

Canada Weekly

Volume 1, No. 15

April 18, 1973



External Affairs
Canada

Affaires extérieures
Canada

Trade and monetary policies
vis-à-vis the U.S., 1

New Montreal centre for cardiovascular
and thoracic surgery, 3

Beer tastes better than medicine, 3

Arctic archipelago reveals another
gas deposit, 3

Contempra phones for France, 3

Foreign investment insurance agree-
ment with Indonesia, 3

Details of the Royal visit announced, 4

Pollution-control plant pilot project, 4

Jeanne Mance commemorative stamp, 4

Expansion of air-navigation aids
in the North, 5

Canada and the Federal Republic of
Germany sign air pact

Parliamentary internships program
helped by Canadian insurance
companies, 5

Ottawa pledges support for Manitoba's
guaranteed income experiment, 6

Stanley Cup record and World Hockey
Association quarter finals, 6

Trade and monetary policies vis-à-vis the U.S.

The following passages are from an address by Secretary of State for External Affairs Mitchell Sharp in the lecture forum series of the Chicago Council of Foreign Relations, Chicago on April 3, 1973:

...Inevitably even the best of friends and allies, as Canada and the United States are, disagree from time to time on international issues. Although the results at times appear abrasive, one of the essential elements of genuine friendship between two nations is the capacity to speak frankly and as each sees it, constructively to one another. The irritants and differences which sometimes arise do not, however, obscure from us an awareness of the burdens which your country bears.

And there are irritants. There have been in the past and will be in the future. Some are the inevitable result of different outlooks on particular questions. Others tend to be misunderstandings — in part or in whole. Of the present roster of difficulties between us, I believe that many fall into this latter category. Let me give you some examples.

Statistics gap

For some time it was felt in this country that Canada was one of the culprits contributing to the serious American international trade deficit. This view was supported by your statistics which, as sometimes happens in our computer age, were contradicted by our statistics. The discrepancy for 1972 was in the neighbourhood of \$1.5 billion. Happily our statisticians are now getting together and managing to reconcile the differences. For example, on the 1970 trade figures what the U.S. side thought was a \$2-billion deficit for them and what Canada thought was a \$1-billion surplus for us has turned out to be, in fact, a surplus of \$1.4 billion for Canada. Similarly, on current account — which is a more reliable indicator as it takes into account the flow of in-

visibles such as investment income, dividends and interest payments — a reconciliation has taken place for 1970. In this case what the United States thought was a \$600-million deficit for them and what Canada thought was a \$200-million deficit for us has turned out to be a \$100-million surplus for Canada. For 1972, our figures, including invisibles, show a current-account deficit with the United States of \$416 million. We expect that when the Canadian and U.S. figures are finally reconciled, Canada will remain in a deficit position.

Washington has been, understandably, sensitive about the efforts or lack of efforts by the world community to stand behind American efforts to stabilize the international monetary situation. The devaluation of the dollar has, of course, been a key initiative in efforts to achieve a reasonable international monetary equilibrium. There was at one time a feeling in some quarters in the United States that the floating Canadian dollar has exempted us from the intended impact of the American measures. It has also been suggested that our float is managed to our advantage. However, I am pleased to say that the question marks in Washington about the "cleanness" of our float have been overcome. The Canadian dollar has floated downward with market forces and has largely maintained its previous relation with the American dollar.

Foreign takeovers law misunderstood

Legislative proposals concerning foreign takeovers and new foreign investment were introduced recently in our Parliament in Ottawa.... This is the sort of thing which sends shivers of alarm through the free enterprise

system. There has been some reaction of this nature from the United States based essentially on a misunderstanding of our intentions.

It is quite true that the purpose of this legislation is to resist the erosion of Canadian ownership but this does not mean the exclusion or curtailment of American or other foreign capital. It is a sign of the greater maturity of our economy that we will not in the future require the same kind of inflow of foreign capital that we have had in the past if our full potential is to be developed. What we are doing is being more selective about the terms on which foreign capital enters Canada to prevent, in some cases, the takeover of existing viable Canadian enterprises.

To illustrate this problem I should point out that about 17 per cent of the net annual capital inflow is used to purchase going concerns rather than to develop new industries or new units in existing industries. It is in areas such as this that our new screening process will focus. If the result of an individual American takeover would be the withdrawal of research and development from Canada to the United States, the replacement of Canadian management by American management and the removal of that enterprise from the international export market – and there have been takeovers in the past with precisely this effect – such a takeover would almost certainly be prevented by the new legislation. I am sure you would agree that this legislation cannot be described as anti-American or for that matter anti-foreign.

Regional development policy

Most developed countries, including the United States, face problems of regional economic disparities. One remedy includes government incentives and subsidies. The purpose of regional assistance is to preserve and create more jobs in areas of chronically high unemployment. The effectiveness of these remedies often depends on whether adequate markets can be found to sustain the enterprise that government assistance has salvaged or brought into being. The problem of reconciling the need for fair international market competition with the Government's obligations to help depressed regions is beginning to emerge as a

vexing problem, another irritant in our bilateral relations.

A case in point is the Michelin tire plant which was set up with Government assistance in Nova Scotia – in an economically depressed region of Canada. The plant's tire production requires an export market in addition to the Canadian market. Because Washington ruled that the Government's assistance to Michelin interfered with traditional market forces, a countervail was raised against Michelin exports. However, in our view a dislocation of trade is not involved. American concern is that the Michelin plant involved instead a transfer of employment from the United States to Canada. As it happened, the only transfer was within Canada – from one region to another. The methods by which the transfer was effected were in accordance with the international rules covering such matters – to which Canada subscribes but the United States does not.

In these circumstances, you will understand Canadian concern about the wider implications which the decision has for the Canadian Government's obligation to implement an effective regional development policy.

Explanation of oil policy

There is great interest in the United States today in international energy developments, and Canada-United States relations in this sector are important to both countries. A number of factors have converged to bring home to many people some hard truths about the world's growing demand for hydrocarbons. Quite naturally there has been some focus on Canadian oil supplies, particularly since some of the shortages in the U.S. have occurred in areas using Canadian imports. For more than a decade, our exports have grown rapidly, and almost all go to the United States in the form of raw material for your refineries.

However, recent growth in the United States demand has strained our capacity to produce and transport oil. The continuity of supply of Canadian oil to our domestic refiners was threatened. And while Canada's national energy policy has been and remains to export quantities which are clearly surplus to our domestic re-

quirements, recent and foreseeable future growth in export demand for oil has reached a level requiring close observation. This is necessary if we are to be assured of meeting foreseeable requirements in Canada.

For this reason, the Canadian Government recently introduced export controls on oil. This step to control export growth represents a change in the policy itself. It is the increase in world energy demand – and especially that of the United States itself – that has caused us to make this change and not, of course, any wish to be unreasonable to the United States.

The fact is that Canada's known reserves are limited. Even if the United States, with modifications now in its own import controls, were to have free access to our known supplies, these would help only marginally to reduce your rapidly growing independence on offshore supplies.

The search for new reserves in the Canadian North and off our East Coast is well under way. We are hopeful that important major discoveries will result, but we cannot count upon these yet. Our export controls are an interim measure. We are going to hold public hearings and we shall be considering, in the light of the views of all interested parties, what appropriate changes in methods may be needed over the longer term to protect the Canadian interest.

We are fully aware that your President will shortly seek authority in respect of tariff and other barriers to international trade. Authority to negotiate these barriers down would facilitate meaningful discussions with the U.S.A.'s trading partners in the course of the multilateral negotiations in GATT, which we firmly hope will open before the year is out. Obviously the United States, the enlarged European Common Market, and Japan are major factors in these negotiations which potentially could be more sweeping and significant than either the Dillon or Kennedy Rounds. In these circumstances it would be unfortunate if the road to further progress toward the liberalization of international trade were to be impeded, and if instead a negative atmosphere of confrontation were to arise in the relations among these leading economic powers....

New Montreal centre for cardiovascular and thoracic surgery

Four hospitals affiliated with McGill University, Montreal (the Royal Victoria Hospital, the Montreal General Hospital, the Montreal Children's Hospital and the Montreal Chest Hospital Centre), are preparing for the formation of a combined cardiovascular and thoracic surgical service. Dr. A.R.C. Dobell, recently appointed Director of McGill's division of Cardiovascular and Thoracic Surgery, will be in charge of this service, which will be called, to no one's surprise, the McGill Hospitals Cardiovascular and Thoracic Surgical Service.

Dr. Dobell believes that an integrated service will strengthen the area of cardiovascular and thoracic surgery. Because of closer contact among surgeons and the resultant pooling of their expertise, patient-care will be improved. In addition, research and teaching will benefit from the better co-ordination provided by the joint service.

When questioned on the advisability of locating a particular speciality, for example open heart surgery, in one

hospital, Dr. Dobell's reaction was negative. Costs would not be lowered since each hospital is already well-equipped. Furthermore, if heart surgery were taken out of one hospital, it would lead to the deterioration of cardiology in that hospital, since the cardiologist would be confined to giving a diagnosis without being able to provide a remedy.

The creation of the combined cardiovascular and thoracic surgery service is in keeping with the Government policy of integrating ultra-specialized services.

Arctic archipelago reveals another gas deposit

Northern Affairs Minister, Jean Chrétien has announced that Panarctic Oils Limited has encountered gas in a second well in the Hecla Gas Field, on the west side of the Sabine Peninsula on Melville Island, Northwest Territories. The well, Panarctic Tenneco et al Hecla I-69, which is being drilled directionally under the ocean from an onshore location, encountered gas in the same formation as Panarctic Tenneco et al POR Hecla F-62.

The Hecla Gas Field is located on a separate but twin structure lying some 30 miles east of the Drake Point Gas Field, where major reserves have been delineated by three wells over a distance of 12 miles. This is the ninth well in the Arctic islands capable of producing gas.

Contempra phones for France

The first order from France for CONTEMPRA telephones and equipment from Canada, worth \$250,000, was announced recently by Northern Electric Company.

"The French telephone system is operated by the Government and there is the distinct possibility that if they are satisfied with the product, as I have every confidence they will be, we will probably set up an assembly plant in France to serve this new market," said Mr. Lobb NEC's president.

He noted that European countries

were insisting on suppliers setting up a manufacturing facility within their borders before committing themselves to major orders. "Turkey is a perfect example of what I'm talking about," he said. "We have a manufacturing plant there and have just received an additional order from that country's government telephone system for \$36-million worth of equipment. Many of the parts used to make the finished product in the Turkish plant are made in Canada and it will be the same story for the French plant if and when we get to that stage. Developments of this kind should not be viewed as threats to the Canadian worker; rather they should be seen as providing additional work for Canadians."

The \$250,000-contract with the French Post Telephone and Telegraph, which is operated by the French Government, took six months to conclude, largely because the CONTEMPRA telephone, whose design won national acclaim when it was introduced in 1967, had to be extensively modified to make it compatible with the French system.

Foreign investment insurance agreement with Indonesia

Canada has concluded an agreement with the Government of Indonesia concerning the eventual issuance by Canada, with respect to new Canadian investments in Indonesia, of investment insurance against possible loss resulting from certain non-commercial risks.

The agreement will, it is hoped, contribute to the development of economic relations between the two countries. The Canadian Government plans to make similar agreements with other countries; such arrangements have already been made with Barbados, Jamaica, Israel, Malaysia, Singapore, St. Lucia, St. Vincent and Liberia.

These agreements will facilitate the operation of the Government's Foreign Investment Insurance Program, established with the enactment of the Export Development Act in 1969. The purpose of this program, which is administered by the Export Development Corporation, is to promote investments in other countries by Canadians, whether individuals or corporations.



Toronto Star Syndicate

Beer tastes better than medicine

In the recently-opened bar for patients at the Sunnybrook Hospital, Toronto, the daily draught is free. Staff and patients alike enjoy the social hour — medicine like this is easy to take.

Details of the Royal visit announced

A busy schedule of official and social events, with visits to nine Ontario cities and towns from Toronto to Niagara-on-the-Lake, is planned for the Queen and Prince Philip during a six-day visit to the province that starts on June 25. Following their Ontario tour, they will travel on to Charlottetown for celebrations marking the centennial year of Prince Edward Island.

After two days spent in Metro Toronto, the Royal couple will go by train to visit Coburg, Kingston, the Kitchener area, London, St. Catharines, Niagara-on-the-Lake and Brampton. On July 3 on their way to Regina they will visit Thunder Bay.

While in Toronto the Queen and Prince Philip will attend official ceremonies at Queen's Park, where Premier William Davis will deliver the royal address. The province will hold a state dinner that evening. Also scheduled for Toronto is a visit to City Hall, to be followed by a civic luncheon. At Osgoode Hall, the Queen will open new Law Courts. The Royal couple will visit Ontario Place and the New Scarborough Centre. At Niagara-on-the-Lake they will attend the Shaw Festival.

On June 30, prior to their departure for Prince Edward Island, the Queen will attend the one hundred and thirtieth running of the Queen's Plate at Woodbine Racetrack.

Pollution-control plant pilot project

A treatment plant, costing half a million dollars, for the development of new methods for the control of water pollution has opened under the joint sponsorship of government and industry near Bathurst, New Brunswick. The plant, which is a pilot project, has been financed and operated by the Federal Government, the government of New Brunswick and the Brunswick Mining and Smelting Company Limited.

In his announcement of the plant's opening, the Federal Environment Minister, Mr. Jack Davis, said that it would serve as a demonstration unit for the treatment of waste waters from

the mining of sulphide ore and from milling operations, with particular emphasis on the problem of acids and metals in these effluents. "This pilot plant," said Mr. Davis, "will use the most advanced technology available. Much of it has been developed by engineers in our federal Environmental Protection Service."

Findings from studies at the plant will be used by Ottawa in the development of national effluent standards and by the industry in developing its own plans for pollution-control.

"We are all concerned about pollution from mines," said Mr. Davis. "We are vitally concerned when this pollution kills fish, especially endangered species like the Atlantic salmon. This development work, which shows considerable promise, can cut down on the amount of poisonous material (mostly copper and zinc) which gets into our waterways and threatens to destroy, not only the fishery but the tourist industry as well."

"This particular pilot or demonstration project," he concluded, "will have an important bearing, not only on the future of the Miramichi as a salmon river, but also on the environmental health of many other fishing and recreational river systems in this country."

Jeanne Mance commemorative stamp

Postmaster General André Ouellet has announced the issue on April 18 of an eight-cent commemorative stamp marking the 300th anniversary of the death of Jeanne Mance.



The first lay nurse to settle in New France, Jeanne Mance was the founder of Montreal's Hôtel-Dieu Hospital and the co-founder of that city. Her numerous titles, the crowning of her achievements through a life of hard work, testify to her remarkable per-

sonality and are proof of her contribution to Canadian history.

Born on November 12, 1606, at Langres, in Champagne, France, Jeanne Mance was the second of a family of 12 children. As the children grew up Jeanne Mance had more time for charity work. It is very likely that during these years of benevolence she started her work as a nurse. After reading the publication *The Jesuit Relations* she considered dedicating her life to the settlers in New France. She became a member of the Société Notre-Dame de Montréal and, having secured financial support from Madame de Bullion, she embarked for the North American continent on May 9, 1641. Paul de Chomedey, sieur de Maisonneuve, was also aboard. It was the start of a great adventure: the foundation and consolidation of Ville-Marie; the creation and administration of a hospital under extremely perilous conditions, considerable undertakings as well as hardships and a great deal of work on both sides of the Atlantic.

Jeanne Mance's first aim was to serve the "poor Indian and French sick people in the settlement". The first lay nurse of the New World proved to be untiringly dedicated to the care of the sick and especially of wounded soldiers without regard to the side on which they served. Montreal's Hôtel-Dieu was founded in the autumn of 1642, the year Jeanne Mance arrived at Ville-Marie. However, the hospital itself was not built until 1645. Constructed of wood, it was 60 feet long by 24 feet wide. In 1658 Jeanne Mance recruited nurses for her hospital, the Hospitalières de Saint-Joseph de la Flèche.

Besides running the hospital, Jeanne Mance was the treasurer and manager of the Montreal settlement, to the survival of which she made great contributions. On three occasions her strong decisions saved not only Ville-Marie and its hospital but possibly the entire country. She went back to France either to reassure and regroup the Associates, to obtain reinforcements and capital, or to look after the takeover of the Hospital from the Société Notre-Dame by the Compagnie de Saint-Sulpice.

She died at the Hôtel-Dieu, the hospital she had founded more than three decades earlier, on June 18, 1673.

Expansion of air-navigation aids in the North

A \$3.7-million program for expanding and upgrading air-navigation facilities in the Canadian North, which is proceeding on a continuing basis, includes the provision of navigational facilities to meet both current and anticipated requirements, Transport Minister Jean Marchand announced recently.

These services and facilities are being provided in response to the expressed needs of carriers who, in turn, attempt to meet the ever-increasing aviation needs of the areas which they serve in the Yukon and Northwest Territories. The northern air-carriers are licensed to provide regular air services and attempt to meet published timetables to most communities when both economic and weather conditions permit.

Demands will rise

The Ministry of Transport recognizes that, as technology advances and activity in the North increases, demands for air-transportation facilities will also rise.

In conjunction with the Department of Indian and Northern Affairs and the Government of the Northwest Territories, the Ministry provides landing strips, air-terminal buildings and radio aids to air navigation in those communities where a sufficient need has been demonstrated.

With these steps, and by ensuring the efficiency and safety of the air-transportation system through inspections and administrative support, air carriers are able to offer a timely and economic service which meets the needs of the inhabitants of the North, and the natural resource-development companies.

Part of the air navigation-aid program calls for the commissioning of installation over the next year of very high frequency omni-range and distance-measuring equipment facilities (VOR/DME) at Yellowknife, Resolute Bay, Whitehorse, Frobisher Bay and Cambridge Bay. Construction of VOR/DME facilities at Fort Simpson, Norman Wells, Inuvik and Watson Lake are also planned to start this coming summer.



Edmonton Journal

"Who's afraid of the big bad wolf?" doesn't seem to apply to these two timber wolves at the Alberta Game

Farm near Edmonton, where they were caught napping recently, sharing each other's warmth on a chilly afternoon.

Canada and the Federal Republic of Germany sign air pact

External Affairs Minister Mitchell Sharp and Mr. R. von Keller of the Federal Republic of Germany, signed on March 26 the new agreement on air transport between Canada and the Federal Republic of Germany that was approved by Cabinet on March 8.

As a result of this pact, the carrier designated by Germany will be able to operate services from any points in the territory of the Federal Republic of Germany through intermediate points in Europe, to Montreal and Toronto in Canada and points beyond (without the right to emplane new passengers in Canada).

Air Canada may operate services, from any point or points in the terri-

tory of Canada through intermediate points in Europe, to Frankfurt and two other points in the Federal Republic of Germany to be named by Canada. Air Canada will also have rights respecting the carriage of passengers in the Federal Republic of Germany travelling to beyond points.

This new agreement, by increasing the number of points serviced in Canada and the Federal Republic of Germany, will permit further improvement of service for the travelling public as well as for the transport of goods. It is another step in the strengthening of the friendly relations that already exist between Canada and the Federal Republic of Germany.

Parliamentary internships program helped by Canadian insurance companies

As a result of a grant to the Canadian Political Science Association by ten Canadian life insurance companies, ten university graduates will be able to spend a year in Ottawa as parliamentary interns with Members of Parliament in the House of Commons.

The internship program, originally the idea in 1965 of Mr. A.D. Hales, M.P. for Wellington, was established four years ago by the Canadian Political Science Association with the

co-operation of the Speaker and the Party House Leaders.

The aim of the program is threefold: it is designed to provide Members of Parliament with qualified executive assistants; it gives university graduates an opportunity to supplement their theoretical knowledge of Parliament with practical experience of the day-to-day work of the Members; and in the long term, the graduates of the program should be better able to make

a significant contribution to Canadian public life.

The present graduates recently returned from a five-day visit to Washington at the invitation of the United States Department of State. A reciprocal visit has been arranged by the Department of External Affairs for a group of Congressional Fellows to visit Ottawa.

Possibility of program expiry

After learning that the program might end at the expiry of a three-year grant from the Donner Canadian Foundation, a number of insurance executives from ten Canadian companies met and agreed to sponsor the project. Altogether the companies will grant \$75,000 to the Canadian Political Science Association to support the ongoing program, the ten interns each receiving \$7,500.

The ten companies are: The Canada Life Assurance Company, Confederation Life Insurance Company, Crown Life Insurance Company, The Great-West Life Assurance Company, The Imperial Life Assurance Company of Canada, Industrial Life Insurance Company, London Life Insurance Company, The Manufacturers Life Insurance Company, The Mutual Life Assurance Company of Canada and North American Life Assurance Company.

Former interns have made good use of their practical experience. One is a journalist with a Montreal newspaper. Three are teaching political science at the University of Manitoba, the University of Moncton and McMaster University in Hamilton. Another is a research assistant for the Ontario Commission on the Legislature, while others have taken positions in Ottawa with the Solicitor General, the Opposition House Leader and the Parliamentary Centre for Foreign Affairs and Foreign Trade.

About 300 individuals apply for this program annually.

Canada Weekly is published by the Information Division, Department of External Affairs, Ottawa, K1A 0G2. An index appears quarterly.

Material may be freely reprinted, for the use of which credit would be appreciated; photo sources, if not shown, will be provided on request to Miki Sheldon, Editor.

Cette publication existe également en français sous le titre Hebdo Canada.

Ottawa pledges support for Manitoba's guaranteed income experiment

The Federal Government has agreed in principle to provide financial support for the establishment of a guaranteed-income experiment, to be carried out in co-operation with the Province of Manitoba. Detailed planning will begin immediately, with the Federal Government providing 75 per cent of the cost. The Province of Manitoba, which will pay the remaining 25 per cent, will be responsible for the operation of the project.

Federal Health and Welfare Minister Marc Lalonde stated that this plan indicated the interest of both governments in testing the impact of guar-

anteed-income plans. Public concern continues to focus on the possible impact of such plans on work incentives, and also on how income-tested programs can be efficiently and fairly administered. The Manitoba project will study both these issues.

Federal officials have been working jointly with Manitoba's project team and this collaboration will continue throughout the planning stage and during subsequent operational phases of the program.

The Manitoba project will be the first major social experiment in Canada in the field of guaranteed income.

Stanley Cup record and World Hockey Association quarter finals

National Hockey League

Quarter finals, Series A

April 4, Montreal 2, Buffalo 1

April 5, Montreal 7, Buffalo 3

April 7, Montreal 5, Buffalo 2

April 8, Buffalo 5, Montreal 1

April 10, Buffalo 3, Montreal 2

Montreal leads best of seven three games to two.

Series B

April 4, New York 6, Boston 2

April 5, New York 4, Boston 2

April 7, Boston 4, New York 2

April 8, New York 4, Boston 0

April 10, New York 6, Boston 3

New York wins best of seven four games to one.

Series C

April 4, Chicago 7, St. Louis 1

April 5, Chicago 1, St. Louis 0

April 7, Chicago 5, St. Louis 2

April 8, St. Louis 5, Chicago 3

April 10, Chicago 6, St. Louis 1

Chicago wins best of seven four games to one.

Series D

April 4, Minnesota 3, Philadelphia 0

April 5, Philadelphia 4, Minnesota 1

April 7, Minnesota 5, Philadelphia 0

April 8, Philadelphia 3, Minnesota 0

April 10, Philadelphia 3, Minnesota 2

Philadelphia leads best of seven three games to two.

World Hockey Association

Quarter finals

East

April 4, Cleveland 3, Philadelphia 2

April 7, New England 6, Ottawa 3

Cleveland 7, Philadelphia 1

April 8, New England 4, Ottawa 3

Cleveland 3, Philadelphia 1

April 10, Ottawa 4, New England 2

Cleveland leads best of seven three games to none.

New England leads best of seven two games to one.

West

April 5, Houston 7, Los Angeles 2

April 6, Winnipeg 3, Minnesota 1

April 7, Los Angeles 4, Houston 2

April 8, Winnipeg 5, Minnesota 2

Houston and Los Angeles are tied one game each in best of seven quarter finals.

Winnipeg leads best of seven two games to none.