

# Canada Weekly

Volume 7, No. 4

January 24, 1979



Ottawa, Canada

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## Year-end review of Canada's economy for 1978 and outlook for 1979

*"The performance of the Canadian economy during 1978 has, one could say, been somewhat mixed," stated Industry, Trade and Commerce Minister Jack Horner, in a year-end review. "There have been areas of strength and of weakness, successes and disappointments, and each should be kept in perspective."*

*Excerpts from the review follow:*

The major source of strength in the economy in 1978 was our export performance. Based on data for the first three quarters of the year, real exports of goods and services were up 8.7 per cent compared to an increase of 7.4 per cent in 1977. Real exports of merchandise alone were up 8.9 per cent, and the strongest category of exports was manufactured goods. End products rose 10.1 per cent and fabricated materials 17.1 per cent.

As a result of this strength in our merchandise exports, our merchandise trade surplus is almost certain to be substantially higher than it was last year. At the end of the first three quarters, the surplus was \$2.8 billion — only \$100 million shy of the \$2.9 billion recorded for all of 1977, and \$1 billion higher than it was in the first three quarters of 1977. A \$4-billion surplus for 1978 is a real possibility.

Admittedly, we will once again have a large deficit on service account: however, our strong merchandise trade performance should offset this sufficiently to provide some improvement in our current-account balance. Furthermore, for at least one component of services — tourism — things are starting to look up as the deficit on travel account was virtually unchanged between the first three quarters of 1977 and the same period in 1978.

Now, for the greater part of 1979, we are unfortunately not going to be able to rely on a repeat performance in our export sales to fuel our economic growth. All of the signs indicate a sharp slowdown in the United States economy. Being, as we all know, by far our largest trading partner, this is bound to have a negative impact on our export performance at least for one or two quarters. However,



Jack Horner

this should be mitigated to some extent by the enhanced position of our exports not only in the United States but throughout the world as a result of our lower valued dollar. Furthermore, the U.S. economy is expected to start its recovery in the fourth quarter of 1979, and from that point on Canadian exports will once again make a major contribution to our economic growth.

### Manufacturing

In the crucial area of manufacturing, 1978 saw a sharp turnaround in both output and employment. Capacity utilization is now on the rise, investment has started to take off and business income, particularly corporate profits, has strengthened appreciably.

After rising only 3.0 per cent in 1977, manufacturing output was up 6.5 per

*Three hundred and fifty-two years ago tomorrow... Apothecary Louis Hébert, believed to be Canada's first farmer, died.*

cent for the first nine months of 1978 compared to the level in the same period in 1977. For September (the latest month for which data is available), manufacturing output was up 10 per cent over that of September 1977 — the eighth straight month of strong output performance.

For the first ten months of 1978, manufacturing employment was up 62,300 or 3.3 per cent compared to that in the first ten months of 1977. In October, manufacturing employment was up 110,000 or 5.7 per cent above the October 1977 level and, on a seasonally adjusted basis, was at its highest level (2,006,000) in at least two years.

The strength of the manufacturing sector was clearly reflected in the performance of business income. Non-farm business income strengthened with a year-over-year increase of 13.9 per cent in the first three quarters of 1978 compared to an 11.2 percent increase for 1977. Corporate profits retained in Canada were up 15.0 per cent in the first three quarters of 1978 compared to a 10.2 percent increase for 1977. In addition, unincorporated business income rose 10.6 per cent so far

this year [1978], compared to a 5.9 per cent rise in 1977.

\* \* \* \*

Given the momentum that has been built up in manufacturing over the last several months, and given the policy framework that the Government has provided and which it will continue to develop, industry and industrial employment should strengthen over the months and years ahead.

#### General performance

Over-all, the economy experienced a steady although moderate rate of real growth averaging a little less than 4 per cent each quarter from the fourth quarter of 1977 to the third quarter of 1978. In 1979, the economy is expected to continue to grow in real terms at an annual rate of about 4 per cent.

This is a little below our potential growth rate of around 4.5 per cent *per annum*, and, for that reason, perhaps could be described as a little disappointing. Even so, we should not lose our perspective. First, the economy is expected to continue to pick up steam with real

growth rising in the 5 to 5.5 percentage range by 1981. Second, in spite of being below our potential in the last couple of years, from 1973 to 1978 the Canadian economy experienced growth second only to Japan among all the major Western industrial nations.

The U.S. economy, for example, grew more rapidly than ours in 1977 and 1978, but they had a recession in 1975 and we did not. Further, all the signs indicate that they are going to experience very slow growth in 1979 (around 2 per cent), perhaps even another recession, while again we will not.

#### Investment

In contrast to the expected slowdown in exports in 1979, investment spending should increase significantly and be a major stimulus to growth. The annual data for 1978 show real investment as continuing the sluggish performance experienced in 1977. These annual data, however, disguise the underlying trends, and the second and third quarters were quite strong. Machinery and equipment investment, for example, rose a phenomenal 42 per cent in real terms in the second quarter and a further 13 per cent in the third quarter. All the evidence suggests that this is just the beginning. Consumer demand is steadily strengthening, capacity utilization rates are on the rise — even pressing against full utilization in some industries, and business confidence is rapidly improving. ITC's recent survey of investment intentions indicate real investment growth in 1979 of perhaps 5 per cent.

\* \* \* \*

#### Employment

One of the most significant and positive features of Canadian economic activity in 1978 was the sustained rise in employment.

For the first 11 months of 1978, employment was up 3.3 per cent or 318,000 more jobs over those in the same period in 1977. In contrast, the economy has averaged only 190,000 new jobs in each of the previous three full years (1975 to 1977).

From December 1977 to November 1978, 371,000 new jobs have been created, up 30 per cent compared to figures in the same period last year.

Canada's rate of job creation throughout the 1970s has been the highest among

(Continued on P. 8)

#### Wheat deal leads way in Canada/China trade boost

Canada's trade with the People's Republic of China will increase from approximately \$500 million in 1978 to well over \$1 billion by 1980, predicted Industry, Trade and Commerce Minister Jack Horner at a press conference in Peking on January 11. Mr. Horner was leading a delegation of 39 businessmen, press and officials on a visit to China from January 7-13.

In his discussions with the Chinese Vice Premier Yu Qiu Li, (Yu Chiu-li), Foreign Trade Minister Li Qiang (Li Chiang) and other ministers, Mr. Horner outlined the advantages of long-term supply contracts for commodity imports from Canada. He was informed that China would send a delegation to Canada next month to negotiate a long-term wheat contract with the Canadian Wheat Board and that long-term contracts would be considered for other major commodity exports, including sulphur and potash.

The Minister of Water Conservancy and Power, Qian Zhengying (Chien Chengying), expressed interest in collaborating with Canadian companies in the development of China's vast hydro power resources. The Minister of Metallurgical Industry, Tang Kei, invited several Canadian companies to submit proposals for the mining and refining of gold, iron, ore and asbestos.

A keen interest had been expressed in Canadian communications technology, Mr. Horner stated, and the groundwork had been laid for co-operation in several telecommunications manufacturing facilities. In offshore development, Petro Canada and Ranger Oil have been invited to submit a draft contract and send a delegation to Peking next month to begin technical and commercial negotiations.

The minister discussed with Li Qiang the possibility of concluding an economic co-operation agreement, establishing a framework for closer co-operation in several areas. Detailed discussions are to be initiated at the Canada/China joint trade committee meeting, tentatively scheduled to take place in Ottawa in early spring.

The Chairman of the Canadian Importers Association reviewed with Chinese ministers and officials the prospects for increased imports of Chinese products, including oil.

## Tour of military bases abroad

Defence Minister Barney Danson recently conducted a tour of Canadian Forces units in West Germany and Cyprus, and made an official visit to Greece.

In West Germany, Mr. Danson was joined by Minister of Defence of the Federal Republic Dr. Hans Apel for visits to Canadian units in Lahr and nearby Baden-Söellingen.

On January 5 and 6, he saw Canadian Forces troops on peacekeeping duty for the United Nations in Cyprus and toured their military installations and outposts.

Canada contributes the second largest contingent of 500 officers and men out of the UN force's total strength of 2,500. Canadians were among the first to arrive on the island in 1964 when the UN force was formed to keep the peace.



Canadian Forces photo by Sgt. J. Rodger

*Mr. Danson eases into a new C-1 Leopard tank during a visit to Canadian Forces Europe January 2-3. German Minister of Defence, Dr. Hans Apel, looks on.*

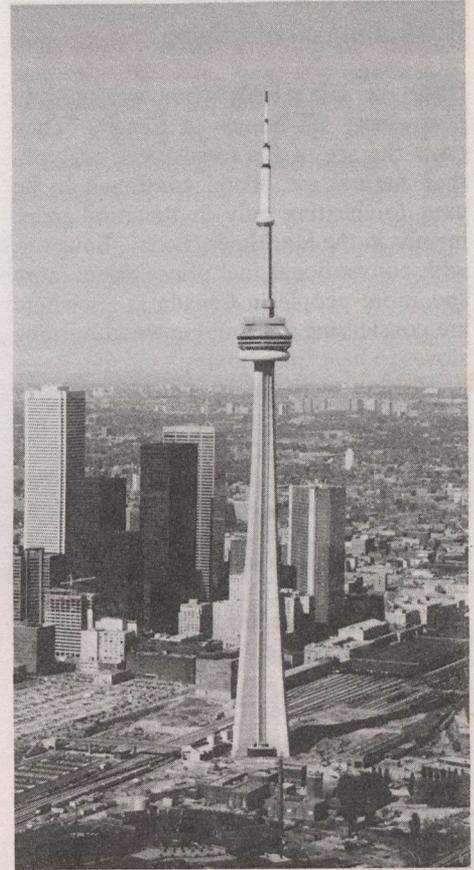
On January 7 Mr. Danson arrived in Athens for a two-day official visit, where he was received by the President of Greece, Constantine Tsatsos, Prime Minister Constantine Karamanlis and Foreign Minister Georges Rallis. He also met with Minister of Defence Evangelos Averof and his senior military officers, for briefings and discussions on NATO related matters.

## Lightning strikes for science

The National Research Council is participating with the University of Toronto, Ontario Hydro and Hydro-Quebec in a program of measurements of lightning parameters (eg. crest currents and current waveshape) at the CN Communications Tower in Toronto. Although the main features of lightning have been explained qualitatively there is still disagreement on the median values of lightning parameters and on the statistical distribution of each parameter.

The 553-metre tower, the tallest free-standing structure in the world, is struck by lightning approximately 35 times a year. When the tower is struck a current wave travels down the structure and is reflected from the ground. The reflected wave returns to the point struck and adds to the current there. The extreme height of the CN Tower should allow researchers time to measure lightning currents before they are affected by reflections from the ground.

Two new current-measuring stations and a videotape system set up to record lightning flashes will add information to data which had been previously taken on structures less than 100 metres high.



*CN Tower, Toronto, the tallest free standing structure in the world.*

## Minister visits the Caribbean

Secretary of State for External Affairs Don Jamieson visited Barbados, St. Lucia and Jamaica from January 16 to 21, accompanied by three Members of Parliament and seven Canadian businessmen.

Mr. Jamieson held bilateral discussions in Barbados and St. Lucia on Canada's relations with these states, on Commonwealth matters of mutual interest, and on other international issues, including developments generally in the Caribbean region. He stressed the importance of the new Trade and Economic Co-operation Agreement between Canada and the Caribbean Common Market (CARICOM), which he signed in Kingston, Jamaica on January 20, together with ministers of the 12 Commonwealth Caribbean member governments of CARICOM.

In Barbados, Mr. Jamieson spoke with Prime Minister Adams and Foreign Minister Forde and met senior officials of the Caribbean Development Bank, of which Canada is a member. He also visited

the site of the uplands sugar cane separator, a project which is being undertaken with assistance from the Canadian International Development Agency (CIDA).

In St. Lucia, Mr. Jamieson held discussions with Governor Lewis and Premier John Compton, and visited the new Comprehensive School built under CIDA's auspices near Castries, St. Lucia.

In Jamaica, the minister met Prime Minister Manley and Deputy Prime Minister and Foreign Minister P.J. Patterson. The Canadian group also participated in a half-day seminar with the CARICOM Secretary-General and officials of several CARICOM Governments on the prospects for Canada-CARICOM relations following the conclusion of the new Economic Co-operation Agreement.

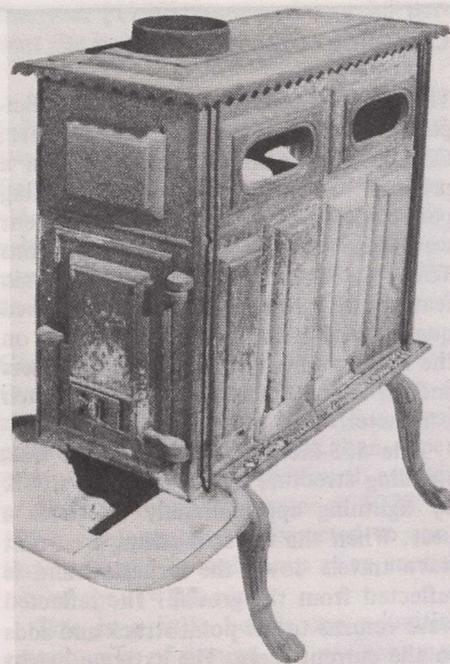
In addition to discussions with host governments, the Canadian Members of Parliament met groups of local parliamentarians while businessmen conferred with Caribbean businessmen and government, CARICOM and Caribbean Development Bank officials.

## Rekindling an old flame

Until the late 1880s wood was used to heat nearly all homes in Canada. Then came the age of the fossil fuels: coal, oil, then natural gas. Wood continued to be used for heating only in the rural areas, mainly in the Maritimes. Today, however, with conventional fuel prices rising, more and more people in Canada as elsewhere are considering and buying wood-burning stoves to heat their homes.

Heating technologies have been vastly improved in the past 20 years. The old stoves were not airtight, and hence even the "better" stoves sent about three-quarters of the heat value of their fuel-wood up the chimney. (In comparison, modern oil furnaces have efficiencies of 70 to 85 per cent.)

Since more air than was required for optimal burning got into the firebox of the old stoves, it was difficult to maintain a constant temperature. In addition, no provision was made for burning volatile gases which were lost as smoke. (To ignite these gases it is necessary to achieve temperatures over 590 degrees centigrade, and also to introduce pre-heated secondary air.) Few attempts were made to extract heat from the gases, so they went up the flue. All of these problems resulted in variable temperatures, fast-burning fires, high ash production, and the consump-



*An old-time cast-iron parlour or hall box-stove, manufactured between 1870-76 by Jones and Dowsley, Prescott, Ontario.*

tion of very large quantities of wood.

Modern wood stoves are virtually airtight. Joints are carefully sealed and loading doors are tightly fitted. This allows for good draft control, even temperatures, and long-burning fires. Many units have mechanical (bi-metal strip) thermostats that regulate the draft vent

so that the right amount of air is admitted to maintain a constant temperature.

The improvements increase the ratings of modern wood stoves to a range of 50 to 70 percent efficiency. The improved efficiencies have reduced by half the quantity of wood required to heat a given space. And as an added incentive, the modern stoves can burn for some eight to 20 hours on a load of wood, so tending a wood stove need no longer be a full-time occupation.

Wood heating technology is still progressing beyond airtight boxes to furnaces which use wood chips, loaded automatically — units that burn only a few cords of wood each winter.

### Efficiency testing

The increasing interest in wood energy has brought with it a variety of concerns on the part of government agencies and consumer groups. Both government and industry are studying stove efficiency and safety; the insurability and eligibility for mortgages of wood-heated homes; and the availability of wood fuel.

Scientists at the Department of Energy, Mines and Resources (EMR) are testing airtight boxstoves, combi-fires, sophisticated and conventional Franklins, circulating wood heaters, combined wood-oil furnaces, and add-on wood furnaces. They are varying the wood composition between wet and dry hardwood and softwood, and monitoring the fuel-burning process from beginning to end. The stoves being tested are set up on a weigh scale to measure precisely the burning rate of the wood.

They use a technique based on the "heat loss method" — measuring and recording on magnetic tape the gases and unburned hydrocarbons that escape up the chimney. By analyzing the composition of the fuel as it is modified throughout the burning process, the amount of heat loss is calculated.

### Insurance considerations

Many groups besides the Federal Government are taking an increasing interest in wood energy. They include provincial government departments with responsibilities related to housing and energy, the Canadian Wood Energy Institute (CWEI), the Canadian Standards Association (CSA), the Insurance Bureau of Canada, and the Insurers' Advisory Organization of Canada.

The CWEI has been in existence a little

### How safe are wood-burners?

Provincial building codes, says Judy Connolly of Central Mortgage and Housing Corporation (CMHC), are unclear in most cases. The National Building Code (published by the National Research Council) — which is the federally recommended code — does lay down certain criteria covering the use of solid fuels for heating. But it is virtually unchanged since it was first written in coal-burning days, and it is not related specifically to heating with wood. So far these installation standards have only been incorporated in the Nova Scotia, Prince Edward Island and revised Ontario building codes. In the Prairie provinces, burning wood is not a practical consideration, except in remote northern locations, since wood is not abundantly available.

CMHC has prepared a detailed technical brochure, *Heating with Wood — Safely*, which illustrates how the different units work, what precautions must be taken before and during installation, and describing safe operation and maintenance.

The Insurance Bureau of Canada inspectors can assess whether particular buildings or even whole communities can be safely heated with wood. But their advice is summed up in these words: "Buy an approved device and have it safely and professionally installed." The Bureau also recommends consulting an insurance agent before going ahead. Insurance companies say they have to satisfy themselves as to the age of the house, type of unit, and installation, before agreeing to underwrite a policy on a home where the principal source of heat is wood. And when having a wood-burner installed, the home-owner may expect to pay a premium 20 to 50 percent higher than he would to insure an oil-heated home.

over a year. It started as an association of manufacturers and sellers of wood stoves, but has since grown to include consumer interests as well — safety, insurance, availability of wood and so on. In February 1978, CWEI hosted a two-day workshop/conference in Toronto which brought together an international panel of speakers on subjects ranging from marketing wood stoves to research, insurance and wood handling.

The Insurers' Advisory Organization of Canada has an obvious interest in the safety and insuring of wood-heated dwellings. It is a voluntary non-profit organization funded by 52 general insurance companies who collectively write about 60 per cent of fire and casualty insurance in Canada. Ted Belton, president of the organization, was one of the speakers at the CWEI workshop in Toronto. As had others, he stressed the importance of proper stove installation to the safety of the home-owner, and consequently to his insurance company.

"Wood-burning appliances must be vented into chimneys that can withstand much greater heat than is the case with an

oil furnace," Belton told the conference. "The householder should be made aware of the danger inherent in the build-up of creosote (an inflammable waste material), particularly with the burning of 'green' wood, usually the only kind available in January and February in Canada.

"The only guarantee a buyer has that the unit itself is safe is to be sure it carries either a CSA or ULC (Underwriters' Laboratory of Canada) label. So manufacturers and dealers must be willing to submit their products for testing and must publicize the value of the labelling to potential customers."

#### Costs and savings

Stove purchase prices vary widely according to the type, the space one wants to heat, and where in Canada one lives. Prices can range from \$300 to \$1,200 or more, depending on the size and degree of sophistication of the stove. Recently, to encourage the use of alternative fuels, the Federal Government exempted wood-burning stoves from federal sales tax.

The cost of wood and the savings that

can result compared to oil are also dependent on a number of variables. The size and type of unit, how one operates it, and prices for buying and transporting wood are the principal ones. EMR's renewable resources branch recently commissioned a study to determine how much fossil fuel could be saved when a house was heated with wood. The researchers created a range of situations, taking into account efficiency of the unit, method of transportation and distance from source, and type of wood used.

Results of the study ranged from a maximum of 120 gallons (543.53 litres) of oil *per cord* saved with an exceptionally efficient wood heater and woodlot 16 km away, to a loss of 21 gallons (95 litres) *per cord* by a householder driving 120 km for his wood and burning it in an open fireplace.

The department will be publishing a catalogue for consumers who intend to use wood as the main source of heat for their homes.

*(The foregoing, edited article, written by Blaise Downey, was reprinted from Habitat, Vol. 21, No. 3, 1978.)*

### Sophisticated Canadian business jet challenges competition, claims exceptional service



The Challenger business jet of Canadair Ltd. of Montreal, which should enter commercial service this year, has successfully completed its first flight. The jet features high-lift/low-drag subsonic airfoil, high bypass turbofan engines, and the technology of the wide-body fuselage which reduces structural weight for increased performance and comfort. The company, which has firm orders for 109 of the aircraft with a letter of intent to purchase another 25, claims that the aircraft is the "longest-range business jet in the world".

## Nuclear reactors sold to Romania

The Export Development Corporation (EDC) and the Bank of Montreal, leading a consortium of Canadian banks, recently concluded financing arrangements for the \$1-billion sale of Canadian goods and services for four Canadian 600-megawatt nuclear reactors to Romania. The loan is the largest of its kind supporting a single export sale from Canada. The bank participation of \$320 million also exceeds all previous export financing arranged by EDC and the Canadian banks.

The project, which should bring about 33,600 man-years of employment to some 15 major suppliers across Canada, will involve the supply of engineering and other services, equipment and materials, including erection, commencement and training related to the construction of the nuclear power units.

## Women workers

There were 4,022,000 women in the work force in 1977, representing 37.9 per cent of the total labour force of 10,616,000, reports the 1977 edition of *Women in the Labour Force*, published recently by Labour Canada.

The following facts, pertaining to the same year, were also contained in the book:

- 45.9 per cent of the 8,767,000 women aged 15 years and over in the population were in the labour force. This compared with a participation rate of 34.6 per cent in 1967 when 2,358,000 women were in the labour force.
- 2,430,000 married women were in the labour force, representing 44.1 per cent of married women in the population. In 1967, only 28.3 per cent (1,265,000) of married women in the population were on the work force.
- 82.8 per cent of all single women in the population aged 25 to 54 were in the labour force; of single men in this age group, 85.2 per cent were in the labour force. The participation rate of married women aged 25 to 54 was 49.5 per cent in 1977, compared with a participation rate of 96.3 per cent for married men in this age group.
- women represented 44.1 per cent of the unemployed labour force and 37.3 per cent of the employed labour force. The rate of unemployment for women

was 9.5 per cent compared with a rate of 7.3 per cent for men.

- the participation rates of women in the labour force ranged from 50.7 per cent in Alberta to 34.4 per cent in Newfoundland.
- 22.1 per cent of all employed women worked part time; the comparable percentage for men was 5.4 per cent.

## First stamps for 1979

A \$1-stamp depicting Fundy National Park, issued on January 21, initiated a series of high-value definitives of Canada's national parks. The tides of the 29-year-old New Brunswick park shown on the stamp, which was the first issued this year, were painted by Ron Bolt.



The Quebec Winter Carnival, celebrating its twenty-fifth anniversary this year, will be honoured with a new 14-cent commemorative stamp to be issued February 1. The stamp, illustrated by Antoine Dumas, a native of Quebec City, shows a colourful carnival crowd and "Bonhomme Carnaval", the jovial spirit of the festival.



## Canada/Cuba sport exchanges

Close to 100 Canadian athletes in seven sports will travel to Cuba this year for training and competition under a renewed sport exchange agreement signed in December by representatives of the Canadian Government and the Republic of Cuba.

The annual program is the fourth to be signed since the two countries agreed to enter into the exchanges in 1976.

Canadian teams in boxing, fencing, soccer, judo, wrestling, synchronized swimming and team handball will travel to Cuba, while Cuban athletes in diving, canoeing, wrestling, gymnastics, volleyball, judo, track and field, swimming and basketball will visit Canada to train and compete.

In addition, specialists from both countries involved with women in sport will exchange visits.

## Mr. Schreyer visits the Queen

Canada's new Governor General, Edward Schreyer, and his family visited England recently, paying a courtesy call on the Royal Family at Sandringham House in Norfolk.

Mr. Schreyer assumed his duties as the Queen's representative in Canada on January 22.

## New mail service long way from pony express

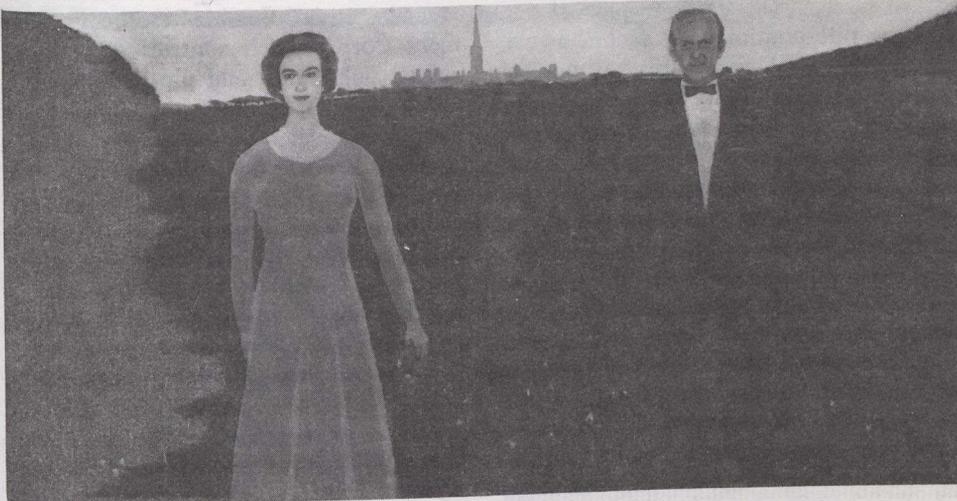
Bell Canada and Ivor Kaye and Assoc. Inc. of Toronto, plan to begin in February what is believed to be the world's first completely electronic mail service.

Customers in Toronto and Montreal (soon to be followed by Vancouver, Calgary and Ottawa) will pay 98 cents a page to send a standard-size letter over the system, called Fascan, which guarantees transmission of the letter within two hours. The express service, offering delivery within 15 minutes, will cost \$1.35 a page. Overnight delivery will cost 70 cents a page.

Agents in shopping plazas and offices will handle requests for many customers. Companies that are frequent users can rent terminals from Fascan for \$50 or less a month, or buy the unit for about \$1,500.

# News of the arts

## New royal portrait displayed at Government House



A Canadian portrait representing Queen Elizabeth and Prince Philip was placed on view recently at Rideau Hall, Ottawa, the Governor General's residence. It is the work of Jean-Paul Lemieux of Quebec City and Ile-aux-Coudres. The artist calls the two figures in the painting "affectionate memory images based on many impressions gathered over the years". Lemieux, internationally known for his atmospheric landscapes and portraits, has exhibited widely in Canada and special collections of his work have toured Europe as far as the Soviet Union. His large mural, *The Fathers of Confederation*, has been in the Confederation Centre in Charlottetown since 1967.

## Play time important to Canadians

A typical working adult in Canada spends 50 hours a week in leisure activities compared with less than 40 hours in the workplace, a Statistics Canada survey shows.

During a selected study week in 1978, adult Canadians spent almost a billion hours in measured leisure-time activities while spending about a third that amount as members of the labour force. (Forty-five per cent of the 17,000 questioned were not members of the work force, and so could spend more of their waking hours in leisure activities.)

### What we do

The leisure activities included watching television, listening to the radio or records, reading newspapers, magazines and books, participating in or viewing sports, doing volunteer work, taking instruction in crafts, music or art and visiting a museum, art gallery, library, bookstore, theatre or concert hall.

### TV popular

Nearly 100 per cent of those surveyed watched television during the study week. As for other activities, 83 per cent of those surveyed listened to radio, 50 per

cent listened to records or tapes, 83 per cent read a newspaper, 58 per cent read a magazine, 43 per cent read a book or part of one, 47 per cent participated in a sport and 20 per cent did volunteer work.

A study period of seven weeks was used to observe visits to cultural events. During that time 40 per cent of those questioned had gone into a bookstore, 33 per cent had seen a movie, 21 per cent had visited a public library, 28 per cent had attended a sports event and 6 per cent had been to a museum.

### Regional differences

In Newfoundland, 33 per cent of the sample group read a book during the one-week study. This compared with 53 per cent in British Columbia, 47 per cent in Ontario and 36 per cent in Quebec.

Book-reading was highest among the young and newspaper-reading was concentrated most heavily among middle-aged Canadians.

In Quebec, 11 per cent reported participating in volunteer work during the study week compared with 21 per cent in Ontario and 27 per cent in Saskatchewan. Library use varied from 13 per cent of those questioned in Montreal to 36 per cent in Toronto.

## NAC prepares for national tours

Following a successful Western Canadian tour last autumn, la Compagnie de Théâtre du Centre national des Arts will continue its first national tour from January 22 to March 17. Opening in Toronto, the French-language company moves to Cornwall and then to Montreal, where it will perform from February 2 to 24 as part of the Théâtre du Nouveau Monde's subscription series. The tour then continues with stops in the New Brunswick communities of Edmonton, Campbellton, Bathurst, Caraquet, Moncton and Bouctouche. On its return, the company plays Rimouski in March and another Quebec city yet to be confirmed.

On its Western tour, the company presented Goldoni's *Arlequin, serviteur de deux maîtres* and Marcel Dubé's *Un Simple Soldat*. This time, la Compagnie de Théâtre du CNA is performing Corneille's *Le Cid*, and the Italian comedy *Madame Filoumé* by Eduardo de Filippo, currently enjoying success in London in the Franco Zeffirelli production starring Joan Plowright and Colin Blakely. (*Madame Filoumé* was adapted by Vittorio de Sica for the film *Marriage Italian Style* with Sophia Loren and Marcello Mastroianni.)

Jean Gascon, director of theatre for the National Arts Centre, is directing *Le Cid*, and Olivier Reichenbach, *Madame Filoumé*. Robert Prévost, François Barbeau, Pierre-René Goupil and Jean Sauvageau are responsible for sets, costumes, lighting and music.

The English-language NAC Theatre Company began its national tour January 22, in Vancouver, and will play Banff, Calgary, Saskatoon, Regina, Winnipeg, Windsor, Hamilton, Montreal, Saint-John and Charlottetown. The company will present *Hamlet* and *William Schwenck and Arthur Who?* by Alan Laing and John Wood. *Waiting for the Parade*, by John Murrell, will be performed in smaller towns.

The most frequent moviegoers in the country were Edmontonians. Forty-five per cent of those surveyed in that city had seen a movie in the past seven weeks. Edmonton was closely followed by Regina with 44 per cent and Halifax with 43 per cent. The lowest percentage, 28 per cent, was in New Brunswick.

The report is to be used as a basis for a major study by the Secretary of State.

## Year-end review (Cont'd. from P. 2)

major Organization for Economic Co-operation and Development countries. For example, Canadian employment grew by some 20 per cent between 1970 and 1977, exceeded by Norway (22 per cent) but well ahead of the United States (15 per cent), Japan (5 per cent), the U.K. (1 per cent) or Germany where over 6 per cent fewer were at work in 1977 than there were in 1970.

In spite of the excellent record in job creation, the growth in employment in 1978 was unable to keep pace with the increase in the labour force because of the continued rise in the participation rate. In consequence the unemployment rate averaged 8.7 per cent in 1978 compared to 8.1 per cent in 1977. It has, however, been marginally lower in recent months (8.2 per cent in October and 8.3 per cent in November) than it was at the beginning of the summer when it stood at 8.6 per cent.

Because we may still be growing slightly below our potential in 1979, the unemployment rate is unlikely to improve to any great extent. Nevertheless, we should get another substantial increase in new jobs and by 1980 the unemployment rate should start to improve.

### Prices

Although the rate of inflation rose somewhat in 1978, this was due to food prices. The increase in non-food prices continued to slow down and wage increases continued to moderate. There is no reason to believe that food prices will increase as sharply in 1979 as they did in 1978 and, in addition, the reduction of the federal sales tax should help to further dampen inflation.

There is no evidence of a generalized cost-push on prices either currently or in the near future. There was some fear of a

wage and price "bubble" following the removal of price controls, but this has not, at least as yet, come to pass. If the inflation rate continues to decline as we expect it to, real wage gains will not be eroded and labour should not feel it necessary to increase wage demands to meet rising inflation.

In the longer run, if the Government can continue its restraint program, if the private sector can also exercise restraint in prices and wages and if the Bank of Canada is able to continue its deceleration in the growth of money supply, we should see the rate of inflation continue to subside.

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### News briefs

**Secretary of State for External Affairs** Don Jamieson and U.S. Secretary of State Cyrus Vance have directed Special Negotiators Marcel Cadieux and Lloyd N. Cutler to meet again to bridge the few but sensitive remaining differences concerning the Atlantic coast problem. Efforts will then be undertaken to develop solutions to the Pacific coast and Beaufort Sea maritime boundaries and fisheries problems.

**The Export Development Corporation** had a record year in 1978 with early figures showing that the corporation's business volume rose from \$2.6 billion in 1977 to over \$6 billion last year. A total of 31 lending transactions, including lines of credit, were arranged for 20 countries in 1978, amounting to \$3.2 billion. In 1977, 43 loans were arranged, amounting to \$1.1 billion. Preliminary figures indicate that the corporation's profit for 1978 will be even higher than the \$18.7 million shown for 1977.

**The Royal Bank of Canada** is a joint lender with Chase Manhattan Bank and Banco de la Republica Dominicana for a \$185-million (U.S.) loan to the Dominican Republic. The eight-year loan will be used to refinance obligations of certain government agencies and to provide new investment funds, a spokesman for the Royal Bank said.

**Major agreements covering 332 bargaining situations** (involving 1,019,500 employees) in industries other than construction will expire in 1979, as will at least 47 major construction collective agreements.

**The British Columbia government** is to distribute five free shares of the Crown-owned British Columbia Resources Investment Corp., which controls oil and gas rights, pulp mills, and pipelines to Canadians aged 16 or older who have lived in the province at least a year by June 15. Premier William Bennett says if all eligible people acquire shares it would give the corporation 2.4 million shareholders, making it "the most broadly based shareholder-held company in Canada".

**The newly formed European Politics Group** of the Canadian Political Science Association held its first workshop, on "The European Community and EC-Canada Relations", in Ottawa recently. The group was established last May to promote co-operation among Canadian university teachers of Western Europe and EC-Canada relations and to develop closer links with government and the general public.

**Ontario Hydro will stop construction** and store components of the second half of its third heavy water plant at the Bruce nuclear power development, because of "uncertainties" about future requirements in Ontario.

**The seasonally adjusted unemployment rate** dropped slightly to 8.1 per cent in December but the actual number out of work rose by 20,000. Employment Minister J.S.G. Cullen, although pleased with the number of new jobs created recently, said, "I think we're still in for some tough months," partly because of an expected slowing in the U.S. economy. The actual number of unemployed rose in December to 870,000 from 850,000 a month earlier.

**Eighty-year-old John Miller** of Toronto, an inventor whose lack of formal engineering training and refusal to take a qualifying exam prevented his registration with the Association of Professional Engineers of Ontario in 1946, has been awarded a fellowship in the American Society of Mechanical Engineers. According to *The Globe and Mail*, only three other Canadians have ever received the honour. Mr. Miller, who has no plans to retire, has, among other things, devised a technique for automatically coating filing cards with lacquer, designed mail-sorting equipment and machines for making golf clubs and tennis racquets, patented a marksmanship training device, and established production requirements for an aircraft manufacturer. In 1927 he designed a coin-operated photographic machine.

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*Canada Weekly* is published by the Information Services Division, Department of External Affairs, Ottawa, K1A 0G2.

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

*Algunos números de esta publicación aparecen también en español bajo el título Noticiario de Canadá.*