any improvement in the present situation. Canada, for example, has provided for the holding of stocks of wheat under government control. Moreover, it is probably consistent with other developments to envision the long-term holding of stocks as an element

in an overall commodity agreement.

"We are inclined to agree that an international agency might well perform a useful function by keeping the supply and requirements for food constantly under review, and by exploring the possibility of facilitating adjustments between countries having food available for export and those where shortages are a problem, and finally by bringing together groups of governments of such countries to promote the orderly disposal and effective utilization of commodities which appear to be accumulating in exporting countries.

"In suggesting the above functions for a co-operative agency it is realized that other means may be found to achieve the desired objectives. However, no matter what type of agency is evolved it will have to take cognizance of a responsibility referred to in the preamble to the Director-General's recommendation about an International Commodity Clearing House. The Director-General's Report on World Commodity Problems points out the necessity for the agency to conduct its transactions so as to supplement and support, but not compete with or replace, the normal channels of trading enterprise.

"This would have particular application in cases where exporting countries, because of the inconvertibility of currencies or for other reasons, may find it expedient to dispose of surpluses in countries to which they would not otherwise export such quantities. It is obvious under such conditions, and lacking any co-operative international action, that such methods of disposal might easily result in other exporting countries losing commercial markets.

"Unless the proposed international agency, with the co-operation of the governments concerned, could direct the disposal of any substantial surpluses which may arise in a way that would avoid this kind of development, then the effort of other exporting countries to maintain production levels in keeping with natural demand would be jeopardized and far-reaching effects might result throughout the entire food and agriculture economy of the world.

"In conclusion, we in Canada agree with the United States and the United Kingdom that suggestions should be considered by a Working Committee. The Canadian delegation will co-operate in every possible way on such a Committee. We hope that out of this Conference will come a suggestion that we can all agree on."

prohibition of atomic energy for destructive purposes.

"Unfortunately, in the current phase of world development, it seems that every improvement in rapidity of communication and movement has served not to promote agreement and accord between nations but to accentuate differences and sharpen disputes. Under the conditions of today, time and space have largely lost their attenuating effects on the conduct of military operations and this is particularly so in regard to the surprise use of weapons of vast and concentrated power such as the atomic bomb. This is all the more reason why we must press forward patiently and persistently in the fuller organization of the United Nations as the only real alternative to the fear of a war which might destroy our civilization.

HAS DUAL CHARACTER

"Atomic energy is not just another military weapon. It has a dual character. On the one hand there are its potentialities for cataclysmic destruction -- on the other the almost limitless possibilities for beneficent peaceful uses through which the frontiers of knowledge may be pressed back and the vistas of human understanding widened in most remarkable fashion. These visions intrigue the imagination and everyone would be very happy to facilitate this search for new knowledge by contributing the information and the help which they may have available. But, unfortunately, as matters stand, it is not in all fields that there is freedom to give or to use information, nor can this be so because the same materials which are useful to the peaceful arts are also the identic materials of the bomb and in the hands of unscrupulous persons, even in comparatively small quantities, may be a terrible menace to our security.

"It is for this reason that, in all matters related to atomic energy, the requirements of national defence must take precedence. There can be no compromise of security until the position has been made safe by means of an international agreement which will give acceptable safeguards.

"The solution of this problem is not a simple matter. The secrets of nature being uncovered by the scientists cannot be wiped from the world's memory by edict or decree. The presence of fissionable material is a fact, for good or for evil and certainly we need not expect that mankind will consent to be deprived of the manifest potential advantages of atomic energy merely because of the destructive possibilities of its misuse...."

After outlining the history of the efforts

to reach agreement on a plan for the international control of atomic energy, Gen. McNaughton added:

"....I think the members of the Commission now clearly recognize the validity of the suggestion, first given in the Acheson-Lilienthal report, that in a war of long duration it would probably not be possible to prevent the use of atomic weapons; that the worst danger to be feared is the surprise use of these terrible contrivances and, in consequence, that the real objective to be sought is to free the world from secrecy in atomic matters and to allay suspicion by giving a certainty of warning to the world if any nation should start to prepare atomic war.

"Thus under the influence of long and careful consideration some of the earlier objectives have been found to be both impracticable and unnecessary and are giving way towards something which is not only practicable and realizable, but which it seems also may be developed to give the real security required.

EARLIER PROPOSALS

"The earlier proposals called for the ownership by the Agency of all uranium and thorium ores in the ground. Now we feel that it will be sufficient if these ores pass to the Agency to be held in trust for the nations of the world after they have been mined and concentrated. This change makes for simplicity and a reduction in the organizational set-up of the Agency to manageable proportions. To check any arbitrary exercise of power by the Agency safeguards, to protect the rights and freedoms of states and individuals, have been worked out and are included in the majority proposals.

"Thus it may be that in the course of consultations of the six sponsors some progress towards understanding and perhaps agreement can be made. At any rate we will endeavour to do so...."

"I would say that in this great question there is, as yet, no reason for undue anxiety because in technical matters we can rightly feel that we still have a substantial margin of advantage over the Soviet, a margin which we believe to be increasing and which remains a real deterrent to aggression. In consequence, therefore, we believe there is, at least, a little time left which can safely be given to the process of education and persuasion. We must use this time to the best advantage to seek an agreement which will give security and in an endeavour to carry conviction to the peoples of the Soviet that our proposals are as much in their interest as in our own."

PRICE CONTROLS WITHDRAWN: The Wartime Prices and Trade Board announced on November 30 that all the remaining price controls on iron and steel products, except the price ceiling on steel scrap, have been withdrawn effective December 1.

ADMIRAL DALRYMPLE-HAMILTON'S VISIT: Admiral Sir Frederick Dalrymple-Hamilton, K.C.B., Head of the Naval Staff of the British Joint Services Mission in Washington, is in Ottawa for a three-day visit.