



CANADA

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CONTENTS

The Outlook for Peace in Vietnam	1
Expo Opening Ceremonies	3
Car Trade Integration Model	3
New Coast Guard Ship	4
Development Loan to Nigeria	4

Plugging the Brain Drain	4
Tommies Train in Canada	4
Pension Plan Funds	5
Preserving Canada's Wild Creatures	5
Military Signals Hook-Up	5

THE OUTLOOK FOR PEACE IN VIETNAM

In a statement to the House of Commons Standing Committee on External Affairs, on April 11, the Secretary of State for External Affairs, Mr. Paul Martin, reviewed the situation in Vietnam. He concluded by saying that he could not "assess the prospects in the short term any too hopefully" because, up to now, the "simple formula" to bring the two sides together had "eluded all those who have tried". The Minister assured the Committee that the Canadian Government was committed to continuing its search for a peaceful solution to the conflict in Vietnam.

Extracts from Mr. Martin's address follow:

...The first point which I think needs to be made...is that Canada has no direct national interest to assert or maintain in Southeast Asia. Nor do we have any formal military or other commitments there. If we have been drawn into that part of the world, it has been solely as citizens of the wider world community. What we are doing in Southeast Asia is twofold: we are there on a peace-keeping mission on behalf of countries which do have a direct national interest in that area; and we are also there as a contributor to the collective effort to meet the rising expectations of the people in that area for a better life.

COMMISSION RESPONSIBILITIES

Second, there are responsibilities which we have in Vietnam as members of the International Commission. We have endeavoured to carry out these responsibilities with fairness and impartiality and we will continue to do so. I would be the last to deny that the course of events in Vietnam has in some important respects overtaken the mandate of the Commission. But there is agreement among all the

parties that, as the representatives of the Geneva powers, the Commission cannot simply wash its hands of the situation. There is also agreement that the Commission will have a role to play in the context of any final settlement and, quite possibly, in helping to pave the way for it. Because of these opportunities which are potentially open to the Commission, I believe I can say that it is the unanimous view of the three Commission powers that we are justified in maintaining our presence in Vietnam, notwithstanding the anomalies and the frustrations of the present situation.

Third, apart from whatever role Canada may be able to play as a member of the International Commission, we have tried to use our national influence in promoting the course of peace in Vietnam. We have done this on the basis of our close relations with the United States and the access we have to the Government of the Democratic Republic of Vietnam in Hanoi as well, of course, as the Government of the Republic of Vietnam in Saigon. I do not want to exaggerate the influence which a country like Canada can command in a matter of this kind, which has engaged the power and prestige of at least three of the great powers. Nor do I want to hold out any promise to the Committee that our efforts will turn out, in the end, to have been of more than marginal usefulness. But there is one thing of which I am sure and it is this: if our efforts are to be of any avail, they must be deployed within the limits of what the situation suggests is realistic. They are best directed towards arriving at some common denominator which the parties themselves are prepared to accept as reasonable. We will neither bludgeon nor shame the parties into accepting a course of policy which they regard

as being contrary to their basic national interest. And this is something which I would ask those who would have us follow a different course to remember.

CANADA'S CONTRIBUTIONS TO SETTLEMENT

Fourth, the Canadian Government has made it clear that it is prepared to make its own contribution to an eventual settlement in Vietnam. Such a settlement is almost certain to involve some form of international presence which will afford to the parties concerned the necessary guarantees that the terms of the settlement are being fairly and effectively carried out. If, in the light of our first-hand experience of the Vietnam problem over the past 13 years, Canada were to be asked to participate in an international peace-keeping effort in Vietnam, whether under the auspices of the Geneva powers or under those of the United Nations, I am sure that we would be prepared to accept such a responsibility within the limits of our capacity. We have also recognized for some time that, in the aftermath of any settlement, it is likely to be necessary for interested countries to mount a collective effort for the economic recovery and rehabilitation of all parts of Vietnam. I want to remind the Committee that our commitment to contribute to such an effort is on the record and that we will meet that commitment when the time comes....

NORTH VIETNAM'S POSITION

To summarize...the North Vietnamese position would appear to be as follows: If the United States ceases the bombing and all other military action against North Vietnam permanently and without condition, the Government of North Vietnam would be prepared to enter into direct talks with representatives of the United States. The further information we have suggests that such talks could be initiated within a reasonable interval after the cessation of the bombing, such an interval being presumably required by the North Vietnamese side to give effect to their argument that the holding of talks would not, in fact, be regarded as a "condition" of the cessation of the bombing.

U.S. RESPONSE

...As regards the matter of talks, the United States Government would be prepared to enter into such talks with representatives of the Government of North Vietnam at any time and without any prior condition whatsoever. As regards the matter of a reduction in the scale of hostilities, the United States would be prepared to discuss such a reduction on a basis of reasonable reciprocity. What the United States is not prepared to do, as far as I understand it, is to discontinue for good what they regard as a significant aspect of their military activity in Vietnam in return for a mere undertaking on the North Vietnamese side to enter into bilateral talks....

CANADA'S POSITION

...We have maintained all along that the settlement of this conflict will require concessions on both sides. I believe that this is a view which is widely shared regardless of how the rights and wrongs of the Vietnam conflict are interpreted. In response to those

who have asked the Government to dissociate itself from the bombing of North Vietnam by the United States, we have made it clear that we would, indeed, like to see the bombing stopped, but that we would also like to see the infiltration stopped, and that we would like to see negotiations looking towards the peaceful solution of this conflict begun. As I indicated to the House on April 4, it is from this general perspective that we endorsed the Secretary-General's proposals of March 14 and that we shall continue to judge all proposals which are aimed at putting a halt to the fighting in Vietnam.

As far as the Canadian Government is concerned...it will continue to be the object of our diplomatic efforts to try to establish a basis on which the two sides might be brought together. There is, of course, no dearth of formulas for trying to do that. But the fact remains that the test of any such formula is its acceptability to both sides. This has been the experience of the Secretary-General; it has been our own experience; and it has been the experience of other countries which have tried to play a helpful part in this matter.

This does not mean, however, that any of those who have tried to lend their good offices to the parties intend to abandon this effort. Certainly, as far as Canada is concerned, I can assure the Committee that we have no intention of doing that. The question that arises is whether there is any new direction which it might be worth exploring in the hope that it might avoid the impasse which has apparently now been reached and which has brought us to the point where, for the first time in some 16 months, no new initiatives, either public or private, appear to be within sight.

PARITY AN ESSENTIAL CONDITION

It seems to me that, in trying to bring this conflict to a halt, the same principle may be applicable which we have found, in practice, to be applicable to the process of general and complete disarmament. In essence, that principle is that there must be a condition of parity between the two sides at all stages of the process. That is to say, care would have to be taken to avoid a situation where either side is placed or considers itself to be placed in a position of relative disadvantage at any given stage.

Having that principle in mind, I wonder whether it might not be worth while to take another look at some of the terms of the 1954 Agreement. The core of that Agreement lies in the conception of a cease-fire and a disengagement of forces. Surely, that is what we are seeking today as a matter of first priority. Would it be going too far to suggest that some thought might now be given to the possibility of discussing a stage-by-stage return to the Geneva cease-fire arrangements as a first step towards a more permanent settlement which would necessarily have to encompass many other factors? Of course, the cease-fire arrangements are only one aspect of the Geneva settlement and I recognize the difficulty of trying to persuade the parties to return to one aspect of the settlement in the absence of some preliminary understandings at least as regards the basis on which the other, and more intractable aspects of the settlement might be tackled in a subsequent negotiation.

EXPO OPENING CEREMONIES

Seven thousand official guests, including federal and provincial cabinet Ministers, Members of Parliament, Senators, Members of the Diplomatic Corps, university presidents, church dignitaries, trade union officials, and the presidents of participating companies will attend the inauguration ceremonies of the World Exhibition in Montreal on April 27. Prime Minister Lester Pearson and Governor-General Roland Michener will preside at the opening.

The gates of Expo 67 will be opened to the public on April 28. Opening day festivities will include an aerobatic show by the Royal Canadian Air Force, as well as entertainment and fireworks.

MUSIC AND POETRY

The inauguration of Expo's World Festival of Entertainment on April 29, will be highlighted by a performance of the *Ode to Joy* from Beethoven's Ninth Symphony by the Montreal Symphony Orchestra. During the gala evening, Sir Laurence Olivier and Jean-Louis Barrault will read in English and French

an inauguration poem written by the Exhibition's Commissioner-General, Pierre Dupuy.

HANDICAPPED NOT FORGOTTEN

Transportation about the Expo grounds will be provided free to handicapped persons. "La Ballade", a train that can carry 50 people and 25 wheelchairs, will leave the main entrance and travel three-and-a-half miles, making ten stops *en route*.

Wheelchairs may be rented for \$5 a day. Trained volunteers from a number of organizations, including the Boy Scouts, will be on hand to help the handicapped, give advice on itineraries, and conduct guided tours. Nearly all the exhibits will be accessible as elevators, ramps, and doors wide enough for wheelchairs were provided for in the building plans.

A short guide to Expo '67, translated into Braille by the Canadian Institute for the Blind, will be distributed to the 50 CNIB offices throughout Canada. The Institute is also arranging tours for the blind to Expo. Volunteers will act as guides to individual blind visitors.

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CAR TRADE INTEGRATION MODEL

Trade Minister Robert H. Winters has invited more foreign-owned companies to follow the example of the Canadian automotive industry in integrating their international operations to a greater degree.

Addressing a dinner meeting of the Windsor Chamber of Commerce, Mr. Winters said:

"As so many of our manufactured goods are produced in Canada by subsidiaries of foreign companies (principally American), we should encourage more such companies to pursue the example of the automotive industry and integrate their operations to give the Canadian subsidiaries the benefits of broader markets, and longer production runs with resultant lower unit costs and more justification for doing research in Canada."

Mr. Winters summarized the performance of the Canadian economy over the past six years as a "remarkable record of overall growth, comparing very favourably with the performance of most other major industrial economies, including the United States".

POOR PERFORMANCE A THREAT

He warned however, that, over the past year, Canadian prices and costs have risen faster, and Canadian productivity slower, than those in the United States.

"Prices and productivity, labour costs and profit margins - these are the foundations of international competitiveness," the Minister said. "A poor performance by comparison with our trading partners - particularly our biggest partner, the United States - poses a very serious threat to our international competitive position."

"Until a year ago, we were pretty well holding our own," Mr. Winters said. "Now we are already

beginning to feel the ill effects of our poor price and productivity performance. Lower productivity gains plus higher price and cost increases than our partners will sooner or later add up to trouble. Under such circumstances moderation and judicious restraint must be more than just words in our vocabulary."

He emphasized the importance of "top-notch" trading performance as the "under-pinning of our prosperity" and singled out the contribution of the Canada-U.S. auto pact to a quarter-billion dollar improvement in Canada's merchandise trade surplus last year.

"This year, as last," Mr. Winters said, "the automotive industry should make the largest contribution to further growth in export receipts."

"Soaring North American demand for automobiles in recent years, coupled with the tremendous expansion in two-way trade under the auto pact, has raised the value of our automotive exports nearly 2,000 per cent since 1961, to a record high of close to \$1 billion last year."

Mr. Winters said that, owing largely to the Canada-U.S. Automobile Agreement, Canada produced a record of 900,000 cars last year, a 20 percent increase from 1965 and more than double the output of five years ago. "These gains have been made through the rationalization and integration of the North American automotive industry," he said.

IMPORTANCE OF GENEVA TALKS

The Trade Minister emphasized the crucial importance to Canada of the "Kennedy round" tariff negotiations now under way in Geneva. He outlined the Canadian position in the "Kennedy round" and said that Canada "shares with other nations of the world a high stake in the success of the negotiations."

"The final deadline for the completion of the substantive bargaining is the end of this month," the Minister said.

"As the negotiations reach the critical stage there seems a real determination to bring them to a successful conclusion." At stake is not just the improved trading opportunities for the countries involved but indeed the structure of international trade co-operation itself."

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NEW COAST GUARD SHIP

The Minister of Transport, Mr. J.W. Pickersgill, recently announced that a contract had been awarded by the Department of Transport for the construction of a 234-foot long search and rescue cutter, the first of six to be built for the Canadian Coast Guard.

The design of the ship was determined after extensive model tests had been carried out by the Netherlands Ship Model Basin and the Netherlands Aeronautical Establishment, to provide the best characteristics for search and rescue under heavy weather conditions in the north Atlantic and Pacific oceans. The vessel is expected to be completed in 1969.

SEARCH AND RESCUE DUTY

The ship will patrol operational areas, recovering survivors from the sea of from a boat alongside, transferring men sick or injured at sea, taking in tow and towing other disabled ships and giving elementary care to injured people on board. Fire-fighting facilities will be provided.

Seaworthiness and ability to make progress and perform rescue duties in extreme weather conditions will be a special feature of the vessel.

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DEVELOPMENT LOAN TO NIGERIA

Under the terms of a loan agreement signed in Ottawa on April 4 by Mr. Paul Martin, the Secretary of State for External Affairs, and Mr. A.A. Atta, head of Nigeria's Ministry of Finance, a telephone exchange will be built in Nigeria. The \$1,600,000-special development loan, made under Canada's external aid programme will cover the cost of a 7,000-line exchange in Lagos, the capital.

The telephone exchange will play a key role in Nigeria's developing \$20-million telecommunications network.

The contract has been awarded to Northern Electric Co. Ltd., which will manufacture most of the equipment in Toronto. The remainder will be manufactured in the company's Montreal and Lachine plants. Northern Electric will also construct a three-storey building for the exchange, hook it in with existing services and train Nigerian technicians in its operation.

The project is part of the third stage of the country's telecommunications development pro-

gramme. In 1965, during the second stage, an initial development loan of \$3.5 million was made to the project when Phillips Cable Limited, Canada, was given a contract to supply specialized cable, said Mr. Martin.

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PLUGGING THE BRAIN DRAIN

According to a recent Canada Council study, 97 per cent of the winners of doctoral fellowships in the humanities and social sciences awarded by the Council who studied in Canada are working in this country. Of the fellowship winners who completed their studies in the United States or elsewhere abroad, some 80 per cent have returned to work in Canada, and most of the minority now working in other countries hope to return eventually. Some of those who answered the survey had already worked in other countries and returned.

Other results of the survey were underlined by Canada Council Director Jean Boucher. "It is evident," said Mr. Boucher, "that the doctoral fellowship programme has achieved its aim of training people for university careers." The survey indicates that 92 per cent of award-winners who have taken their doctorate have taken up teaching careers in the universities. Mr. Boucher also pointed out that almost all the fellowship winners had received or were still working towards their doctorates. At less than 4 per cent, the failure rate is marginal.

Returns of the questionnaire, and later figures, indicate a growing trend for Canadians to seek their doctoral degrees at home. Of the 588 who responded to the questionnaire, 26 per cent received or will receive their degree from Canadian universities, while 41.3 per cent studied at universities in the United States, and 32 per cent studied in other countries, chiefly England and France. However, 30 per cent of last year's award winners are studying in Canadian universities, and the coming year's total is nearly 35 per cent. The Council will be supporting 329 Ph.D. candidates in Canadian universities during the coming academic year - more than ten times the number receiving awards in any of the first three years of the Council's operation and more than twice last year's figure of 127.

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TOMMIES TRAIN IN CANADA

Two British infantry battalions and a squadron of engineers will train in Canada this summer, the seventh year that British troops have trained at Canadian bases.

The 2nd Battalion, Coldstream Guards, now on guard duties in London, will take part in "Exercise Pond Jump West" at Camp Wainwright, Alberta, from June 14 to July 18. The unit is allied to the Governor General's Foot Guards (Militia) of Ottawa.

Moving into Canadian Forces Base Gagetown, New Brunswick, for "Exercise Pond Jump East",

from July 3 to August 15, is the 1st Battalion, Green Howards (Princess Alexandra of Wales Own Yorkshire Regiment), a unit of Britain's Strategic Reserve stationed at Colchester, Essex. The Howards are allied to two Canadian militia units, the Rocky Mountain Rangers, of Kamloops, British Columbia, and the Queen's York Rangers (1st American Regiment), of Toronto.

The 32nd Field Engineer Squadron, Royal Engineers, from Richmond, Yorkshire, will carry out engineering works at CFB Gagetown from July 3 to August 15 in "Exercise Water Leap".

PENSION PLAN FUNDS

Mr. Mitchell Sharp, the Minister of Finance, recently released details of the amounts that had become available to the provinces and Canada as a whole during the first quarter of 1967 from the operations of the Canada Pension Plan.

All funds received but not required by the Plan to meet expenses and the payment of benefits during the following three months are transferred to the Canada Pension Plan Investment Fund for the purchase of provincial or federal securities. These are special non-marketable securities, with terms of up to 20 years, bearing interest based on the yields of comparable Government of Canada marketable bonds.

PROVINCIAL ALLOTMENTS

The allotment of funds to each of the provinces is proportional to the cumulative total of contributions paid in each province. The amounts available to Quebec, which has its own pension plan, relate only to the contributions of some federal employees in that province, such as armed services personnel, who are not included in the Quebec plan but were brought into the Canada Pension Plan by special legislation during 1966. Any balance not borrowed by the provinces, together with funds collected in the Yukon and Northwest Territories, must be taken up by the Government of Canada.

The provinces took up the whole of their allotment in the first quarter of 1967 and they, or their Crown agencies, issued their special securities to the Canada Pension Plan Investment Fund in exchange for the funds made available to them. The Government of Canada issued identical securities in exchange for the net amounts generated in the Yukon and the Northwest Territories.

FIRST QUARTER FUNDS

The funds that were made available to the provinces and Canada by the Canada Pension Plan Investment Fund during the first quarter of 1967 were (*in thousands of dollars*): British Columbia \$22,442; Alberta \$13,623; Saskatchewan \$6,660; Manitoba \$9,352; Ontario \$88,102; Quebec \$380; New Brunswick \$4,522; Nova Scotia \$5,809; Prince Edward Island \$514; Newfoundland \$2,977; Canada \$499; for a total of \$154,880.

PRESERVING CANADA'S WILD CREATURES

Prime Minister Pearson, in a statement to mark National Wildlife Week, April 9 to 15, urged Canadians to become more alert to abuses of wilderness and wildlife. "Our use of natural resources during the past 100 years has sometimes been wasteful or ignorant," said Mr. Pearson. "Our early unthinking attempts to *conquer* nature have created problems for wildlife which we are today attempting to solve through provincial wildlife programmes and our National Wildlife Policy and Programme and the Agricultural Rehabilitation and Development Act." Measures that we were advancing, he said, included preservation of key habitat, managed harvest of some species, and total protection for others.

POLLUTION AND CONGESTION

"Two of our current problems," continued the Prime Minister, were "pollution of our air and water and the overcrowding and stress of unplanned cities, highways, and industries." "We have come to realize that our natural resources are not inexhaustible or impervious to abuse, and that the quality of our environment can and must be improved." "To manage our resources successfully," he said, "we must understand that man is only one factor in the complex interactions of communities of plants and animals." "When we disrupt those natural interactions, through pollution, for example, we do so at our peril."

NATURAL RESOURCES

Mr. Pearson said that regarding natural resources, Canadians were among the most fortunate people in the world. "Each Canadian is part-owner of prairie, forest, mountains - open space, solitude, and natural beauty," he declared. "The pollution of so many of our rivers and lakes, and urban environments made inhospitable by air pollution," said Mr. Pearson, "are examples of what can happen when we do not make wise use of our resources". "Unfortunately our attempts to cure those situations will be far more expensive than wise use would have been in the first instance."

MILITARY SIGNALS HOOK-UP

It was announced recently by Mr. Paul Hellyer, the Minister of National Defence, and Mr. C.M. Drury, the Minister of Industry, that a major co-operative development programme in military communications called "Project Mallard", had been agreed to by the Governments of Canada, the United States and Australia.

The programme is aimed at the development after 1975, of a tactical trunk-communication system for the forces of the three countries. The system will provide for communications by voice, written message, computer information and facsimile reproduction, from battalion level to top field formation.

Since it will employ common electronic and operational characteristics, the system will serve the

forces of the three countries equally well. It will be able to switch traffic automatically through the system, using alternate routing when required. Single-channel access to the main trunk is planned, and the use of communication satellites will be considered.

Canada will contribute 5 per cent of the \$20 million (U.S.) required for the first phase of the tripartite development programme.

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THE OUTLOOK FOR PEACE IN VIETNAM

(Continued from P. 2)

ment might be tackled in a subsequent negotiation. Accordingly, it may well be necessary to envisage a progressive re-application of the 1954 cease-fire terms as an agreed preliminary to direct discussions between the two sides and as something which would of itself help to create a favourable climate for such discussions....

STEPS TO A CEASE-FIRE

The first step should involve some degrees of physical disengagement of the parties. This might be accomplished by restoring the demilitarized character of the zone on either side of the 17th Parallel by the withdrawal of all military forces, supplies and equipment from that zone, by enforcing a prohibition against any artillery action across the zone, and by barring any overflights of the zone except for purposes of impartial supervision. At the same time, it would be necessary to reactivate those provisions of the cease-fire agreement which prohibit either North or South Vietnam to be used for the carrying out of hostile acts against the other. In my view, this would in equity have to include the bombing and any other military action against North Vietnam, whether actually undertaken from South Vietnam or from some other point of origin.

Second, I think it would be necessary to freeze the course of military events in Vietnam at its present level. This might entail undertakings on both sides not to engage in any military activities which differed in either scale or pattern from the activities which are currently being engaged in. It might also entail the practical re-application, as from an agreed point in time, of those articles of the Geneva Cease-Fire Agreement which prohibit reinforcement of troops or arms, munitions and other war material into North or South Vietnam from any source or quarter.

The third stage of such an approach would logically involve the cessation of all active hostilities between the parties, whether on the ground, at sea or in the air.

The fourth and final stage would complete the process of return to the cease-fire provisions of the Geneva settlement. At that stage, provision would have to be made for the liberation and repatriation of prisoners, for the withdrawal of all outside forces

whose presence in the area of conflict was not provided for at Geneva, and for the dismantling of military bases or their conversion to peaceful purposes....

POLITICAL ISSUES

...I am doubtful if it will be possible to solve the purely military aspects of this conflict without at the same time tackling the political questions which lie at the root of it. As I have already suggested, this applies to the approach I have outlined to the Committee as it would to any other approach to this issue.

The simple fact is that these aspects are interrelated and that progress on one front may well depend on progress being made on the other. I am inclined to think that the recent experience of the Secretary-General bears out this impression. On the face of it a stand-still cease-fire does not look as if it should involve any inordinate problems for either side if there was a willingness in principle to stop the fighting. On second thought, however, it will appear that such a cease-fire does pose problems for both sides to the point where one side cannot envisage such a move being made without prior discussion, if not negotiation, while the other cannot apparently see it being made at all in present circumstances. It is my considered view that, apart from any possible military problems, there are political problems posed by this proposal which are such as to have a bearing on the terms on which the conflict may eventually be resolved.

The underlying political issue as I see it are the ultimate political arrangements in South Vietnam and the willingness of others to allow those to be worked out by the South Vietnamese people without interference from any quarter. One aspect of this issue, of course, is the status of the Viet Cong. What is at stake here is not really their representation at any eventual conference table but the terms of their participation within the ultimate political structure of the country. These are the really crucial points which will have to be resolved and on which, I am afraid, the position of the parties are as far apart as ever.

It is clearly not for Canada, any more than for others, to prescribe to the South Vietnamese people how to order their affairs. I have made it clear that we regard a continuance of the present division of Vietnam into two communities as probably unavoidable for the time being if only to allow the scars which have been opened by the conflicts of the past quarter century to heal and for new dispositions to be agreed for the eventual reunification of Vietnam. It will be for the people in the two parts of Vietnam to decide how soon and under what conditions the first steps towards reunification can reasonably be taken. I am convinced that there is a basic desire for reunification in Vietnam as there is in other divided countries. At the same time, it seems to me on the basis of recent statements that there is also a realistic appreciation on both sides that reunification is not something which is likely to be accomplished overnight....

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