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THE SEARCH FOR PEACE IN VIETNAM

The following passages are from notes for a statement made recently to the House of Commons Standing Committee on External Affairs by the Secretary of State for External Affairs, Mr. Paul Martin, regarding the situation in Vietnam:

...There is one matter with which I should like to deal before giving the Committee some indication of recent developments in the Vietnam situation. This is the matter of Canadian participation in the International Commission in Vietnam....

I do not pretend...that the Commission is in a position, in present circumstances, to do justice to the mandate with which it was charged by the Geneva powers in 1954. That is not in any way the fault of the Commission which was set up to supervise a cease-fire and not to control an armed conflict. Nevertheless there are — and there will continue to be — a number of good reasons for maintaining the Commission's presence in Vietnam.

WHY COMMISSION MUST REMAIN

First, none of the interested parties has, at any time, suggested that the International Commission be withdrawn or its mandate cancelled. On the contrary, it has been confirmed to us within recent weeks both by the Secretary of State of the United States and by senior personalities of the Government of North Vietnam that they attach importance to a continued Commission presence in Vietnam. Indeed, the Committee might be interested to know that, when our new Commissioner made his introductory calls in Hanoi, it was represented to him that the North Vietnamese Government would like to see the Commission hold more of its meetings in Hanoi than has been the case in recent years. I understand that

this matter has since been discussed among the Commissioners and that there appears to be general agreement to act on the North Vietnamese suggestion.

Second, both North and South Vietnam continue to look to the Commission to consider and adjudicate their charges of violations of the cease-fire agreement. While there can be legitimate argument over the usefulness of such a procedure in circumstances where the prospects of remedial action are limited, the fact is that the parties do attach importance to this function of the Commission and to the public presentation which the Commission is able to make on the basis of its investigations of breaches of the cease-fire agreement.

ONLY TOOL OF GENEVA SETTLEMENT

Third, if members of the Committee examine the cease-fire agreement which was concluded in Geneva in 1954, they will find that the Commission is, in fact, the only tangible instrument of the Geneva settlement as it affects Vietnam. Even if we were to consider, therefore, that the Commission's presence in Vietnam in present circumstances is of largely symbolic significance, we cannot, I think, discount the importance of the Commission as a reflection of the continuing interest of the Geneva powers in a situation which engages their international responsibilities. Conversely, I think it is fair to say that the elimination of the Commission from the Vietnam scene in present circumstances would only serve to complicate what is already a situation which is fraught with serious risks for the maintenance of international peace and security.

Fourth, we have always thought it right to keep open the possibility that the Commission might be

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able, in the right circumstances, to make a positive contribution to a peaceful settlement of the Vietnam issue. I think I can say to the Committee that this possibility has played an increasing part in our thinking about the Vietnam conflict and that I am satisfied that we would be ill-advised at this stage to discard the instrument which may yet have a part to play in bringing this issue from the battlefield to the conference table.

RECENT DEVELOPMENTS

I shall now turn to some recent developments in the Vietnam situation. First, I should like to say something about the pause in the bombing of North Vietnam which began on Christmas Eve and continued for 37 days until the end of January. As members know, it had been the position of the Canadian Government for some time previously that such a pause could represent a useful opening for a peaceful solution of the Vietnam issue. It was with this consideration in mind that the Prime Minister had suggested the possibility of a pause in April of last year. In the event, the pause which took place in the following month was short-lived and did not produce the results for which we had hoped. When a further pause was initiated by the United States Government in late December, we welcomed this as a genuine contribution to peace and did what we could through diplomatic channels to reinforce the many efforts that were then being made to turn it to good account....

CONTACT WITH HO CHI MINH

Towards the end of the bombing pause, the President of the Democratic Republic of Vietnam addressed a series of letters to other governments, including the Government of Canada. I can assure members of the Committee that we studied President Ho Chi Minh's letter with the greatest care and consideration to see, in particular, whether it offered any hope of a reversal of the present grave situation in Vietnam. And, while it did not appear to us that there were, in fact, new elements in that letter we nevertheless felt that it provided a basis on which it might be possible to explore the position of the North Vietnamese Government in greater detail.

That is one reason why we decided that the time might be opportune to send a special representative of the Canadian Government to Hanoi to present the Canadian reply and, at the same time, to probe the views of the North Vietnamese Government on the prospects for a settlement of the Vietnam issue through other than military means.

...I should perhaps say that we did not think it profitable at this stage to enter into a controversy with President Ho Chi Minh over the interpretation of events in Vietnam which was contained in his letter. Rather, we availed ourselves of this opportunity to re-state the Canadian view that there could be no lasting solution of the present conflict other than through negotiations and to suggest, at the same time, that there might be a contribution which the members of the International Commission in Vietnam could make to that end....

The question has been raised in our contacts with interested governments whether there is any-

thing in the Geneva cease-fire agreement which we would see as conferring on the Commission a mandate on the lines we have been considering. On a strictly legal interpretation of that agreement I am bound to say that the answer would have to be in the negative. But I do not think that anyone who is concerned about the course of developments in Vietnam would feel justified in looking at this issue only in legalistic terms. Nor, indeed, are we thinking of any fresh mandate being conferred on the Commission either by the Geneva powers acting collectively or by the Soviet Union and Britain acting jointly in their capacity as Co-Chairmen of the Geneva Conference.

What we have in mind is something a good deal more modest and informal. It is really in the nature of a good-offices assignment which would be undertaken, not necessarily by the Commission as such but by the three Commission powers acting as sovereign nations which have been associated with the Vietnam problem for the past 11 years or so and which have established a fair record of co-operation between them. It is our view that their knowledge and experience of the Vietnam problem and the ready access they command to all the interested parties would make the Commission powers a particularly suitable group to carry forward the search for peace in Vietnam, which is our common objective....

NARROWING THE GAP

What, then, are the next steps?...Certain propositions have now been put forward on both sides with respect to a settlement of the Vietnam conflict. In a sense this represents the beginning of a process of negotiation. But such a process can be carried only so far by way of public pronouncements. The gap between the positions of the two sides is still very wide and something will need to be done to narrow it. There is also a barrier of distrust and suspicion that will somehow have to be overcome.

It has seemed to us that this is something which could be pursued cautiously and discreetly by the Commission powers. We are not thinking at this stage of anything other than a good-offices exercise. The object of such an exercise would be to try to bring about conditions in which the parties themselves might find it possible to engage in direct discussions as a prelude to a formal negotiation. In essence, therefore, what we have in mind is an unblocking of channels which, in the absence of such action, are likely to continue to remain closed.

...We have had a series of exchanges about a possible Commission initiative along these lines with India and Poland who are our partners on the Commission. We have put our position to Britain and the Soviet Union as Co-Chairmen of the Geneva Conference. I have also had the opportunity personally to discuss our thinking with the Secretary-General of the United Nations and with Secretary Rusk.

While our exchanges with India and Poland must necessarily remain confidential, I think I can say that one common point in their initial reaction had to do with the timing and the circumstances in which any Commission initiative might stand a chance of

ADVISERS FOR CYC

Prime Minister L.B. Pearson announced recently the appointment of 18 members to the provisional Advisory Council of the Company of Young Canadians, which will advise him on the development of pilot projects and future programmes of the Company. The Chairman of the Council is Douglas Ward 27, a university administrator from Toronto, Ontario, and the Vice-Chairman is Marc Lalonde, 37, a lawyer from Montreal, Quebec. The average age of the Council members, many of whom have had experience in the areas where the Company will be working, is 32.

"The Company of Young Canadians is a wholly new idea for voluntary action", the Prime Minister said. "While it will have the full support of Government, it will be administered by the young people who are members. They will have the chance to show how their capacity, energy and enthusiasm can help build a better Canada and a better world. I can think of no activity more worthy of support."

When the Government announced the setting up of the Company of Young Canadians a year ago, an organizing committee of private citizens was appointed. The committee's report late in November recommended broad principles that have since been translated into the programme for 1966 and plans for a permanent organization.

William McWhinney, formerly Executive Secretary of Canadian University Service Overseas, has been interim director since early January. More than 200 applications have been received and the selection of volunteers is now being made.

The Company is seeking volunteers from a cross-section of Canadian society. There are no rigid educational requirements. The Company's work, at home and overseas, will call for a variety of skills and aptitudes. Any person over 18 years of age will be considered. Some 500 suggestions for specific undertakings by the Company are now being studied.

The Prime Minister has indicated that the legislation to establish the Company of Young Canadians will be processed as soon as possible.

ARCTIC CO-OPERATIVES MEET

Representatives of 22 Eskimo co-operatives and 8 potential co-operatives, from Inuvik, in the Northwest Territories to Port Nouveau, in Arctic Quebec, met recently at Povungnituk, Quebec, to exchange progress reports and trade ideas on their future operations.

Unlike the first Eskimo co-operative conference, organized by the Department of Northern Affairs three years ago at Frobisher Bay, this meeting included representatives of Indian and Métis communities who had since become interested in co-operative development. At the first conference, 16 fledgling Eskimo co-operatives met to exchange ideas and map out plans for the future and, in many cases, this was the first time that representatives of widely separated Eskimo groups had ever met.

Northern Affairs Minister Arthur Laing said it was "most gratifying" to note the progress the co-operatives had made since the last conference. "With total sales of the Arctic producer co-operatives now touching the second million dollars, our earlier confidence in these groups is well justified", he declared.

Mr. Laing noted that some Indian and Métis settlements had joined the northern co-operatives since the 1963 conference. "New faces and new ideas coupled with the experience of older co-operatives will surely make an even greater contribution to the future of co-operatives", he said.

The first conference opened the way to widespread change in the relationship of Arctic co-operatives and the co-operative movement in Canada. Arctic groups are now playing an increasing role in a programme of the Co-operative Union of Canada, called "Co-operatives Everywhere". Le Conseil de la Coopération du Québec, which was represented at the meeting, has concentrated its attention on assistance to communities in Arctic Quebec.

The Government of Quebec, through its Direction générale du Nouveau-Québec, is also very active in assisting co-operative activities in Nouveau-Québec and was represented at the conference. The Government of the Northwest Territories provides assistance to several development programmes in the Territories.

While the first conference three years ago raised problems of mutual concern to all Arctic Co-operatives, the second provided some answers to those problems as a result of three more years of experience, and provided fresh stimulus to the co-operative movement throughout the North.

SECURITIES SALES

Canada's transactions with other countries in outstanding securities during January resulted in an appreciably higher net outflow of \$17.2 million, compared to December's figure of \$1.5 million. Geographically, there were outflows of \$13.4 million, \$3.4 million and \$0.4 million to the United States, Britain and other countries, respectively. The gross volume of transactions expanded to some \$299 million in January, the highest level since June 1962, and almost double the low volume reached in July 1965.

The direction of trading in outstanding Canadian securities was again reversed in January, when a net outflow of \$4.2 million was recorded following an inflow of \$4.7 million in December. For the first time since July 1964, non-residents became net purchasers of outstanding Canadian equities when they acquired a net \$2.9 million. Dealings in outstanding Canadian bonds resulted in a re-purchase balance by residents of \$7.1 million. In contrast, December showed a sales balance of \$9.9 million. The January figure does not include the Government of Canada's exceptional re-purchase of some \$40 million of its outstanding bonds from United States residents.

Trading in outstanding foreign securities gave rise to net capital exports of \$13.0 million in January,

or \$6.8 million more than in the previous month. Purchase balances of \$13.7 million and \$0.8 million with the United States and other countries, respectively, were partially offset by net sales of \$1.5 million to Britain. Gross transactions in outstanding United States common and preference stocks climbed to a record level of \$148 million in January and led to a net outflow of \$13.6 million, most of which went to United States residents.

STERNWHEELERS REPRIEVED

Mr. Arthur Laing, the Minister responsible for the National Historic Parks system, said recently that Whitehorse, capital of the Yukon, would keep its three sternwheelers. He reaffirmed that his Department would move one of the vessels, the *S.S. Klondike*, to a municipal park in Whitehorse, where it would be restored and maintained as a national historic site. Mr. Laing added that the other two sternwheelers — the *S.S. Casca* and the *S.S. Whitehorse*, now at Whitehorse — would be left in their present location and that the area would be fenced in for security.

The Minister explained that the Department had believed previously that, because of an advanced state of deterioration, two of the ships would be difficult to preserve, and that the entire commemorative effort should be invested in the *Klondike*. However, after a recent inspection and review of costs, preparations made for a civic park and the contributions of the territorial government, the Minister concluded that the submission that had been made by the Yukon Historical Society and local residents to have the three vessels maintained could be met by leaving two of them on site and moving the *Klondike* to the new municipal park-site. The Minister said that this was made possible because the White Pass and Yukon Company (which had donated the sternwheelers to the Federal Government on condition they be moved away from the yard area) was prepared to accept this new proposal if proper protection was given for access to the two vessels.

PROPOSED INCREASE IN SEAWAY TOLLS

The St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation announced recently that public hearings would be held to consider a proposed increase in Seaway tolls. The hearings will be held in Ottawa, beginning May 25 and in Chicago beginning June 1.

The Canadian and U.S. Seaway administrations, assisted by independent economic consultants, have examined the toll problem. Traffic forecasts have been studied and the obligation of the entities to relate proposals as realistically as possible to the financial requirements. These studies show that Seaway traffic should not be sensitive to moderate changes in tolls, and that the heavier traffic expected

and moderate toll increases proposed by the Seaway entities should enable them to meet their financial obligations.

TARIFF DETAILS

The proposed revised tariff would be effective when the 1967 season opens, for a period of five years. The increase proposed by the Authority and the Corporation for the international section between Montreal and Lake Ontario would be approximately 10 per cent. For the all-Canadian Welland section, the collection of cargo tolls would continue to be suspended, but a lockage fee would be introduced to cover the cost of operation and maintenance.

Under the proposed schedule on the Montreal-Lake Ontario section, bulk-cargo tolls, now 40 cents a ton, would be assessed at 44 cents a ton; general cargo, mainly manufactured goods, currently 90 cents, would be charged \$1 a ton. The toll on gross registered tonnage, based on vessel sizes, would rise to 4.5 cents a ton from the present rate of 4 cents a ton. On the Welland section the lockage fee would amount to \$20 a lock in 1967 and would rise annually by \$20 a lock, reaching \$100 a lock in 1971.

HERRING CONFERENCE PLANNED

Recognition of the vast potential of the Canadian herring resource, and its importance to the future of the nation's Atlantic fisheries, has been indicated by interest shown in the forthcoming Atlantic Canadian Herring Fishery Conference, to be held in Fredericton, New Brunswick, in May. The meeting will be attended by more than 200 representatives of the fishing industry, officials of the Federal Government and the governments of the five Atlantic coast provinces, as well as technologists, biologists and marketing specialists. About 25 papers covering every phase of the herring fishery will be submitted for discussion.

The conference will be sponsored by the Federal-Provincial Atlantic Fisheries Committee, which is composed of the federal Deputy Minister of Fisheries, Mr. A.W.H. Needler, the general chairman of the five sessions, and the deputy ministers of fisheries of Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

ITEMS FOR DISCUSSION

Reports on scientific and technological work on herring in the United States and Europe, presented by representatives of industry and government from the United States, Britain and Germany, will augment the information to be provided by the Canadian participants, who will cover every aspect of the herring fisheries, from catching methods to processing and marketing.

The views of herring fishing skippers from both Atlantic and Pacific coasts will be given. Ships and gear in various localities will be discussed by technologists of the Industrial Development Service of the federal Department of Fisheries. Research and research needs will be outlined by scientists

of the Fisheries Research Board of Canada. And technologists of the Board will report on the use of herring meal.

Particular attention is to be given to herring products for human consumption and for pet food. Economists of the federal and provincial departments of fisheries will describe current Canadian developments in the herring industry on the Atlantic coast, and officials of processing companies in both Canada and the United States will set forth industry's approach to the development of the fishery.

PRIVATE AND PUBLIC INVESTMENT

Capital expenditure plans for all sectors of the Canadian economy are expected to amount to \$14,546 million during 1966. This total is 13.6 percent higher than the previous record of \$12,798 million in 1965. Estimates for this combined report of the Dominion Bureau of Statistics and Department of Trade and Commerce were compiled from information reported in a survey at the end of 1965 and in January 1966.

Plans for the purchase of new machinery and equipment involve expenditures of \$5,366 million in 1966, 17 percent more than the \$4,597 million spent last year. Expenditures for new construction are expected to total \$9,180 million, 12 percent above the \$8,201 million in 1965.

GOOD YEAR FOR BUSINESS

Business investment in 1966, according to present plans, will exceed last year's total by 16 per cent with expenditures in goods-producing industries accounting for over a half of this increase. Resource-based forest and minerals industries will contribute significantly to this gain together with expansions in industries manufacturing automobiles and parts, primary iron and steel, non-metallic minerals, chemicals and capital goods. Construction of commercial-type buildings for the distributive trades and projects related to Expo '67 will also add to an expansion in business investment.

Expenditures for social capital facilities, exclusive of housing, are expected to increase further in 1966. On the basis of present plans, total spending in this sector will be up 15 per cent, following a rise of almost 30 per cent last year. This year's gain is attributable to the expansion of hospital and education facilities and to the growth in road building and community service programmes.

PROVINCIAL FORECASTS

The report also provides information on capital spending intentions in the individual provinces and major metropolitan areas. Increases of 20 per cent to 25 per cent are planned in Nova Scotia, Newfoundland and Prince Edward Island. Outlays in both Ontario and British Columbia are likely to be higher by 16 per cent. A rise of 10 per cent to 12 per cent is expected in the Prairie Provinces and in Quebec. Following a significant increase of nearly 32 per cent in 1965, capital outlays in New Brunswick are expected to show a further increase of 5 per cent.

STORM DAMAGE COMPENSATION

Fisheries Minister H.J. Robichaud announced recently that, following a detailed survey by the federal Department of Fisheries and discussions between the federal and Newfoundland governments, agreement had been reached on compensation to fishermen who suffered severe storm loss last January.

The damage reported from all sections of Newfoundland totalled \$510,000, with a major concentration in the Conception Bay-Southern Shore area, where losses reached approximately \$400,000. Losses covered a wide range of fishing vessels and equipment, though the heaviest losses involved destruction of fishing stages, flakes and other shore installations. For the province as a whole, losses to stages, flakes and similar facilities totalled approximately \$330,000.

FEDERAL ROLE

Mr. Robichaud stated that the Federal Government would assume responsibility for assisting fishermen in the restoration of landing and local processing facilities in settlements where these had been largely demolished. This would be done through an acceleration of the Federal Government's community stage programme to provide suitable facilities for the handling of either fresh or salted fish, depending on the wishes of the fishermen concerned. It is estimated that the additional cost of such works may reach \$500,000 over the next year.

The Newfoundland government will assume responsibility for compensation up to 60 per cent of replacement value to individual fishermen in the major disaster areas in respect of their losses of fishing vessels, engines and cod traps.

In view of the time required to plan and design suitable community facilities, the Minister pointed out that in any community where damage was such that fishermen could not carry on the 1966 fishing operations temporary facilities would be provided as quickly as possible. The Minister also indicated that the federal Department of Public Works would endeavour to restore public wharves and other facilities as quickly as possible and particularly in settlements where damage will seriously interfere with the 1966 fishery.

OCCUPATION AND INDUSTRY TRENDS

Over the 20-year period between 1941 and 1961, during which the total experienced labour force increased by 54 per cent, the number in goods-producing industries rose by only 12 per cent, while in service-producing industries the number more than doubled. These and other facts on occupation and industry trends for Canada and its provinces between 1941 and 1961 are contained in the special report SL-1 of the 1961 census (Catalogue No. 94-551) recently released by the Dominion Bureau of Statistics.

The 40 percent drop in the number of persons in the agriculture sector, from 1,074,064 in 1941 to 640,729 in 1961, and the 32 percent decrease in

fishing and trapping, from 50,691 in 1941 to 34,576, were more than compensated for by the rise in the number of persons in construction from 220,159 in 1941 to almost double that level at 430,366 in 1961 and the 55 percent increase, from 905,516 in 1941 to 1,404,624 persons in 1961, in the manufacturing portion of goods-producing industries.

AGRICULTURAL TRENDS

Occupationally, the decrease in the agriculture industry was reflected in the 46 percent decrease in farmers and farm workers, from 1,056,092 in 1941 to 573,042 in 1961, and a 40 percent decrease in the number of males in primary occupations. In contrast, there was a fourfold increase in the number of female farmers and farm workers, from 18,812 in 1941 to 75,868 in 1961, producing a change of about the same magnitude in primary occupations as a whole. The change from the gainfully-occupied notion of 1941 to the labour-force notion of 1951 and 1961, and the better reporting of female unpaid family workers in agricultural occupations in 1961, were partly responsible.

THE SEARCH FOR PEACE IN VIETNAM

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being acceptable to the parties on the ground. That was one of the considerations we had in mind when we decided to ask Mr. Chester Ronning, a distinguished former member of our foreign service, to pay special visits to Saigon and Hanoi early last month. On these visits he had a full opportunity of discussing with senior personalities in both capitals their views of the present Vietnam situation and the possibility of the Commission powers playing some part in opening up avenues which might ultimately lead to a peaceful settlement of the conflict. Members of the Committee will appreciate that it would not be helpful for me at this stage to disclose the contents of the discussions which Mr. Ronning had on his visits to Saigon and Hanoi or the possibilities which they may help to open up. All I would like to say is that the results of these visits have in no way seemed to me to foreclose a Commission role in the right circumstances. In the meantime we are continuing our exchanges with our Commission partners in

response to their own indications that they would like to see this dialogue carried forward....

MEETING IN HONOLULU

I think the Committee might wish me to make some comment on the Honolulu meeting which took place in the second week of February. As I see it, the main significance of that meeting was that it laid the groundwork for a comprehensive programme of social and economic reform in South Vietnam. All of us recognize, I think, the very great problems which the implementation of a programme of this magnitude poses in any developing country. These problems are bound to be even greater in a context of continuing armed conflict and in circumstances where positive results can so easily be negated. Nevertheless, we believe that the renewed emphasis that is now being placed on the social and economic aspects of the problem in Vietnam is the right emphasis. It is calculated to contribute to a more stable and progressive society in which the ordinary Vietnamese may be able to feel that his interests are actively engaged.

Recent developments in South Vietnam have underlined once again what I regard as the crucial problem in that country which is that of achieving a stable political basis. Of course, the problem of political instability is not confined to that country. It is an endemic problem in many of the new countries which lack the resources to meet the mounting aspirations of their people for a better life. But it is aggravated in South Vietnam by the disruption which has been caused by subversion and armed conflict.

It is my understanding that the tenor of much of the current protest in South Vietnam is to the effect that only a broadly-based civilian government will provide a basis on which the South Vietnamese can be expected to take the decisions which are certain to face them in the months and years to come. I think we must be careful, however, not to draw false inferences from what is currently going on in South Vietnam. In particular, I think, we would be wrong to conclude that these manifestations of political dissent are based on support for the conception of a government which was composed of representatives of the Viet Cong or which included their participation. There are many strands to the current dissent in South Vietnam but that, according to the best information available to me, is not one of them....