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A BACKWARD GLANCE OVER A CRITICAL YEAR

The following is the text of a message to the Canadian public by the Secretary of State for External Affairs, Mr. Howard C. Green, at the close of 1962:

"At this time, people all over the world think of the year that is gone and plan for the new year ahead.

"Looking back to 1962 we recall events some of which were dangerous and discouraging while others gave cause for gratitude and for hope. In the first category I would put such events as the Cuban crisis, the attack by mainland China on India and the failure to reach agreement on disarmament.

CRISIS AND DISCOURAGEMENT

"Over Cuba the world came very near to a nuclear war, which, it is admitted, would cost hundreds of millions of lives and might well mean the end of civilization.

"On the Chinese-Indian border we saw the two nations of the world with the largest populations beginning a conflict which if continued would set back the development of Asia for decades and, indeed, would have a far-reaching effect on every continent.

"In the field of disarmament, there has been failure to reach agreement even on the banning of further nuclear-weapons tests, despite many months of patient negotiation by the 17 nations participating in the Disarmament Conference at Geneva and also despite resolutions passed by the recent

General Assembly of the United Nations urging quick agreement.

HOPE AND ENCOURAGEMENT

"These have all been discouraging events taking place in 1962; but there have been even more which were encouraging and gave reason for hope. For example, agreement was reached by the 14 nations working out a settlement of the trouble in Laos, away off in Southeast Asia, and it should be remembered that this was the first such agreement reached among the nations for many years; significantly, the parties thereto included the two great nuclear powers, the United States and the Soviet Union, as well as the United Kingdom, France and India. The very fact that agreement was reached on Laos proved that, with goodwill and patience, agreement can be reached on various other questions.

"Another encouraging development was the constructive and co-operative session of the United Nations General Assembly. In my opinion, delegations came to New York determined to keep friction to a minimum and throughout they showed a remarkable sense of responsibility.

"Another encouraging event in 1962 was the emergence of more new nations, bringing the total membership of the United Nations to 110. Included in this number were three new members of the Commonwealth.

(Over)

"And the meeting of Commonwealth prime ministers was in itself an encouraging event, with leaders from 16 countries, of a variety of races, religions and backgrounds, sitting round a table in a brotherhood of nations that share a common devotion to peace and belief in the dignity of the individual.

"Even the Cuban crisis brought some encouraging results in that it gave us all a very clear realization of the importance of keeping the peace - and of the value of the United Nations as a forum for working out settlements, even between the great nuclear powers.

"So I suggest that, taken all in all, 1962 was quite a good year. Now, what about 1963, the new year we are entering?

A GOOD YEAR AHEAD?

"I believe that there are good reasons for hoping that this new year will be considerably better than 1962; that people everywhere have a stronger desire for peace; that the United Nations, that great world organization, will prove steadily more effective in focusing attention on this universal desire for peace; and that the leaders of nations, great and small, will be more responsive to world opinion because the world came so near the brink of disorder in 1962.

"If you and I determine that we shall do our best to promote understanding among the people with whom we come in contact and between the nations, we can play an effective part in making 1963 the finest year mankind has ever known."

CONSTRUCTION OUTLOOK, 1963

The President of the Canadian Construction Association has predicted a \$7.5 billion construction programme for Canada this year. Hugh R. Montgomery of Montreal said in a year-end message: "The construction industry is looking for a slightly larger programme than the \$7.4 billion programme estimated to have been achieved in 1962. It will, therefore, keep its position as Canada's largest industry and employer. The equivalent of 570,000 year-round jobs on-site are required to carry out this programme, plus an even larger work force off-site to produce, sell and transport the necessary construction materials and equipment".

SLOWER RATE OF NATIONAL DEVELOPMENT

The CCA president added that, although the construction programme was the backbone of the economy and accounted for nearly one-fifth of the gross national product, the rate of economic expansion in Canada, as reflected by the volume of construction, had levelled off since 1957 and, on a *per capita* basis, was actually declining. "With unemployment still a serious national problem," he said, "larger construction programmes are needed to provide more jobs and the physical means for a quickened economic expansion. The construction

industry is largely a service industry. In other words, we construct facilities for the use of others. Our annual volume therefore reflects the state of economic well-being and development of Canada."

Mr. Montgomery observed that, during the previous six years, the value of the construction programme had averaged about \$7 billion annually. "This is a remarkable achievement," he said, "but stability is not enough. Furthermore, within this total the amount of industrial construction has dropped a good deal. This is very serious, since it is through an expansion in this category that there lies the main scope for Canada to compete successfully in home and foreign markets and to provide additional continuing employment. The CCA has repeatedly urged our senior governments to make use of their taxation powers as a tool to encourage private industry to modernize and to expand."

RCN WINS COMMONWEALTH TROPHY

The 2nd Battalion Royal Canadian Regiment, stationed at London, Ontario, has won the Duke of Edinburgh trophy in a Commonwealth-wide competition. Word was received recently from the Duke's equerry in London, England, that the Canadian battalion had placed first, followed by the 1st Battalion Welsh Guards and the 1st Battalion Duke of Edinburgh's Royal Regiment.

The trophy is competed for annually by all regiments in the Commonwealth that have the Duke of Edinburgh as their Colonel-in-Chief. Small-arms efficiency and physical standards are the criteria for the competition.

CANADA RECOGNIZES YEMEN

The Secretary of State for External Affairs, Mr. Howard Green, announced on December 21 that recognition had been accorded by the Canadian Government to the Government of the Yemen Arab Republic. Recognition was conveyed in a letter addressed to the Vice-Premier and Minister of Foreign Affairs of the Yemen Arab Republic, Dr. Rahman al-Baydani. The text of the letter is as follows:

"Excellency,

I have the honour to refer to the letter addressed to me from New York on October 20 last, by Mr. Mohsin al-Aini, regarding the establishment of the Yemen Arab Republic.

I express the hope that relations between our two countries will remain friendly and mutually beneficial and that co-operation between our Governments in our national and international relationships will be further broadened and developed.

Howard C. Green."

A GOOD YEAR FOR THE CANADIAN ECONOMY

The following is the text of a year-end message issued by the Minister of Trade and Commerce, Mr. George Hees, at the end of December:

"For the Canadian economy, 1962 has been a year of strong advance. The quickened pace of business activity which took hold in 1961 has continued in the current year. As a result the economic gains realized in 1962 are among the largest of the post-war years. On the basis of figures available to date, Canada's gross national product has increased by 8 per cent this year compared with last. National output in real terms has risen by 7 per cent. This rate of growth surpasses that realized in the free world at large, and within Canada's recent history has been exceeded in only three of the past 17 years. This expansion is all the more notable in that it has been achieved in the face of increasingly competitive world conditions, which is in sharp contrast to the buoyant demand situation of earlier post-war years.

GOODS-PRODUCING SECTOR

"The growth in output between 1961 and 1962 has been more pronounced in goods-producing industries than in services, and a major part of the gains have been realized in sectors of industry highly exposed to foreign competition. Figures available to date show industrial production in total up by more than 8 per cent. A number of secondary industries have contributed materially to this advance. Approximately 500,000 motor vehicles have been produced in Canada in 1962, 30 per cent more than in 1961 and surpassing the previous record levels of the mid-50's. Production of electrical apparatus has increased by 15 per cent, appliances by 15 per cent and textiles by 9 per cent. Rising activity in durable-goods industries and in construction have kept Canada's steel mills running close to capacity.

"On the basis of figures so far available, materials which have shown substantial production gains so far this year compared with last include the following:

	Percentage Increase
Steel	10
Petroleum and equivalent	17
Natural gas	44
Iron ore	44
Lumber	12
Cement	11

"Expanding industrial activity has brought a substantial increase in new job opportunities. In the first 11 months of the year, 177,000 more persons were employed, on average, than in the same period of 1961. The rise in employment has exceeded the growth in the labour force, and there have been 85,000 fewer persons unemployed. In 1962 there were 5.9 per cent of the labour force unemployed compared with 7.2 per cent in 1961 and 7.0 per cent in 1960.

INCOME DEVELOPMENT

"Income trends have been strong and important gains have been realized by all major income groups.

Total personal incomes were 8.5 per cent higher in the first nine months this year compared with last, while between the same two periods consumer prices were up by only 1 per cent. This upsurge in real income has provided the basis for both a strong consumer market and increased savings. At the same time, sharply higher corporate profits, accompanied by larger dividend disbursements, has given an important lift to business confidence.

"Against the background of this improving business climate, more is being spent on new plant and equipment. Available information indicates that the expanded business-investment programme anticipated at mid-year has been fully realized. This, together with the continued rise in institutional and public building and a moderate upturn in house-building, has stimulated activity in construction and other capital-goods industries.

FOREIGN TRADE

"Another key feature of the current expansion has been the generally strong performance in foreign markets. Figures for the first ten months of 1962 show merchandise exports 9 per cent higher this year compared with last. This follows upon a similar increase between 1960 and 1961. In other words, within the space of two years Canada's annual sales abroad have risen from \$5.4 billion to something in excess of \$6.3 billion, an increase of more than one-sixth. Items figuring prominently in this year's increase include iron ore, aluminum, petroleum and natural gas, lumber, woodpulp and a number of manufactured products. The continuing growth in exports of highly-manufactured products such as machinery and equipment and finished consumer goods is a particularly significant aspect of recent trade developments. Exports of this kind have increased by more than one-quarter over the last two years.

"Strong demand conditions in Canada have resulted in higher imports, which, in the first ten months of the year, are up 12 per cent. Much of this increase reflects the rise in prices of goods purchased abroad associated with the change in exchange rate. This means that a relatively small part of the recent growth of real demand in Canada has been supplied from abroad. This is in sharp contrast to previous periods of strong expansion, when increased domestic demand gave rise to a major upsurge in the volume of imports. In the current situation, a much larger proportion of the rise in domestic purchases is being supplied from Canadian sources.

"The moderately greater rise in the value of imports than in exports, together with a slightly lower adverse balance on "invisible" account, has resulted in a deficit on all current transactions of \$791 million in the first three-quarters of 1962 compared with a deficit of \$710 million in the cor-

(Over)

responding period of the previous year. There is, however, indication of an improvement in the current balance position in the latter part of 1962.

FOREIGN-EXCHANGE RESERVES

"For a number of years Canada's large deficit on current account has been covered by an approximately equivalent inflow of capital funds. In the first half of 1962 this inward movement of funds was interrupted, thus giving rise to a sharp drain on the foreign-exchange reserves. Quick action was taken to contain this downward pressure on the reserve position and a substantial build-up in reserves has subsequently occurred.

"The balance-of-payments difficulties encountered earlier in the year have in no way interrupted the upward movement of activity in the economy. On the contrary, developments arising from these difficulties have, on balance, given new impetus to the drive for expanded markets and increased production.

"Underpinning Canada's currently accelerated growth has been the broad programme of federal measures designed to speed industrial development and in particular to strengthen the competitive ability of the Canadian producer. A central feature of this programme has been the action taken to bring the exchange value of the Canadian dollar into line with present needs for economic development. After running at a premium on the U.S. dollar for a number of years, the Canadian dollar was brought to a discount in 1961, and in May 1962 was pegged at 92½ cents in terms of U.S. currency.

EXCHANGE RATE

"In the prevailing conditions of intensive international competition, an exchange-rate shift of this magnitude provides an important lift to the wide range of industries competing with foreign goods, both domestically and abroad. Moreover, the establishment of a fixed exchange rate removes much of the uncertainty as to future returns which, under conditions of a fluctuating rate, acts as a deterrent to the development of new lines of production in internationally competitive fields.

"Other features of the Government's programme include the provision of more adequate credit facilities for export and other purposes, encouragement to industrial research, greatly increased assistance for technical training and various forms of financial incentives aimed at industrial expansion.

"These and other measures have had the effect of materially extending the areas of production in which Canadian industry can compete and generally improving the climate for growth. To help producers take advantage of the new opportunities available, intensified promotional programmes are being carried forward.

"The response on the part of Canadian producers has been vigorous. A growing awareness of the need for new initiatives in industry is widely evident throughout the business community. While there are already indications of new gains being made in both

the domestic and foreign markets, the beneficial effects of these new initiatives should be increasingly apparent in the period ahead. In fact, the further penetration of markets arising from the new competitive strength of Canadian producers should provide a major source of stimulus in the coming year...."

FILM FESTIVAL AND SEMINAR

A Festival and Seminar on Films on Art will be held at the National Gallery in Ottawa on May 23, 24 and 25 this year, under the sponsorship of the Canadian National Commission for UNESCO. The Festival will provide a showcase for the latest and best examples of films on art from all parts of the world. Internationally-known experts will lead the Seminar discussions; these will include John Read, celebrated British Broadcasting Corporation producer, and Jean-Marie Drot, French radio and television producer, as well as Vincent Tovell, Canadian Broadcasting Corporation, Tom Daly and other National Film Board producers.

Topics to be discussed will include the principles and methods of production, acquisition, distribution and programming of films on art, including the new possibilities offered by television.

The National Film Board, the National Gallery, the Canadian Broadcasting Corporation, the Canadian Film Institute, the Royal Architectural Institute of Canada and the National Gallery Association of Ottawa are co-operating with the Canadian National Commission for UNESCO in arranging this event. An organizing committee has been formed to include representatives from these different bodies, under the chairmanship of G. Hamilton Southam, head of the Information Division of the Department of External Affairs, Ottawa.

AA GUNS CONVERTED TO FIELD USE

Six anti-aircraft units of the Canadian Army Militia have been converted to field regiments in the Royal Canadian Artillery.

At Saint John, New Brunswick, the 3rd (New Brunswick) Medium Anti-Aircraft Regiment is now to be known as the 3rd Field Regiment (The Loyal Company). The 24th Medium Anti-Aircraft Regiment of Trail, British Columbia, is now the 24th Field Regiment, and the 49th (Sault Ste. Marie) Medium Anti-Aircraft Regiment from Sault Ste. Marie, Ontario, becomes the 49th Field Regiment.

The 57th Light Anti-Aircraft Regiment (2/10 Dragoons) of Welland, Ontario, is now the 57th Field Regiment (2/10 Dragoons), and, in Canada's nickel belt the 58th Light Anti-Aircraft Regiment of Sudbury, Ontario, has been designated the 58th (Sudbury) Field Regiment.

At Shawinigan, Quebec, the 62nd Light Anti-Aircraft Regiment is known now as the 62nd (Shawinigan) Field Regiment.

CANADIAN LABOUR IN 1962

In his year-end message, the Minister of Labour, Mr. Michael Starr, observed that employment during 1962 had outstripped the growth of the labour force. Total employment in the third quarter of the year had been 2.8 per cent higher than a year earlier and 4 per cent higher for the non-farm industries.

Unemployment had continued to decline. In the third quarter of 1962 unemployment rates had been lower than in 1961 in all industry groups and in all occupations.

The gross national product was reported to be running 11.1 per cent above that of the previous year—\$65.00 higher *per capita* in "constant dollars" than in 1957. Industrial production continued the uninterrupted climb that had begun early in 1961.

Income, said Mr. Starr, had kept pace. Personal income was 7 per cent higher than a year earlier, the increase being reflected in retail sales, which in the first eight months of the year had been 5 per cent higher in value than in the corresponding period of 1961.

CONSTRUCTION

"Outlays for non-residential construction are expected to be the highest ever recorded, outlays for the expansion and modernization of our productive facilities are also up, and housing starts are higher than the year before," the Minister went on. All these things, he said, added up to a picture of "sound, steady progress in which most Canadians have shared".

Mr. Starr predicted that the current Municipal Winter Works Incentive Programme would provide more than 150,000 jobs directly and an equal number indirectly. The "Do-It-Now" campaign was once more in full swing and other measures to create more employment were being carried forward.

The message continued as follows:

"There are longer-range challenges which must be faced now if we are to advance economically and socially.

"We are taking steps to upgrade the skills and education of Canadian workers to fit them for the more complex and demanding jobs of modern industry. We are planning to anticipate the effect on the working man and woman of automation and other technological advances, to prevent dislocation and hardship. We are finding ways of increasing productivity

to meet increasing competition. It is obvious that all these things are tied closely together.

"To provide facilities for more technical and vocational education and training, a vast federal-provincial programme of school construction has been going on for the past two years. In that time, 462 projects have been approved, 224 of them for completely new schools, which will train an additional 130,000 young Canadians. For this urgent building programme, we raised the federal contribution to 75 per cent of provincial costs.

A PIONEER MEASURE

"A new bill is before Parliament, a measure to deal with the adverse effects of automation and industrial changes on Canadian workers. This is a pioneer measure, the first of its kind in the world. It is designed to deal in a positive way with some of the human problems of these changes, by providing government assistance, financial and technical, to labour and management to help them plan ahead to meet these problems as they arise in industry. In those cases where displacement cannot be avoided, workers will be helped to move to other jobs with a minimum of loss and hardship, should they wish to do so.

"We are working with labour and management to find ways of increasing this country's productivity, on the national level through the National Productivity Council and on the local level through labour-management seminars and meetings and through the promotion of labour-management committees in industry.

"The new bill before Parliament will depend on the effective co-operation of labour and management for its success. Our efforts to increase productivity also depend ultimately on such co-operation.

"Co-operation between labour, management and government in planning for the future will become increasingly essential in Canada. In a free society, this is the best way to accomplish the things we all desire. It is encouraging to note that organized labour and management are recognizing this.

"Our economy has been gaining in strength over the past year. The outlook for 1963 is good, and we can expect it to be a happy and prosperous year for Canada...."

CANADA COUNCIL MEDAL WINNERS

Three distinguished Canadians have been honoured by the Canada Council for outstanding work in the arts, humanities and social sciences. Canada Council Medals, first instituted in 1961, will be presented, at a special dinner to be held early in 1963, to Leonard Brockington, Claude Champagne, and Arthur Lismer.

The Canada Council Medal was created as an award of the highest possible distinction to Cana-

dians who had made contributions in the arts, humanities and social sciences representing major achievements in the cultural development of the country.

To inaugurate the programme, ten Medals were presented in 1962, to Marius Barbeau, Brooke Claxton (posthumously), Lionel Groulx, Lawren Harris, A.Y. Jackson, Vincent Massey, Wilfrid Pelletier, E.J. Pratt, Healey Willan, and Ethel Wilson.

Each medal is accompanied by a cash award of \$2,000.

CANADIAN ART EXHIBIT TO AFRICA

An exhibition of contemporary Canadian painting and graphic art has been sent by the National Gallery of Canada to Africa, where it will be on tour for eight months or so. This is the first exhibition of Canadian painting sent to Africa in about 25 years. Thirteen artists are represented by paintings and seven by prints. There are 56 works, lent by the National Gallery of Canada, the artists themselves, private collectors and galleries in Canada, on display.

The exhibit, entitled "Contemporary Canadian Art", opened at the Sorsbie Gallery in Nairobi, Kenya, early in November. It will also be shown at the South African National Gallery in Cape Town, at the art gallery in Kimberley, at the Margaret Trowell School of Fine Arts, Makerere College, Uganda, and in several other centres not yet announced.

The exhibition, initiated at the request of the Sorsbie Gallery and organized by Willem A. Blom, Research Curator, National Gallery, illustrates some of the most important trends among the younger contemporary Canadian artists, their stylistic differences and divergent ideals. The works by graphic artists show the importance of print-making in Canada today.

ESKIMO PRINTS

In addition to paintings and graphic art by southern Canadian artists, a small group of Eskimo prints selected from the 1961 production has been included. Eleven works by Eskimo artists were lent by the Department of External Affairs. It was felt that this group of prints would give an idea of that aspect of Canadian art which has caused so much interest among art galleries and collectors both in North America and abroad.

ST. LAWRENCE SEAWAY TRAFFIC

St. Lawrence Seaway traffic set new records for the period ending November 30, 1962, with a rise of 9.0 per cent on the Montreal-Lake Ontario portion and an increase of over 12.0 per cent on the Welland Canal. November tonnage exceeded that for the same month in 1961.

The total cargo for the season, excluding December, amounted to over 25,500,000 tons on the Montreal-Lake Ontario portion and 34,645,000 tons on the Welland section, according to preliminary figures issued by the Canadian and United States Seaway entities.

During November, 3,320,000 tons of traffic passed through the "new" Seaway locks, an increase of 4.2 per cent over the total for the same month of 1961.

For the April-November period, tabulations show that cargoes upbound through the Montreal-Lake Ontario section increased by 32.0 per cent, from 8,226,000 to 10,861,000 tons, though downbound cargoes decreased by 3.5 per cent, from 15,176,000 to 14,639,000 tons. The decrease in downbound traffic is almost entirely owing to the reduced movement of wheat, which was extremely heavy during the latter part of the 1961 season.

The Welland Canal shows an increase for 1962 for both upbound and downbound cargoes, with an increase of 12.8 per cent, to 34,645,000 tons from 30,721,000 tons in 1961. The increase in upbound traffic amounted to 41.7 per cent, with a total tonnage exceeding 10,708,000; downbound shipments increased by 3.3 per cent from 23,165,000 to 23,936,000 tons. Since navigation through the Welland Canal did not close until December 15, these figures will be slightly larger when final returns are complete and may reach a total of 35,000,000 tons.

The message continued as follows: "There are longer-range challenges which must be faced now if we are to advance economically and socially. We are taking steps to upgrade the skills and education of Canadian workers to fit them for the more complex and demanding jobs of modern industry. We are planning to anticipate the effect on the working man and woman of automation and other technological advances to prevent dislocation and hardship. We are finding ways of increasing productivity of man and machine. The 24th Regiment of the British Columbia Air Force is now in training for the 24th Air Force Base in Canada. The Canada Council Medal Winners have been honoured by the Canada Council for outstanding work in the human and social sciences. The Canada Council Medal, first instituted in 1961, will be presented at a special dinner to be held early in 1963 at the Leonard Brockington, Claude Champagne and Arthur Lismer. The Canada Council Medal was created as an award of the highest possible distinction to Can-

...ductivity also depends ultimately on such co-operation. Co-operation between labour, management and government in planning for the future will become increasingly essential in Canada as a free society. It is the best way to accomplish the things we all desire. It is encouraging to note that organized labour and management are recognizing this fact. Our economy has been gaining in strength over the past year. The outlook for 1963 is good, and we can expect it to be a happy and prosperous year for Canada. Many studies have gained recognition for their excellence in individual experiments in business activities. The scientists who had made contributions in the human and social sciences representing major achievements in the cultural development of the country. To inaugurate the programme, ten Medals were presented in 1962 to Mahatma Harbans Broome Clay (posthumously), Lionel Groulx, Lawrence Harris, A.K. Jackson, Vincent Massey, Wilfrid Peltier, E.J. Pratt, Healey Willson, and Ethel Willson. Each medal is accompanied by a cash award of \$2,000. The award was for scientific research.