



CANADA

CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION • DEPARTMENT OF EXTERNAL AFFAIRS • OTTAWA, CANADA

Vol. 13 No. 27

July 2, 1958

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THE EASTERN ARCTIC PATROL

It's E.A.P. time again.

A changing north, used now to the crackling of radio and the roar of aircraft, is preparing for what is still the greatest event of the year in many settlements: the 37th annual Eastern Arctic Patrol, which left Montreal June 27 aboard the Canadian Government Ship "C.D. Howe".

Taking administrators, doctors, nurses, scientists, welfare workers, police, a post master and a school inspector on a 10,000-mile voyage through ice-strewn waters as far north as Grise Fiord, 700 miles beyond the Arctic Circle, the Eastern Arctic Patrol remains the chief link with many remote communities. It is also the most effective way of providing some 2,500 Eskimos with complete medical examinations and a chance to talk over their needs with the people responsible for their welfare.

The "C.D. Howe" will visit some 28 settlements, drop vital supplies all along its route and transport three Eskimo families from Port Harrison to new hunting grounds at Grise Fiord, where they will join other former Port Harrison people who have been in the High Arctic for some years.

The ship is to return early in October.

A 12-man medical team from the Department of National Health and Welfare will give chest X-rays, physical and dental check-ups and inoculations to all Eskimos within reach.

Educational and recreational films with sound-tracks in the Eskimo language will be shown to Eskimos who come from their distant

camps to the ship. Photographs and tape-recorded messages from relatives in hospitals in Southern Canada will also be delivered. Pictures will be taken and voice messages recorded in answer to these greetings.

Northern Affairs officers will go ashore in every port to discuss community business with residents.

A number of ex-patients from sanatoria and hospitals outside the Arctic will be repatriated and new patients picked up en route wherever they are found. The "Howe's" Eskimo quarters were enlarged last year to accommodate 42 patients.

Eskimos returning north on the "Howe" will be able to produce handicrafts and make carvings from a supply of materials on board.

Robbed of its uniqueness by modern communications, the Eastern Arctic Patrol is nevertheless a part of life in the north, and a sense of drama still attends each voyage as it did three quarters of a century ago.

The first Patrol was made aboard the steamship "Neptune" in 1884, four years after Great Britain transferred control over the Arctic Islands to Canada. The ship did not travel beyond Hudson Strait, where it investigated magnetic conditions.

Several expeditions followed, but a regular series of Patrols was not begun until 1903 when Norwegian explorers challenged Canadian sovereignty over the Arctic.

After World War I permanent settlements of white men gradually dotting the Arctic created

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a need for more extensive administrative, police, education and health services. This led to a still unbroken series of annual Eastern Arctic Patrols, the first of which was made in 1922 on the S.S. "Arctic".

After the "Arctic" the Patrol sailed in a number of other vessels including the Hudson's Bay Company's R.M.S. "Nascopie", which was wrecked off Cape Dorset in 1947. The "C.D.

Howe", the first Canadian ship built expressly as an Arctic patrol vessel, was put into service in 1950 by the Department of Transport.

Ice at the entrance to Hudson Strait is what prevents the "Howe" from sailing earlier. Ships cannot go through the dense ice-fields until the summer sun has softened the ice-pack and this does not occur until the first week of July.

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"H-HOUR", JULY 1

The biggest demolition and clean-up job of its kind in history was carried out from June 30 to July 2, when Department of Transport workmen had less than 48 hours to remove every bit of moveable canal equipment along 25 miles of the old Cornwall and Williamsburg canal systems before those historic channels disappeared forever beneath the rising waters of the St. Lawrence Seaway.

At 4 a.m. June 30 the entrance to these canals was closed to all shipping. During the remainder of the day commercial traffic was cleared through them. When the last ship was cleared, the canal men set to work on a carefully planned, high-speed demolition and equipment removal job.

The entire system was stripped of every bit of machinery and electrical equipment. Masonry buildings were smashed flat and the rubble bull-dozed into the deep river channels. Wooden buildings were burned. Power line poles were cut down.

Even cast-iron and reinforced concrete bollards used to tie up ships were cut off, special oxygen-burning "lances" being needed for the job. Lock gates were cut free and tied to anchors, to float on the rising waters. Nothing was left that might be a future menace to navigation.

"H-Hour", when the first steps toward actual flooding of the Seaway started, was 3 a.m. July 1. At that time the water level above the Seaway coffer dam was raised slightly, so that when the dam was blasted open four hours later there was a sufficient "head" of water to wash the coffer dam out completely and also to help maintain a normal flow of water below the main Seaway dam while the new lake was being filled.

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GAZA GALA

Dominion Day celebrations marking Canada's 91st year of nationhood got top billing this July 1 on the hot sands of the Gaza Strip where more than 1,000 Canadian servicemen are serving with the United Nations Emergency Force.

Highlighting a programme of parades, gayly-decorated floats depicting facets of Canadiana and a flypast by RCAF aircraft was the pre-

The regular St. Lawrence canal crews were bolstered by gangs brought in from the Welland, Quebec, Trent and Rideau Canal systems by the Transport Department. A whole fleet of tugs, scows, work boats and other special equipment was also moved from the other canal systems to the Seaway for the last-minute clean-up job.

Canal officials had about 10 hours in which to clear out all equipment at the Cornwall end of the old canal system before the rising waters forced them out. At the Morrisburg end, some 25 miles upstream, they had about 30 hours in which to finish the job.

Two special crews were mobile, both of them brought from the Welland Canal. One looked after the stripping down of electrical pole lines; the other, comprised of "lance men", handled the specialized job of cutting down cast-iron and reinforced concrete equipment that defied other means of swift destruction.

These crews started at the Cornwall end at the earliest possible moment and worked their way upstream, job by job. Last task at each lock before burning the buildings was the cutting of the lock gate hinges, after the tugs and scows had removed the dismantled equipment and gone upstream.

Filling of the Seaway lake is expected to take until some time on July 3 or July 4. The ban on commercial shipping in the Seaway will continue until that time. All down bound shipping will be held at the Prescott anchorage and upbound ships will remain at anchorages below Cornwall until the new Seaway locks become operative.

Navigation facilities for ships in the Seaway lake have been installed already by the department.

sentation of the UNEF medal to the 54-man guard of honour by Lt.-Gen. E.L.M. Burns, the Commander of the UN force.

Men of the guard of honour were the first members of the Canadian contingent to receive the medal for service with UNEF. Other members of the force will receive the award later.

Units floats and the parade environment at Camp Rafah abounded with red, white and blue bunting and 17 large Canadian ensigns flew

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throughout the camp, taking precedence only beneath the blue UN standard.

Among the floats sponsored by the various Canadian units were a North American Indian scene complete with tepee and family in colourful native dress; a mural representing each province with a soldier dressed in the attire of the chief industry of that province; a scene depicting Niagara Falls with illustrated power plant installations of both the Canadian and American side; illustrations of three prominent Canadian projects, the St. Lawrence Seaway, the Alberta oilfields and the aluminium smelter and hydro-electric power plant near Kitimat, B.C.; and a soldier on horse back wearing the uniform of the RCMP against a backdrop of the Canadian Parliament Buildings in Ottawa.

Films of the Calgary Stampede, Canadian travel posters, a swim party in the nearby Mediterranean and a programme of sports also were included in the celebrations.

Sports included donkey polo, volley ball, donkey baseball and a camel race, complete with pari-mutuel betting facilities run by members of the Royal Canadian Army Pay Corps. The camels were ridden by native drivers.

RCAF personnel from 115 Air Transport Unit performed the flypast at the conclusion of parade square activities.

A late buffet supper was held in the afternoon for the troops and their guests from other international contingents of the UN force.

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SMALLER DEFICIT

Canada's deficit from current transactions in goods and services with other countries in the first quarter of this year was \$293 million, appreciably less than that of \$417 million in the corresponding period of 1957 but still higher than in any quarter before 1956. The greatest change occurred in the sharp contraction in the size of the import balance in commodity trade to \$69 million from \$226 million as imports fell more than exports. The deficit from all other current transactions was \$224 million, somewhat larger than the preceding year's \$191 million and was responsible for most of the imbalance. The major part of this underlying imbalance continued to be from deficits on income and travel accounts, business services, personal remittances and official contributions. The increases over the previous year were not general and were partly due to non-recurring transactions.

Among leading influences upon the size of the deficit was the impact of reduced business investment in Canada towards contracting merchandise imports. But at the same time the generally higher levels of some branches of production and of incomes had sustaining ef-

fects upon many kinds of Canadian expenditure abroad, both in the case of some commodity imports and in other current transactions. As merchandise exports fell only slightly in total value from the previous year compared with a drop of 13 per cent in imports, the import balance on merchandise trade was reduced to \$69 million in 1958 from \$226 million. This change in balance occurred in a period when there was a deterioration in the terms of trade as import prices rose appreciably and export prices fell slightly.

SERVICES & NON-MERCHANDISE ITEMS

The deficit in non-merchandise transactions in the first quarter of 1958 was \$33 million larger than a year earlier. At \$224 million it was only slightly less than the record deficit in the fourth quarter of 1957. This increase in the deficit as compared to the same quarter of last year was the result of divergent and partially offsetting movements in the major items of the accounts. There was a small reduction in the deficits on income and on transportation accounts and some increase in gold available for export. At the same time the deficit on travel account remained unchanged. In contrast there were larger deficits from miscellaneous current transactions, inheritances and migrants' funds and from larger official contributions.

The increase in the deficit for miscellaneous services and all other "invisible" items was the major factor contributing to the enlarged non-merchandise deficit. Receipts continued to decline in the first quarter of 1958, reaching at \$84 million the lowest level since early 1955. A factor in the decline was a further reduction in United States defence expenditures in Canada compared with the previous year. Payments for these miscellaneous transactions increased still further in the first quarter, reflecting in the main sustained and substantial expenditures for miscellaneous business services and income, personal and institutional remittances, and Canadian Government defence commitments in NATO. In addition there were some extraordinary payments of a non-recurring nature by the Canadian Government.

TRANSACTIONS BY AREAS

The decrease in the deficit from \$417 million to \$293 million from the first quarter of 1957 to the first quarter of 1958 is more than accounted for by a decline of \$153 million in the deficit with the United States. Somewhat offsetting these favourable movements vis-a-vis the United States was a smaller surplus with overseas countries which occurred in the case of transactions both with the United Kingdom and with other countries. Almost the whole of the \$153 million decline in the deficit with the United States was related to merchandise trade.

CAPITAL MOVEMENTS

Capital movements in such long-term forms as direct investment, portfolio security transactions and official loans led to an inflow of \$214 million or about 73 per cent of the current account deficit. In the final quarter of 1957 the corresponding inflow amounted to \$211 million or 82 per cent of the somewhat smaller current account deficit, and in the first quarter of that year the figure was \$317 million or 76 per cent.

A very sharp contraction appears to have occurred in the rate of inflow of capital for direct investment in foreign-controlled enterprises in Canada. This is tentatively placed at \$75 million or at about half the figure for the final quarter of 1957. But it should be remembered that the fourth quarter movement was extraordinarily high and that the first quarter inflow has customarily been lower than average. Preliminary data indicate that inflows to manufacturing fell sharply, and that inflows to the petroleum industry and mining accounted for a very high proportion of the total. The decline from the fourth quarter occurred about proportionately in the net movements from the United States, from the United Kingdom, and from other overseas countries. The net outflow of capital from Canada for direct investment abroad is placed at \$5 million, or about the same level as in the fourth quarter of 1957.

Transactions in Canadian portfolio securities led to a net inflow of \$145 million. Trade in outstanding issues resulted in a net outflow of \$3 million and retirements of foreign-held Canadian debt amounted to \$16 million, the lowest figure recorded in any quarter since 1953. Against these outflows of capital there were receipts of \$164 million representing the proceeds of new issues sold to non-residents. This figure was well above the levels of the third or fourth quarters of 1957 but greatly below the peak of \$293 million reached in the second quarter. Transactions in foreign portfolio securities led to a net capital inflow of \$8 million as a result of trade in outstanding issues, purchases of new issues and retirements.

A feature of the Canadian balance of payments in the first quarter which has been absent since 1950 was the extension of Government credit to an overseas government. Advances to cover purchases of Canadian wheat by India amounted to \$16 million. There were no repayments due during the quarter on Canada's active post-war loans, but the regular quarterly principal repayment of \$7.5 million was made by the United Kingdom in respect of the \$700 million interest free loan of 1942 on which the balance outstanding now amounts to \$22.5 million. Canadian dollar holdings of non-residents were reduced by \$23 million during the quarter. More than half this de-

cline was in holdings of residents of the United Kingdom.

A capital outflow amounting to \$39 million also occurred from the exchange transactions of the Government of Canada, including the operations of the Exchange Fund Account. Official holdings of gold and United States dollars, expressed in terms of United States currency, were increased from \$1,828.3 million at December 31, 1957, to \$1,867.7 million at March 31, 1958. Other capital movements appear on balance to have resulted in an inflow of \$141 million; large inflows in this item also occurred in the first quarters of 1956 and 1957.

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ECOSOC CONVENES

The Economic and Social Council convened its 26th session at the Palais des Nations at Geneva on July 1. It is expected that the session will last until August 2, 1958. Canada's third three-year term on the Council will expire at the end of the current year.

The Council has the responsibility of discharging, under the authority of the General Assembly, the responsibilities of the United Nations in the economic and social fields. It initiates studies and reports and makes recommendations on economic, social, cultural, educational and health matters to the General Assembly, to members of the United Nations and to the Specialized Agencies concerned. The Council is also concerned with the promotion of universal respect for and observance of human rights and fundamental freedoms.

At the present session the Council will consider the world economic situation and questions relating to employment and to the expansion of world trade. The Council will also discuss the financing of economic development of under-developed countries, governmental policies affecting the international flow of private capital, and studies concerning the taxation of foreign private capital in capital-exporting and capital-importing countries.

One of the more important subjects before the Council will be the establishment of a special fund which would supplement the work presently being done by the Technical Assistance Programme to aid under-developed countries in developing their economic resources.

The Council's agenda also includes international commodity questions and matters relating to the establishment of a world food reserve. Other items which have a place on the Council's agenda are the Report of the Statistical Commission, United Nations Activities under the Regular and Expanded Programmes of Technical Assistance, a proposal for the establishment of an International Administrative Service, the Reports of the Commission on the Status of Women and the Human Rights Commis-

sion, the Programme of Advisory Services in the Field of Human Rights, International Control of Narcotic Drugs, and the Annual Report of the United Nations High Commissioner for Refugees.

The chairman of the Canadian Delegation is Wallace B. Nesbitt, M.P. Dr. G.F. Davidson, Deputy Minister of Welfare, has been elected President of the Economic and Social Council for 1958. He will preside over the Session and will be the Canadian Representative to the Council. The Delegation also includes M.H. Wershof, Q.C., Permanent Representative of Canada to the European office of the United Nations, Geneva; S. Pollock, Director, International Programmes and Contributions, Department of Finance; and L.A.D. Stephens, Counselor, Canadian Embassy, Bonn.

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MESSAGE TO GENERAL DE GAULLE

Prime Minister Diefenbaker last week sent the following message to General de Gaulle, of France:

"I have been following recent events in France which have led to the formation of the new Government under your leadership with the concern and attention you would expect from the Government and people of Canada. We in Canada have a special place in our hearts for the great traditions of France from which we have drawn so much in the past and in the bonds of friendship and alliance which have linked our two countries for many years. It is my hope that the future may bring new means of cementing these associations in the wider context of our North Atlantic Community.

"I send you my congratulations on your accession to the premiership of the French Republic and my fervent wishes for success in the solution of the difficult problems which confront you. If my Government can, in any way, be helpful in the solution of some of these problems with which we are concerned, I trust you will rely on our desire to co-operate.

"While I realize that you are faced with immediate problems to which you will have to devote your attention, I hope that before long it may be possible for you to visit Canada. Apart from the great pleasure it would give me and the Canadian people to welcome you here, you might feel that your presence in Canada would serve to emphasize and give expression to the important role of France in the Western World, in North America as well as in Europe.

"In the complex and difficult world situation which confronts us all, I feel that the leadership of France can be of supreme importance in developing the basis for co-operation and concerted policy between Europe and North America, which I regard as fundamental to the solution of broader problems.

"I look forward to the time when I may have the honour of meeting you and of discussing some of these problems with you. In the mean-

time, I would reiterate my good wishes and those of the Canadian Government and people on your accession to the premiership of the French Republic."

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PROTEST EXECUTIONS

Prime Minister Diefenbaker read to the Commons June 24 the diplomatic note to the Hungarian Government protesting against the execution of Imre Nagy, former premier of Hungary, and his associates. The note read:

"The revulsion and shock manifested throughout the world at the news of the execution of Imre Nagy, former premier of Hungary, and his associates, is shared by the Government and people of Canada.

"The fact that the victims were taken into custody after assurances were given by the Hungarian Government that no sanctions would be taken against them and that they could proceed freely to their homes makes their execution the more reprehensible.

"It is greatly to be regretted that the Hungarian Government has seen fit to carry out these harsh reprisals which flout the principles of justice and worsen the international climate.

"In 1956 and 1957, world opinion expressed itself unmistakably on the tragic events in Hungary through debates in the United Nations and in the report of the Special United Nations Committee of Investigation.

"These executions are, therefore, considered by the Canadian Government as part of an unjustifiable terrorist policy which is abhorrent to the people of Canada and which makes it difficult to maintain the hope that the Hungarian Government, along with other Governments of Eastern Europe, will be able to move forward toward a more liberal dispensation for their peoples."

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WHEAT EXPORTS

Overseas export clearances of Canadian wheat in the week ending June 11 amounted to 7,950,000 bushels, sharply greater than the year-earlier total of 3,124,000 bushels, according to the Dominion Bureau of Statistics. August 1-June 11 clearances climbed 30 per cent to 232,919,000 bushels from 178,563,000 a year ago.

Prairie farmers marketed almost 18 per cent more wheat in the week at 15,323,000 bushels compared to 13,024,000 a year earlier, but 1.8 per cent less in the cumulative period at 272,795,000 bushels versus 277,824,000. Visible supplies of Canadian wheat in all North American positions at June 11 totalled 353,663,000 bushels, up 1.4 per cent from 347,678,000 bushels a week earlier but down 6.3 per cent from 376,475,000 bushels a year ago.

RECORD INCREASE

Requests for tourist information on Canada are continuing to come into the Canadian Government Travel Bureau at a record rate. From January to May 20 a total of 432,597 enquiries have been received, an increase of 18 per cent over the same period of 1957. During the first four months of 1958 alone, the Bureau received 378,564 enquiries - more than have ever been received before in a similar four-month period.

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GROSS NATIONAL PRODUCT

Canada's total output of goods and services amounted in value of \$31,676 million in the first quarter of 1958, little changed from the level of the preceding quarter, after seasonal adjustment. Apart from the farm sector, which includes an arbitrary estimate of crop production for the year 1958, the level of non-farm production of goods and services was virtually the same as in the fourth quarter.

Final product prices were slightly higher in the quarter, however, so that a small drop in the volume of non-farm production is implied. Available evidence indicates that the decline in volume was not more than one-half of 1 per cent, or considerably less than the moderate drop in output which occurred in the fourth quarter. Compared with the same period one year ago, the volume of non-farm output in the first quarter is estimated to be down by less than 2 per cent.

This relative stability in production in the first quarter was accompanied by a further fall-off in business capital investment outlays, a higher rate of inventory liquidation, and a moderate weakening in the trend of exports, and reflected the offsetting influences of a marked increase in consumer expenditures, a sharp upswing in outlays for housing, and an increase in government expenditures. Imports continued to bear a part of the impact of easing demand, and were further reduced in the first quarter. The flow of income to the personal sector of the economy was well sustained,

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with labour income holding level, a sharp gain in cash income receipts of farmers, and a continuation of the rising trend of transfer payments and interest and dividend receipts. As a result, the rise in personal income in the first quarter exceeded the rise in national income

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HEALTH OF ANIMALS

Canada is in an enviable position in the World today as far as livestock disease is concerned, according to Dr. W.A. Moynihan of the Health of Animals Division, Production Service, Canada Department of Agriculture.

Dr. Moynihan was this country's official delegate to the International Office of Epizootics in Paris in May. Veterinary authorities from all parts of the globe exchanged information on the incidence of disease.

"It was obvious from reports that Canada is one of the most fortunate countries in the world as far as health of livestock is concerned," said Dr. Moynihan.

International Office of Epizootics is a protege of the League of Nations, and was established as an international pool of information on animal diseases and their control.

It has a permanent secretariat in Paris.

Dr. Moynihan heard many countries reporting diseases foreign to Canada: bluetongue in sheep, Teschen in swine, rinderpest of cattle, and many others, and he said that progress in the control and eradication of the more common diseases, such as brucellosis and tuberculosis in Canada, measures up well to the progress in other countries.

Dr. Moynihan visited FAO headquarters in Rome to observe at first-hand FAO's animal disease control programmes in various countries.

Before returning, he spent ten days in the United Kingdom, conferring with British Ministry Veterinary authorities on mutual problems and visited some of the principal research centres.