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WEEK'S EVENTS IN REVIEW

MR. PEARSON ON FOREIGN POLICY: In the House of Commons on November 16 the Secretary of State for External Affairs, Mr. Pearson, spoke on foreign policy as he moved that estimates of his Department be referred to the Standing Committee on External Affairs.

Before dealing with European affairs, the Minister touched upon matters jointly concerning Canada and the United States. He expressed the hope that the United States would soon be able to deal with the St. Lawrence seaway and power project, and said that Canada and the United States could not take their relations with each other too much for granted. Canada, he said, should not be over-sensitive in her relations with the United States; the United States on its part, he thought, "must recognize that we wish to play our own part in international development, make our own contribution, and that we can do this effectively as a co-operating partner but not as a camp follower."

In his 90 minute review he said the United Nations had been strengthened in the last year and had helped to reduce world tensions by containing conflicts in Palestine, Kashmir and Indonesia which could have sparked a major war; he said that military obligations under the Atlantic Pact would be charted before long but its 12 member nations also should start at once to implement their pledge of economic collaboration; and he declared that the mili-

tary occupation of Japan should be ended as quickly as possible and a general conference that would include Canada should seek to write a peace treaty.

He spoke, in part, on European affairs, as follows:

"....There are still many obstacles in the way of further progress towards western European unity. Fear and uncertainty are probably the most conspicuous, fear of war and uncertainty about the economic future. These disintegrating elements lie at the root of most of the conflicts and stubborn differences of policy that retard progress towards European unity, but nevertheless a very real advance has been made in that direction.

"There is another difficulty which is retarding the essential advance towards European unity. When Prime Minister Nehru spoke in New York in October last on the causes of war he named as one of these the desire of one nation to dominate another. Nowhere are his words more clearly to be tested and proven than in Europe itself. For some time now it has been quite obvious that Soviet Russia is inflexibly set upon imposing its will by force and fear upon a wider and wider area totally regardless of the sovereign rights, the religious traditions or the social organization of the peoples involved. This unswerving purpose poisons and distorts the aspirations of those who seek for a peaceful way of life everywhere.

MR. MATTHEWS MINISTER AT WASHINGTON: The Department of External Affairs announced on November 10 that Mr. W.D. Matthews, Counsellor at the Canadian Embassy, Washington, had been promoted to the rank of Minister.

Before his transfer to Washington earlier this year, Mr. Matthews was assistant Under-Secretary of State for External Affairs in the Department at Ottawa.

The Department also announced that Canadian participation in arrangements for continuing consultation agreed upon at the sterling-dollar tripartite talks in Washington last September would be effected through the Embassy and that in addition to his other duties as Minister, Mr. Matthews would be acting in these matters as Deputy to the Ambassador, Mr. Hume Wrong. In this connection it would be recalled that the final communiqué issued by the representatives of the U.K., U.S. and Canada at the end of the Washington talks in September stated that "Arrangements for continuing consultation - supplementing the usual channels of communication between governments - will be used to keep under review the effectiveness of actions already agreed upon and to prepare, for governmental consideration, measures which could carry further those adjustments which are considered necessary".

Mr. Matthews was born in Toronto, July 2, 1906, and attended Ridley College, St. Catharines, and the Royal Military College, Kingston. He graduated from the University of Toronto with the degree of B.A. in 1929 and studied law at Osgoode Law School. From 1929 to 1930 he served as an Attaché at the Canadian Legation in Washington. From 1933 to 1939 he was engaged in the practice of law and in business in Toronto. After four years' service with the Foreign Exchange Control Board, beginning in 1939, he joined the Department of External Affairs in 1943.

INTERNATIONAL TRADE FAIR: Arrangements have been completed for an all out effort to redirect a substantial proportion of British Machine Tool and Scientific Instrument exports to the dollar markets, spearheaded by a mammoth exhibit at the 1950 Canadian International Trade Fair, according to Sir Holland Goddard, prominent U.K. industrialist. He heads the British Mission which has been in Canada for three weeks to finalize a multitude of details involved in what amounts to a major shift in trade patterns for the industry.

NEW EMPLOYMENT RECORD: Canada's civilian labour force reached an estimated 5,253,000 persons in the week ending August 20 this year, an increase of 144,000 over the estimated total of 5,109,000 in the week ending September 4 last year. Of this year's August total, an estimated 5,155,000 had jobs, an increase of 113,000 over September last year and the

largest number of job holders ever recorded in Canada. The number idle and seeking work at 98,000 was 31,000 greater than in September last year.

These figures are based upon the quarterly sample survey of households by the Bureau of Statistics. For the purposes of this survey, the civilian labour force includes all persons 14 years of age and over who, during the survey week, were at work, had a job at which they did not work because of illness, temporary layoff or other reasons, or who did not have a job and were looking for work. The group at work includes both those who worked for pay or profit or did unpaid work that contributed to the running of a farm or business.

The rise of 144,000 in the labour force from September last year to August this year is the largest shown for the time of year in the four years of the quarterly surveys. It compares with an increase of 28,000 from 5,081,000 in August 1947 to 5,109,000 in September last year, and of 104,000 from 4,977,000 in August 1946 to August 1947. During this period the total non-institutional civilian population 14 years of age and over has risen from an estimated 8,792,000 in August, 1946, to 9,343,000 in August this year. From September last year the non-institutional population had expanded by 183,000 in August last.

A breakdown of the latest estimate shows 4,522,000 persons working 35 hours or more during the survey week as against 4,449,000 in September, 1948; 312,000 working 15 to 34 hours compared with 314,000; and 92,000 working under 15 hours compared with 102,000. There was a total of 229,000 with a job but not at work as against 177,000. In connection with the latter figure, the Bureau reports that the August surveys have consistently shown a relatively large number in this category due to the prevalence of vacations at this time. Thus, of the 229,000 in August last, 176,000 were reported on vacation and 40,000 absent from work because of temporary illness.

SOLDIERS HONOURED FOR BRAVERY: Acts of outstanding bravery last summer have won the King's Commendation for Brave Conduct for two Canadian Army Active Force soldiers, it was announced on November 12 by the Minister of National Defence, Mr. Claxton.

The men are Cpl. Edward Pearson Shaw, 27, a section commander with the Princess Patricia's Canadian Light Infantry and formerly of Chase, B.C., and Cpl. Earl Thomas White, 25, a wireless operator with the Northwest Territories and Yukon Radio System and formerly of Verdun, Quebec. Cpl. Shaw is presently stationed at Calgary, Alta., and Cpl. White at Fort Chipewyan, Alta.

Cpl. Shaw won his award by saving a trainee from death or serious injury in a grenade throwing accident last June at Sarcee, Alta.

Cpl. White, although not a strong swimmer, plunged into fast, dangerous waters at Fort Chipewyan, Alta., last July, to save a civilian carpenter from certain death.

Both men are veterans of the Second World War.

FIELD MARSHAL SLIM TO VISIT: Field Marshal Sir William Joseph Slim, GBE, KCB, DSO, MC, Chief of the Imperial General Staff, will visit Canada from November 23 to 26, the Minister of National Defence, Mr. Claxton announced on November 14.

He will come to Canada at the invitation of Lt.-Gen. Charles Foulkes, CB, CBE, DSO, Canadian Army Chief of Staff, and during his visit will be the guest of His Excellency the Governor General, Field Marshal Lord Alexander, staying at Government House, Ottawa.

Field Marshal Slim will have discussions with Lt.-Gen. Foulkes and the Canadian Chiefs of Staff. He will also pay a short visit to the National Defence College at Kingston.

At the conclusion of his Canadian visit, Field Marshal Slim will leave for the United States where he will be the guest of the U.S. Army.

NORTH WEST STAGING ROUTE: Reductions in the three units of the United States Air Force Military Air Transport Service remaining in the Canadian section of the North West Staging Route were announced in Washington on November 11 by Major General Lawrence S. Kuter, Commander of MATS and, in Ottawa, by Royal Canadian Air Force Headquarters.

Airways and Air Communication Service, Air Weather Service and Continental Division personnel and units were participants in this move, completed on November 1, from the Staging Route airfields at Edmonton, Alberta; Fort Nelson, British Columbia; and Whitehorse, Yukon Territory. However, a minimum number of MATS weather and liaison personnel will remain at these points to service MATS transport operations between the United States and Alaska and insure proper disposition of U.S.A.F. property.

Normal U.S.A.F. transport activities over the North West Staging Route will continue despite the withdrawal of MATS units, but the primary responsibility for the support of MATS aircraft will now rest with the R.C.A.F.

While the air stations along the portion of the Staging Route that lies in Canada are controlled and maintained by the R.C.A.F., after the war small MATS units remained at the three airfields mentioned, primarily to service U.S. Military aircraft passing between the United States and Alaska. The Staging Route is one of the R.C.A.F.'s major air transport routes, being used by many R.C.A.F. aircraft supplying northern Canadian installations and detachment points.

MANUFACTURING UP 17 PER CENT: Canada's manufacturing industries had a gross value of production of \$11,800,887,000 in 1948, showing an increase of \$1,720,917,000 or 17 per cent over the preceding year. The 1948 total was an all-time record. Gains were registered for each of the nine main groups of industries, largest dollar advance being shown by the iron and its products section, while the largest percentage rise was shown by the non-metallic minerals group, reports the Bureau of Statistics.

The iron and its products group of industries -- largest of the nine -- had a gross production value of \$2,251,392,000 in 1948, rising 21.4 per cent over the preceding year. Gains were widespread throughout the group, all but one of the 18 individual industries participating in the rise. Marked dollar value increases were shown in agricultural implements, automobiles, machinery, primary iron and steel, railway rolling stock, and sheet metal products.

The wood and paper group -- second in gross value in 1948, and first in 1947 -- had a gross production value of \$2,207,361,000 as against \$1,953,243,000 a year earlier. There were increased production values shown by 26 of the 27 industries making up the group, the single exception being the cooperage industry. Among the industries of the group, there were substantial gains in pulp and paper, sawmills, printing and publishing, planing mills, sash and door factories, and paper boxes and bags.

The vegetable products section -- third largest -- had a gross value of production of \$1,903,778,000 up nine per cent over the 1947 total of \$1,743,992,000. There were increases recorded by 15 of the 21 industries making up the group. Largest among the increases were tobacco, cigars and cigarettes, sugar refineries, fruit and vegetable preparations, confectionery, cocoa, and bread and other bakery products.

Gross value of the animal products group was \$1,560,761,000, up 24 per cent over 1947, marked increases being shown in slaughtering and meat packing, butter and cheese, and fish curing and packing. The non-ferrous metals group, at \$1,261,284,000, was 21.9 per cent higher, sharply increased totals being shown for non-ferrous smelting and refining, electrical apparatus and supplies, and brass and copper products.

The textiles and textile products group was increased to \$1,225,238,000 from \$1,062,041,000, non-metallic minerals to \$711,468,000 from \$563,120,000, chemicals and chemical products to \$554,110,000 from \$488,306,000, and miscellaneous industries to \$125,495,000 from \$120,601,000.

MERCHANDISE IMPORTS: Canada's total merchandise imports in September increased to \$221,600,000 from \$212,100,000 in August,

showing a similar moderate upward trend to September last year when imports were valued at \$221,700,000 compared with \$206,500,000 in the preceding month. The total for the month, however, was the first this year to fall below the corresponding month of 1948, and was considerably lower than the levels characteristic in the first half of this year. Aggregate value of \$2,073,900,000 for the nine months was \$150,600,000 over 1948, making an average monthly gain of \$16,700,000.

Imports were higher in value both in September and the nine months from the United States. European countries as a whole, and the British West Indies, lower in the month but higher in the nine months from the United Kingdom and the Oceania group of Commonwealth countries, and lower both in the month and cumulative period from Commonwealth countries in Africa and Asia, and from Latin America and the remaining foreign countries.

September purchases from the United States at \$158,000,000 increased substantially over the August value of \$143,600,000 but the gain over September last year was the smallest for any month this year. The cumulative total for the nine months amounted to \$1,470,600,000, about 11 per cent above the comparable total of \$1,322,700,000 for 1948 but only slightly exceeding the 1947 aggregate of \$1,468,200,000.

Imports from the United Kingdom in September declined for the first time this year to \$21,900,000 from \$24,100,000 but the nine-month aggregate remained above last year at \$240,700,000 compared with \$217,300,000, both figures being substantially above the 1947 total of \$133,000,000.

"SURPLUS" \$305.3 MILLIONS: The Minister of Finance, Mr. Abbott, released on November 12 the monthly statement of the Comptroller of the Treasury covering revenues and expenditures for the month of October and the fiscal year to date.

Total revenues of the Government for the month of October amounted to \$201.7 million compared with \$215.5 million in October, 1948. Total revenue receipts for the first seven months of the current fiscal year amounted to \$1,442.3 million compared with \$1,530.3 million for the same period a year ago.

The declines in recent months in excise taxes and personal income taxes due to reductions in rates announced in the March budget continued in October. This decline in revenue was partly offset by an increase in collections of corporation income tax. Customs revenue and Excise Duties in October were practically the same as last year.

Total expenditures in the month of October amounted to \$175.6 million compared with \$151.2 million in October, 1948. Aggregate expenditures in the first seven months of the current fiscal year were \$1,137.0 million or an increase of \$140.4 million over the corresponding period a year ago. These expenditure

increases were accounted for to a substantial extent by increases in National Defence - \$9.9 million for the month and \$55.5 million for seven months. There were also increases in payments to the provinces due chiefly to the accession of Newfoundland (\$6.4 million for seven months) and in National Health and Welfare, due largely to the recent changes in legislation relating to Old Age Pensions and Family Allowances (\$25.8 million in total for seven months).

Revenues for October exceeded expenditures by \$26.1 million. This brought the so-called budgetary surplus for the first seven months of the fiscal year to \$305.3 million compared with a budgetary surplus of \$533.7 million in the first seven months of the last year.

Mr. Abbott stated that "while this budgetary surplus for the first seven months appears to be large, it will not be maintained in the later months of the year. Expenditures always are greater in the latter part of the year due to many items being charged at the end of the fiscal year e.g., deficits of Government owned enterprises, interest on unfunded debt, charges to reserves, etc. Revenues on the other hand are greater in the first part of the fiscal year. Accordingly, I have no reason to change the estimate I made in my budget speech of October 20, that the surplus for the full year is likely to be about \$90 million".

This budgetary surplus of \$305.3 million for seven months does not take into account certain outlays and certain receipts which are not expenditures or revenues in the true accounting sense. The Comptroller's statement shows that there were such disbursements, comprising outlays for loans, advances and investments, amounting to \$20.6 million in October and \$131.3 million in the first seven months of the fiscal year.

EXCHANGE RULE ALTERATION: A change in the rules governing exchanges in Canada by non-residents, and in the United States by residents, of Canadian municipal securities has been notified by the Foreign Exchange Control Board to Canadian security dealers.

Heretofore municipal securities have been classed for exchange control purposes with "corporate" securities and could be exchanged only for other securities in that category. They are now being regarded as in the same category as securities issued or guaranteed by the Government of Canada or a Province and exchanges of municipal securities will, therefore, be permitted in future within this group rather than in the "corporate" category.

B.C. WILDLIFE OFFICER: The Minister of Mines and Resources, Mr. Gibson on November 14 announced that the Civil Service Commission has approved the appointment of Ronald Hugh MacKay of Vancouver as Dominion Wildlife Officer for British Columbia.

TRADE BALANCE IS DOWN SHARPLY

EXPORTS SHOW DECREASE: With imports of merchandise practically unchanged and exports below the unusually high value of September last year, Canada had a small credit balance in total foreign trade of \$9,400,000 in the month, down sharply from \$64,400,000 in September, 1948. This brought the cumulative credit balance for the nine months ending September to only \$93,100,000 as compared with \$261,600,000 for January-September last year and \$135,000,000 for the like 1947 period, the Bureau of Statistics reports.

Canada's imports in September were valued at \$221,600,000 as against \$221,700,000 a year ago, and for January to September totalled \$2,073,900,000 compared with \$1,923,300,000 in 1948. Domestic exports in the month amounted to \$228,400,000 compared with \$283,000,000 last year, and in the nine months to \$2,146,000,000 as against \$2,158,200,000. With exports of foreign produce included, Canada's total trade to the end of September reached the record value of \$4,240,900,000 as compared with the previous peak for the period of \$4,108,200,000 last year.

Imports from the United States in September increased moderately to \$158,000,000 compared with \$152,700,000 a year earlier, while exports fell off to \$113,700,000 from the exceptionally high month's figure of \$162,000,000 last September, thus producing a trade

deficit of \$42,600,000 for the month in contrast with the unusual credit balance of \$11,400,000 last year. As a result the debit balance for the nine months this year rose to \$431,700,000, substantially above the aggregate debit of \$265,600,000 for the same period of 1948 but also substantially below that of \$718,300,000 in 1947.

Purchases from the United Kingdom fell off in September from \$24,100,000 last year to \$21,900,000, which is the lowest month's value since March, 1948. On the other hand, domestic exports to the United Kingdom increased to \$56,900,000 as compared with \$47,900,000 in September, 1948. The balance of trade in Canada's favour rose to \$35,500,000 for the month compared with \$24,100,000, but for the nine months remained below the 1948 level at \$288,400,000 as against \$300,100,000.

In trade with all other Commonwealth and foreign countries, Canadian sales exceeded purchases in the month by \$16,500,000 compared with \$28,900,000 in September last year, and in the nine months by \$236,400,000 compared with \$227,100,000.

Net exports of non-monetary gold were slightly lower in September this year than last at \$11,200,000 compared with \$11,900,000, but were higher in the nine months at \$97,800,000 compared with \$87,500,000.

INDUSTRIAL EMPLOYMENT: There was a further upward movement in employment in the major industrial divisions at the beginning of September, the percentage increase over August 1 being somewhat above normal in the experience of earlier years, and also above the gain indicated at September 1, 1948. Data were received by the Bureau of Statistics from 20,503 leading employers whose working forces rose 0.7 per cent, while their expenditures in weekly payrolls advanced 1.2 per cent from August 1.

The gain in weekly payrolls partly resulted from upward adjustments in the wage rates in some establishments, but was also due in part to the resumption of more normal operations in certain establishments in which the staffs had been on vacation a month earlier. Vacations continued to affect the situation in the period under review, however, and inventory-taking reduced the payrolls in some instances. The per capita weekly wage stood at \$43.27 at September 1 as compared with \$43.05 at the beginning of August, and \$40.86 at September 1, 1948.

Based on the 1926 average as 100, the index of employment was 201.0 as compared with 199.7 at August 1 and 201.8 at September 1, 1948. This is the second month in succession in which the comparison with 12 months earlier

has been unfavourable. Indexes for September 1 this year and last were, however, the highest for that date in the 29 years for which data are available.

There was considerable expansion in employment in manufacturing at the beginning of September. Improvement was also indicated in mining, communications, building construction, and wholesale trade. On the other hand, curtailment of operations as compared with August 1 was noted in logging, highway and railway construction and maintenance, water transportation, hotels and restaurants and laundries, and dry-cleaning establishments. As compared with September 1 last year, there were increases in employment in mining, communications, trade and services. Employment was lower in the remaining major industrial divisions, among which logging showed the greatest decline, the index number in that industry being nearly 73 per cent below the figure in the same period of last year.

WILLISON MEMORIAL: A bronze tablet, commemorating the achievements of Sir John Stephen Willison, was unveiled with appropriate ceremony during a meeting of the Huron County Council at Goderich, Ontario, on Wednesday, November 16.

MR. PEARSON'S LETTER ON POLISH ART COLLECTION

TO HEADS OF U.N. DELEGATIONS: On November 14 the Secretary of State for External Affairs, and Chairman of the Canadian Delegation to the United Nations, Mr. Pearson, sent the following letter to the heads of all other Delegations to the United Nations, on the subject of the Polish Art collection:

"Several days ago the Delegate of Poland in the Third Committee of the General Assembly spoke about the Polish art collection which was brought to Canada on the initiation of the Polish Government in 1940. In these remarks, which were ruled out of order, the Delegate of Poland made a statement to the effect that the collection had been deposited with the Canadian Government as a trust for the duration of the war. Last week the Polish Delegation circulated a brochure entitled 'Canada Refuses to Return Polish Cultural Treasures', which contains a similar statement on page 7:

"In taking these into their safe-keeping for the duration of the war, the Canadian Government accepted full responsibility for their preservation and also for their prompt return immediately after the end of the war to their legal owners."

"The shortest answer to the statements referred to above is probably contained in a letter dated August 1, 1940, written by the representative of Poland in Canada, after the art collection had arrived in Canada. In this letter, sent to the appropriate Canadian Government official, it was stated:

"It is understood that the articles in question will in no way involve the responsibility of the Canadian Government, since they have not been placed in its hands."

"On the contrary, it is the undersigned who, as the representative of the Polish Government, accepts full responsibility for the space which was placed at his entire disposal for the period during which the articles will be stored."

"I hope that this arrangement, which leaves a free hand to both parties concerned, will be agreeable to your Government."

"It is, therefore, perfectly clear that, while storage space was provided in a building on the Government Experimental Farm in Ottawa, the Polish representative agreed, without reservations, that the Canadian Government itself assumed no responsibility for the safe-keeping of the collection. No inventory of the articles was given to the Canadian Government at the time of the entry of the collection into Canada. From the time that they were deposited, the representative in Canada of the Polish Government had sole access to the room where the articles were stored, the custody,

control and safe-keeping of which were the responsibility of the Polish Government.

"The present Government of Poland informed my Government in a note dated June 21, 1946, that some of the articles had been removed from storage between March 2 and May 27 of the previous year upon instructions of representatives of the former Polish Government. The articles were removed, therefore, prior to Canada's recognition of the present Polish Government on July 6, 1945, and without the knowledge of or reference to the Government of Canada, by representatives of the only Government entitled to act on behalf of the Polish State.

"It was then disclosed that the joint custodians of the collection disagreed among themselves not only as to their responsibilities as custodians, but also as to the beneficial ownership of part of the collection. It was alleged that a portion of the collection was owned not by the Polish State but by private organizations on whose behalf the custodians were in reality merely acting as trustees. The claims of these private organizations were supported by one of the two joint custodians. The Canadian Government endeavoured unsuccessfully to arrange a settlement between the competing interests in order that recourse to the courts might be avoided, but the Polish Government has so far refused either to cooperate in such a settlement or to appeal to the courts. I need hardly add that it is by adjudication of competent courts that questions of disputed ownership are normally resolved in Canada.

"So much for the legal position in this matter; the Canadian Government, however, has also been attacked in extravagant terms on supposedly moral grounds. The Canadian Government in fact is concerned with the moral aspect and desires that the whole matter should be brought to a just and satisfactory conclusion as soon as possible. This attitude is apparent in the paragraph quoted below from a note which I sent to the Minister of Poland in Canada on September 20 of this year. After reviewing the legal status, the note continued:

"At the same time the Government of Canada would remind the Polish authorities once again that they are at perfect liberty to institute legal proceedings in the courts of Canada for the purpose of effecting the recovery of the property in question. In the event that the Polish authorities should institute such proceedings, I wish to assure you again that they may rely on the sympathetic attitude of the Canadian Government in respect of the restoration to Poland of any property which may belong to the Polish State."

MR. CLAXTON OUTLINES DEFENCE OBJECTIVES OF CANADA

NO IMMEDIATE THREAT: The Minister of National Defence, Mr. Claxton, on November 11, tabled in the House of Commons a White Paper entitled, "Canada's Defence Programme, from which the following is an excerpt:

"In 1948 Canada's defence aims and objectives were set out as being:

- to provide the force estimated to be necessary to defend Canada against any sudden direct attack that could be or is likely to be directed against it in the near future;
- to provide the operational and administrative staffs, equipment, training personnel and reserve organization which would be capable of expansion as rapidly as necessary to meet any need; and,
- to work out with other free nations plans for joint defence based on self-help and mutual aid as part of a combined effort to preserve peace and to restrain aggression.

"Several factors now combine to make it possible to be still more precise in the definition of the objectives of our defence policy. Communist declarations and Communist actions since the termination of hostilities have united the western nations in the North Atlantic Treaty and united the people within each nation. The attitude of the Communists has simplified for all countries the problem of adjusting national interests to international needs.

"The only kind of war which would involve Canada would be a war in which Communism was seeking to dominate the free nations, in other words, a war in which we would be fighting for the one thing which we value more than life itself, and that is our freedom as a nation and our freedom as people--freedom to speak and meet and vote and worship as we like. Such a war would be a war for survival. The best way in which to achieve victory in any war is to defeat the enemy in his own land. The right place to defend Canada and what Canadians believe in is as far away from Canada as possible. The right way to preserve peace or to achieve victory is to work with others.

"The mobilization of all our resources would not enable Canada alone to meet an attack concentrated on Canada, and it is doubtful if there are more than one or two countries which could meet such an attack--hence the need for collective action and collective defence.

"As already pointed out, Canada would only be involved as part of a general conflagration. One thing that we have done and that we must continue to do is to estimate the risks of a direct attack upon Canada that would be incident to a world-wide conflict, having regard to what we know about the resources of the only potential aggressor and the various ways in which those resources might be employed.

"As it is obvious that Canada will never be called upon to stand alone against Communism,

our defence policy assumes that our armed forces will be used in association with those of friendly powers. The most likely kind of attack from outside on Canada anticipated by the best informed opinion in the foreseeable future would be in the form of diversionary raids, designed to panic North America into diverting a disproportionate amount of effort into passive, local defence ("static defence").

"The defence of Canada and the defence of Western Europe are ultimately one operation. The Government's plans must consider all defence measures as aiming towards three objectives:

- (1) meeting immediate needs for local defence, here and now;
- (2) preparing local defences as needed in the future; and
- (3) contributing to a plan for western security.

"The development of these three phases must proceed at a pace which will neither be so slow as to leave us unprepared at any point, nor so hasty as to over-burden the economy with the production of war materials much of which would become obsolete. If war is close and inevitable then all nations are doing too little to meet it. If war is not inevitable, or if it is remote, we may be doing too much.

"Canada is a member of two regional groups--the North American Group and the North Atlantic Ocean Group. With the United States we shall participate actively in the planning of the western European nations in much the same way as we participated in the work of Western Union.

"In the organization of the North American Group, the United States and ourselves will continue to work together on our joint defence, with changes to fit into the pattern of the North Atlantic organization. All branches of the defence of this continent have been surveyed by the United States and Canada together and the plans worked out are under continuous review.

"Canada is vitally interested in the work of the North Atlantic Ocean Group. In the Second World War our sailors and ships and aircraft did half the work of convoy necessary to keep the bridgehead in Britain.

"While the best available information indicates that there is little likelihood of any direct threat to our national security within the immediate future, the present international position requires that Canada's services should be planned and executed so as to enable us to meet an attack upon the scale that would be likely to be made at any given time as part of a war involving the North Atlantic Treaty powers.

"Such an attack could only be launched by air or sea. To meet attack by sea requires special training and equipment for anti-sub-

marine and anti-mine warfare. To meet attack by air requires jet interceptors and anti-aircraft guns with the necessary radar equipment and communications system, backed by a relatively small but highly trained, efficient and mobile force of ground troops. The territory of Canada is so vast that it is obviously impracticable to construct a chain or grid of radar warning stations similar in density and consequent effectiveness to the installations during the last war in the smaller areas of Britain or Germany; nevertheless, an early warning system to cover certain vital approaches and areas is being developed.

"Whatever form the menace to Canadian territory might assume (and the possibility of this menace must be faced), it would be incidental to the most bitter and widespread conflict ever seen in the world. There hardly remains an inhabited point on the map too remote to be directly affected. Such a conflict, while constituting man's greatest failure to live intelligently with his fellow-men, would also, paradoxically, necessitate a degree of co-operation previously unimagined, among those nations and individuals who value freedom.

"Canada's peacetime forces, besides being prepared for home defence, must contain the organizational and administrative nucleus of the larger forces which an emergency would eventually require....

"Science is vital to preparedness. Continual

research is necessary to ensure our ability to convert to wartime conditions with the most modern developments. Constant liaison with industry will ensure the production of new equipment with the least possible delay....

"While the results of modern research are far-reaching in their effect on defence, it is agreed by all authorities that developments such as guided missiles and the atom bomb have not made conventional weapons obsolete....

"Advances made in air-warfare have not obviated the need to seize and hold enemy territory....

"The direction taken in the development of Canada's forces is determined by the role envisaged for each service in any future conflict....

"The main task of the Navy would be, as in the last war, the protection of Canadian and allied shipping and Canadian coastal waters....

"The Army (Active Force) must be prepared to repel any diversionary raid on Canadian territory....

"Canada is unable to support the immense production and maintenance burden of a large strategic bombing force. The Canadian air force is concentrating on developing jet-fighter interceptor squadrons, employing the latest and best jet-fighters available....

"In addition to looking after our home defence our contribution might involve furnishing aircraft, aircrew and ground crew for many different types of air operations...."

be a discussion of recent trends and developments in the industry throughout the world.

Reports dealing with guaranteed wages in the industry, and with technological improvements and their effects on employment will also be discussed.

FARM PRICES MOVE DOWN: Farm prices of Canadian agricultural products moved downward in September, according to the index numbers compiled by the Bureau of Statistics, the decrease being the third successive monthly decline and the ninth in 12 months. It brought the index to the lowest level since May last year.

The Bureau's all-Canada index, on the base 1935-39 equals 100, is tentatively estimated at 249.3 as compared with 253.2 for August and 261.5 for September a year ago. The index stood at 247.5 in May, 1948. The estimated level for September is also below the annual average of 252.5 for 1948 but substantially above the average of 212.5 for 1947.

As compared with September last year, prices were lower for grains, livestock, and dairy products and higher for potatoes, poultry and eggs. Compared with the preceding month, September prices were lower for grains, livestock and potatoes and higher for dairy products, poultry and eggs.

"In Yugoslavia, for instance, it has been made quite clear by recent exchanges of notes between that Government and the Government of the U.S.S.R. that Russia is exerting every effort, short of actual war, to bring the Government of Yugoslavia to heel, and to extract from it the kind of unquestioning and slavish obedience that the Kremlin demands. In Bulgaria, Hungary and Czechoslovakia and in Poland where a Russian Marshal has recently been made Minister of National Defence, communist pressure to liquidate every element of national independence, and every trace of opinion or feeling which is not abjectly subordinate to Soviet Russia, has, during recent months, been much accelerated.

"Finally in the Russian zone of Germany the Soviet military authority in October last brought into being by a sort of ukase a state and government whose only claim to popular support was the carefully managed election of last May when, however, the Communists, in spite of careful management, did not do very well. The Constitution of this puppet regime was submitted for ratification not to the German people but to the Soviet Government.

PURPOSE OF SOVIET RUSSIA

"From all this the only conclusion we can draw is that the purpose of Soviet Russia is to expand its power by increasing the number of Soviet Republics, and this evolution of policy since the days of Yalta now seems quite clear. At the Yalta Conference Russia insisted merely that, to use the words of the declaration, 'friendly governments' should be established on her frontiers. Two years later, when the new democracies were renamed peoples' democracies, all non-communist parties were rooted out or placed under communist leaders.

"In the latest phase of this development the emphasis has now changed from the creation of 'socialist' or communist regimes, in which there may still linger tendencies to independent or nationalist thought, to complete identification of these States with the Soviet Union. As a Moscow journal has recently pointed out, and it is a significant quotation:

"Deep devotion to the cause of Socialism and Communism is inseparable from an equally profound devotion to the Soviet Union."

"These systematic measures for installing completely servile governments in the satellite states have been accompanied by less tangible but an insidious and menacing trespass on the sanctity of human rights. A regular feature of Russian totalitarianism is the purge, collective and individual, by which society is reminded of the ruthlessness and power of its Government from which there is no appeal. Innocent and guilty alike live in fear of the informer, of the knock on the door in the small hours, of the sudden unexplained accusation of some alleged political crime.

"Then there is another stage in the subjugation of states by Soviet Communism. Not only must their party rulers, their constitution and their legislation conform to the ways of

Moscow, but even the minds and thoughts and actions of their individual citizens, their humble men and women, must be harshly disciplined into the narrow groove from which no deviation is permitted.

"As one of their spokesmen has warned:

"Anyone who has deviated, however slightly, from Marxism-Leninism is bound to be dragged into the capitalist camp."

"This camp of course is the hell fire of communist theology.

"I do not believe that in the long run this dark practice of government through tyranny and ignorance can prevail even within the shadow of the iron curtain. I am confident that the resources of the human spirit, which for a thousand years have made western and eastern Europe the fountainhead of light and progress, are strong enough to withstand this siege. In one after another of the intellectual and cultural centres of Europe, the light of freedom has temporarily disappeared, and now it shows only in the western lands which are beyond the reach of the Russian soldier. But even though we cannot see it I know that that light still burns, and that eventually it will help lift the darkness that now surrounds it...."

MR. GRAYDON'S ADDRESS

The Minister was followed by Mr. Gordon Graydon, Progressive Conservative Member for Peel. The following is an excerpt from Mr. Graydon's address:

"....Recently the United States Government announced its intention to appoint a separate Assistant Secretary of State who would be charged with the specific responsibility of assisting the people in that nation to keep pace with the foreign policies of the Government and its growing influence in world affairs. Such a move apparently seemed commendable to the United States Government, not only on the ground that it helps its citizens to understand the foreign policies of the Government, but for the more important reason that it recognizes that a foreign policy without public support could very easily become no foreign policy at all.

"I am not suggesting that we should follow that move in all details I have described. I think we have the machinery in our own Department of External Affairs which would make a drastic move of that kind unnecessary. There is in the Department of External Affairs an Information Division which in the main does a satisfactory job, but its activities must necessarily follow and not precede government decisions on policy. The result is that little information becomes available as to the various backgrounds upon which our foreign policies are based. I submit that full information is much more essential now that the Government has retreated from its former policy of having multiple-party representation at the United Nations, although I am not suggesting that the Government should go back to that practice at the moment...."

DELEGATES TO I.L.O. GENEVA SESSION: The Minister of Labour, Mr. Mitchell, on November 15, announced the names of Canada's delegates to the Third Session of the Industrial Committee on Iron and Steel of the International Labour Organization, to be held in Geneva from November 22 to December 2, 1949.

The Industrial Committee on Iron and Steel was established to discuss problems on the Iron and Steel industry, the Minister stated. As in the case of other I.L.O. Committees, each country's delegation to the meeting would be tripartite, consisting of representation from Government, employers and workers.

J.E. Matthews, M.P. for Brandon and F.J. Ainsborough of Toronto, Industrial Relations Officer in the Department of Labour, will be the Canadian Government representatives on the Committee.

Employers will be represented by Aubrey L. Lott, Manager of Industrial Relations, The Steel Company of Canada, Limited, of Hamilton, Ontario, and P.J. Power, Superintendent of Industrial Relations, Dominion Steel and Coal Corporation of Sydney, N.S.

The delegates representing labour will be G.P. Schollie of Montreal, Canadian Vice-President, International Association of Machinists, and Lucien Lavalée, President of the Machine Shop Workers Union of Montreal.

Included on the agenda of the session will

1950 TARIFF CONFERENCE: The Secretary of State for External Affairs announced on November 17 that Canada will participate in a third set of multilateral tariff negotiations under the General Agreement on Tariffs and Trade to begin on September 28, 1950. The place of the negotiations will be decided early next year.

The negotiations will follow the pattern set at the trade conferences held at Geneva in 1947 and at Annecy, France, this year.

The 1950 conference will provide an opportunity for further tariff negotiations with the United States and countries such as France, Benelux, Sweden, Italy and others which participated in the Geneva and Annecy Conferences.

In addition negotiations will be conducted with a number of other countries including Western Germany, Peru and Turkey which have expressed an interest in participating with a view to becoming parties to the General Agreement.

Government departments concerned are now making preparations for these negotiations. In order to aid these preparations, Canadian business firms and organizations interested in trade with the participating countries are invited to submit written representations.

The negotiations will be carried on between pairs of countries on a product-by-product basis. Each country may request tariff concessions from each other country on those products of which it is or may become the principal supplier to that country. All concessions granted will be extended equally to all the countries which sign the agreement.

ACCEPT CANADA-FRANCE PROPOSAL: The ad hoc Political Committee of the General Assembly of the United Nations, on November 14, completed consideration of the question of the international control of atomic energy by adopting a joint proposal by Canada and France, which asks the Permanent Members of the Atomic Energy Commission (Canada, China, France, the Soviet Union, the United Kingdom and the United States) "to continue their consultations with a view to determining whether they might lead to an agreement" on this question.

The resolution also "recommends that all nations, in the use of their rights of sovereignty, join in mutual agreement to limit the individual exercise of those rights in the control of atomic energy to the extent required... for the promotion of world security and peace, and recommends that all nations agree to exercise such rights jointly."

The vote was 48 in favour to 5 against (Byelorussia, Czechoslovakia, Poland, Ukraine, USSR), with 3 abstentions (Israel, Union of South Africa, Yugoslavia).

The Committee rejected two Soviet amendments to the joint resolution, and refused to consider two others as true amendments, the U.N. Press Bureau reported.

PARIS DEFENCE CONFERENCE: The Minister of National Defence, Mr. Claxton, announced on November 16 that he would attend a meeting of the Defence Committee of the North Atlantic Treaty in Paris on December 1. The Defence Committee consists of the Defence Ministers of the twelve nations signatory to the Treaty.

Following announcement of the meeting by Defence Secretary Louis Johnson of the United States, in Washington, Mr. Claxton said he would fly to Paris late this month with a "team" of six senior officers and officials, representing each of Canada's armed services. There will also be a meeting November 29 of the Treaty's Military Committee, composed of a representative of the Chiefs of Staff of the signatory nations.

In the Canadian group will be Lt.-Gen. Charles Foulkes, CB, CBE, DSO, Chairman of the Canadian Chiefs of Staff Committee, and Chief of the General Staff of the Canadian Army; A/V/M H.L. Campbell, CBE, accredited Canadian representative of the standing group of the Military Committee of the Atlantic Treaty; Maj.-Gen. S.F. Clark, CBE, Canadian military representative on the Treaty organization in the United Kingdom; Commodore R.E.S. Bidwell, CBE, Assistant Chief of Naval Staff (Plans) and W.R. Wright, Executive Assistant to the Minister, and Brig. J.D.B. Smith, CBE, DSO, Secretary of the Chiefs of Staff Committee.

REGISTRATION VOLUNTARY: The Department of External Affairs issued the following statement on November 10:

The Consul General of Czechoslovakia announced on September 27 that all Czechoslovak citizens visiting or residing in Canada must present their passports to the nearest Consulate to have them registered.

The Government of Canada wishes to make it clear that no registration is required under Canadian law. Any such action by any Czechoslovak citizen residing in Canada is entirely voluntary and failure to comply with the Czechoslovak Government's directive will in no way prejudice the position in Canada of Czech citizens who have been legally admitted to this country.

COST-OF-LIVING INDEXES: Cost-of-living indexes were lower for seven of the eight regional cities at October 1 as compared with September 1. The index for Edmonton remained at 156.8 when lower prices for foods were balanced by increases for clothing and miscellaneous items.

At other centres, declines in foods outweighed increases for other groups, notably clothing and miscellaneous items. At eastern centres, fuel costs were substantially higher, reflecting mainly the establishment of a premium on the United States dollar.