



CANADA

# CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION • DEPARTMENT OF EXTERNAL AFFAIRS • OTTAWA, CANADA

Vol. 21 No. 15

April 13, 1966

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## PRINCIPLES OF CORPORATE BEHAVIOUR

The following statement was made by the Minister of Trade and Commerce, Mr. Robert H. Winters, in the House of Commons on March 31 when he tabled a copy of a letter to Canadian subsidiaries of foreign firms setting forth what he regarded as certain guiding principles of good corporate behaviour:

Honourable Members will recall that, in dealing with questions asked during consideration of departmental estimates, I indicated my intention to formulate appropriate guidance to help subsidiaries of foreign companies conduct their affairs as good corporate citizens of Canada.

Much attention has been given in recent years to the role of subsidiaries of foreign companies in the Canadian economy, and to the difficulties which can arise from the responsibilities of subsidiaries both to their parent companies and to the community in which they operate. Many views have been expressed on this important subject. In recent weeks I have had helpful consultations with chief executive officers of many Canadian subsidiaries of foreign companies located in various countries. I have concluded that a statement of what is expected of subsidiary companies as regards their responsibilities in the Canadian community would be welcomed and would be of benefit to all concerned.

Accordingly, I am writing to the heads of subsidiaries of foreign companies in Canada setting forth some guiding principles of good corporate behaviour. In the letter I also indicate my intention to ask the larger subsidiary companies to provide periodically, on a confidential basis, information on certain aspects of their operations and financing....

Honourable Members will observe from a reading of the letter that the principles emphasize, above all,

the need for subsidiary companies to strive for maximum realization of their potential and for full participation in, and identification with, the life of the Canadian community. While these principles have been formulated with regard to the particular circumstances pertaining to the operations in Canada of foreign-affiliated companies, the underlying objective sought is equally applicable to all Canadian companies.

I trust that this statement of the basic essentials of good corporate citizenship will contribute to a better understanding of the role of subsidiaries of foreign companies in our economy and will encourage and facilitate their full participation in our growth and development in line with Canada's trade, economic and social needs.

### TEXT OF PRINCIPLES

In his letter, Mr. Winters set forth the principles he had in mind as follows:

Desirable objectives include the following:

- (1) Pursuit of sound growth and full realization of the company's productive potential thereby sharing the national objective of full and effective use of the nation's resources.
- (2) Realization of maximum competitiveness through the most effective use of the company's own resources, recognizing the desirability of progressively achieving appropriate specialization of productive operations within the internationally affiliated group of companies.
- (3) Maximum development of market opportunities in other countries as well as in Canada.
- (4) Where applicable, to extend processing of natural resource products to the extent practicable on an economic basis.



- (5) Pursuit of a pricing policy designed to assure a fair and reasonable return to the company and to Canada for all goods and services sold abroad, including sales to the parent company and other foreign affiliates.
- (6) In matters of procurement, to search out and develop economic resources of supply in Canada.
- (7) To develop as an integral part of the Canadian operation wherever practicable, the technological research and design capability necessary to enable the company to pursue appropriate product development programmes so as to take full advantage of market opportunities domestically and abroad.
- (8) Retention of a sufficient share of earnings to give appropriate financial support to the growth requirements of the Canadian operation, having in mind a fair return to shareholders on capital invested.
- (9) To work toward a Canadian outlook within management, through purposeful training programmes, promotion of qualified Canadian personnel and inclusion of a major proportion of Canadian citizens on its board of directors.
- (10) To have the objective of a financial structure which provides opportunity for equity participation in the Canadian enterprise by the Canadian public.
- (11) Periodically to publish information on the financial position and operations of the company.
- (12) To give appropriate attention and support to recognized national objectives and established Government programmes designed to further Canada's economic development and to encourage and support Canadian institutions directed toward the intellectual, social and cultural advancement of the community.

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## DOLLAR SAVINGS IN TELECOMMUNICATIONS

Mr. J.W. Pickersgill, Minister of Transport, and Mr. E.J. Benson, Minister of National Revenue, recently announced that the Administrative Telecommunications Agency (ATA), established a year ago in the Department of Transport on the initiative of the Treasury Board and the Transport Department as a result of Glassco Commission recommendations, is saving the Government more than \$2 million a year.

The Agency has greatly exceeded the savings expected when it was set up in March 1965, by insuring that the Government takes advantage of advances in telecommunication technology. This has been done by improving existing telephone systems and services, establishing new facilities and expanding old ones.

The Treasury Board's Management Improvement Branch is studying the new measures because telecommunications are an important aspect of manage-

ment improvement, not only within the Government but in its service to the public as a whole.

The first step taken by the ATA last year was to arrange with the Trans-Canada Telephone System for a private network service using commercially available facilities by which Ottawa government telephones can reach, at low flat rates, most parts of Canada.

In addition to dollars actually saved on long distance calls, it is believed that substantially more has been saved on travelling expenses and in time spent writing letters. No Canadian studies have yet been made on the subject, but American figures indicate that the amount saved on travel expenses as a result of cheaper, more efficient long distance calls is considerably larger than the direct savings on calls.

## FURTHER PLANS

Other successful first-year projects by the ATA include extending long-distance privileges on a 24-hour basis to all members of Parliament and senators, establishing a central switchboard in Montreal to serve nearly 1,000 government phones (the Montreal installation is the most modern service available and its users can dial direct anywhere within the province of Quebec), modernizing and expanding Toronto's 2,000-telephone central switchboard so that Toronto civil servants will soon be able to dial direct to anybody on Ottawa's government switchboard.

Arrangements are under way to extend the direct-dial service to New York and Washington and to consolidate, by 1967, government telephones in Vancouver, Victoria, Halifax and Quebec City.

The responsibilities of the ATA are not restricted to telephones. Government departments across the country are beginning, through the Agency's guidance, to share switched teletype service in remote parts of the country where telephone service cannot immediately be improved. As well, the ATA is co-operating with the Government's Central Data Processing Service Bureau to provide efficient means of communications between its larger computer centre at Ottawa and major cities where information is gathered. In the near future it is expected that a civil servant in Vancouver or some other city will be able to sit down at a keyboard and actually transmit data to the Ottawa-based IBM 360 computer and receive a reply within seconds.

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## RESIDENTIAL BUILDING

Starts on the construction of dwellings in Canadian urban centres of 5,000 and over declined 19.9 per cent in November last, to 16,268 units from 20,297 in the same month of 1964, placing the total in the January-November period at 126,390 units, a rise of 1.9 per cent from the corresponding 1964 total of 124,043. Completions in these centres numbered 9,176 units in the month, putting the 11-month total at 116,091, very slightly lower than the year-earlier total of 116,095.



## NEW AIRLINE ROUTES

The Minister of Transport, Mr. J.W. Pickersgill, recently made the following announcement regarding the selection of Canadian airlines to operate new air routes to the United States, and the authorization of certain other new international services which had previously been under consideration:

In April 1964, in a statement of the principles forming the basis for civil aviation policy, I said that international air services provided by Canadian airlines should serve the Canadian interest as a whole and should not be competitive or conflicting but should represent a single integrated plan. Subsequently, in a detailed outline of international aviation policy in June 1965, I announced that the two airlines had agreed that their role in international services should be developed on a basis of separation of geographical areas. The question of how this geographical separation should be applied to new services to the United States was then left in abeyance until the new bilateral agreement was completed.

The considerations affecting passenger movement and operational planning between Canada and the United States are more closely related to extensions of domestic services than to transoceanic services. The Government has, therefore, been concerned primarily with good service to the Canadian public on these routes in relation to existing Canadian domestic services. Supplementary considerations have been the manner in which a new route to the United States might relate to transoceanic international services now operated by one or the other of Canada's two designated international airlines; and the financial position of the two airlines under the new bilateral agreement.

Any division of traffic resulting from the establishment of the new routes granted to U.S. airlines, under the new agreement with the United States, will be taken from Air Canada. It is, therefore, essential that Air Canada have the opportunity in turn to develop at least equivalent traffic on new routes.

### SERVICES AFFECTED

In the light of these considerations, the following decisions have been taken:

- (1) The new service from Montreal and Toronto to Miami will be operated by Air Canada which is already operating to Tampa. The extension to Miami represents a natural and logical extension of existing service. This decision has already been announced.
- (2) The non-stop route from Montreal to Chicago will also be operated by Air Canada. Traffic between Montreal and Chicago is already being carried by Air Canada on its Toronto-Chicago service and with U.S. carriers now being allowed for the first time to operate on the Toronto-Chicago route, Air Canada should obviously be selected for the Canadian Montreal-Chicago route.
- (3) Unless the route from Toronto to Los Angeles is operated by Air Canada, that carrier would suffer financial loss under the new bilateral

agreement. Moreover, this route fits in well with the existing Air Canada domestic and international network. Air Canada has, therefore, been selected to operate the route Toronto-Los Angeles.

- (4) The headquarters of Canadian Pacific Airlines are located in Vancouver and the airline maintains a large and effective sales organization in Western Canada, with most of its domestic operations in this region. Taking this factor into consideration as well as the international routes to the Orient operated by CPA out of Vancouver, the considerations which led to the selection of Air Canada to operate the other new Canadian routes under the new bilateral agreement indicate that, in the national interest, CPA should operate this route. CPA has been designated for Vancouver-San Francisco.

Selection of the airlines to operate the new routes represents only the first step towards the commencement of operation. Prompt action will be taken by the Air Transport Board to issue Canadian licences, following which the airlines will have to apply to the U.S. licensing authorities for U.S. licences. It is the hope of the Government that action in the United States will be taken without delay.

### TRANSATLANTIC ROUTES

New arrangements with the United Kingdom which had been forecast previously in Government statements and provisional schedules issued by Air Canada and BOAC, have now been completed. The United Kingdom has granted permission for Air Canada to operate non-stop service to the United Kingdom from Vancouver, Edmonton and Calgary; in return, the Canadian Government has granted to BOAC the right to carry local traffic between Montreal and Chicago on its service from the U.K. to Chicago. Both airlines plan to use these new rights during the 1966 summer season.

Authority has also been granted to Canadian Pacific Airlines to provide non-stop service from Toronto to Amsterdam. In the statement of policy of June 1965, it was indicated that, as an exception to the clear-cut geographical separation of areas agreed to by the two international airlines, CPA would continue to serve the Netherlands. As the Canadian designated carrier to the Netherlands, CPA in 1965 initiated direct service between Montreal and Amsterdam but provided service to Toronto by means of domestic connections from Toronto to Montreal. It has now been decided that, as a means of providing improved service to Toronto, CPA should be authorized to fly non-stop out of Toronto as well as out of Montreal rather than requiring Toronto passengers to travel by way of Montreal. This new service will be in operation during the 1966 season.

In addition, as a result of an amendment to the bilateral air agreement between the Governments of Canada and West Germany, Frankfurt has been substituted for Duesseldorf as the German terminal for Canadian air service. Air Canada will start service to Frankfurt in mid-April.



## BIG RISE IN FEMALE EMPLOYMENT

A "remarkable rise" in the number of working women in Canada was described recently to delegates attending a one-day consultation in Ottawa on changing patterns in female employment. Organized by the Women's Bureau of the Department of Labour, the meeting examined past, present and possible future trends in the female working world. Talks were given by Dr. Sylvia Ostry, Chief of the Research and Analysis Section (Labour Division) of the Dominion Bureau of Statistics, and by Professor Noah Meltz, Department of Political Economy, University of Toronto and Scarborough College.

Dr. Ostry pointed out that the proportion of adult women who went out to work had risen from 14 per cent in 1901 to 30 per cent last year. At present, the female share of the total working population, of both sexes, was rapidly approaching 33 per cent. More women in all age groups — except teenagers — were now earning a living, with the greatest increase occurring in the middle and older-age groups. These groups were composed mainly of married women with children, most of whom were, in fact, re-entering the labour force.

### NEW OPPORTUNITIES

"For the first time in this century a two-phase working cycle has emerged — a phenomenon already apparent in the United States a decade or more earlier", said Dr. Ostry. "In recent decades," she went on, "there has been a marked expansion of jobs which are considered especially suitable for feminine employment. This growth has opened up new opportunities for women, opportunities to supplement family income in a society which places ever-greater emphasis on rising material standards of life. Further to this end, social barriers to the employment of married women have largely crumbled as a consequence of marked changes in the attitude of employers, no doubt stimulated by the pace and direction of economic growth."

Dr. Ostry added that basic improvements in "household technology" and the ready availability of commercial substitutes for most household products had "at least potentially" freed women to compete in the labour market, "or for improved housekeeping, child-care or more coffee-parties and bridge-games".

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## FARM LABOUR PROBLEMS DISCUSSED

Members of the National Agricultural Manpower Committee, who met in Ottawa recently to discuss the farm labour situation, were told by the chairman, Mr. Tom Kent, Deputy Minister of Citizenship and Immigration, that all agencies concerned must redouble recruitment efforts if critical shortages were to be averted this year. Mr. Kent said that increased competition for labour, a buoyant economy

and high employment meant greater competition for the manpower available for seasonal farm labour at harvest time.

Attending the meeting were provincial deputy ministers of Agriculture and senior officials, federal Deputy Ministers of Agriculture and Labour and senior officials of federal departments.

### PROVINCIAL FORECASTS

A forecast of provincial expectations predicted shortages of seasonal workers in Ontario partly on account of a planned acreage increase. The employment of Indians, a policy that had already been well received and had proved beneficial both to growers and Indians, would probably be increased. Last year 550 Indians were employed in harvesting; this year, it was predicted, an effort would be made to recruit nearly twice that number.

From British Columbia it was reported that shortages of farm labour were expected in the Okanagan Valley, particularly in September. Alberta expected to recruit up to 2,500 Indians in the northern part of the province and in Saskatchewan. Although Saskatchewan had no serious problems with seasonal or casual workers, concern was felt about the shortage of specialized workers and the condition of the dairy-farm labour market.

Manitoba, which is now evaluating the success of a two-month pilot training course for farm workers, also reported a need for specialized, year-round workers. Quebec, Nova Scotia and Prince Edward Island reported no serious problems, but New Brunswick expected the "tight" labour situation of last year to continue.

### EMPHASIS ON RECRUITING

The National Employment Service announced plans to deal with labour shortage situations and an intensification of the recruitment programme. More temporary offices were being established with a considerably enlarged number of staff, and new areas for recruitment were to be visited, including the outports of Newfoundland.

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## DIPLOMATIC APPOINTMENTS

The Secretary of State for External Affairs, Mr. Paul Martin, recently announced the following diplomatic appointments, which will become effective during the next few months:

Mr. Paul Tremblay, at present Permanent Representative and Ambassador to the Permanent Mission of Canada to the United Nations in New York, to be Ambassador to Belgium with concurrent accreditation to Luxembourg, Mr. R.P. Bower, at present Ambassador to Japan, to be Ambassador to the Federal Republic of Germany, Mr. John Kenneth Starnes, at present Ambassador to the Federal Republic of Germany, to be Ambassador to the United Arab Republic.

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