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CONTENTS

The Opening of the St. Lawrence	1	Large-Scale Atomic Plant	5
Balance of Payments	3	World Refugee Year	5
Seaway - First Month	4	Important Visitors	6

THE OPENING OF THE ST. LAWRENCE SEAWAY

Her Majesty the Queen and President Eisenhower formally opened the St. Lawrence Seaway on June 26, 1959 in the presence of a large gathering of distinguished guests, representing government, industry and commerce. The two Seaway entities, the Canadian St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation of the United States, were the hosts on this great international occasion.

The ceremonies took place at the western end of a 300 acre area bordering the approaches to the St. Lambert Lock, on the south side of the St. Lawrence River opposite Montreal. The official platform was approached by a raised roadway, or mall, which was flanked by the house flags of shipping companies whose vessels sail the Seaway.

As the Queen and President Eisenhower approached the dais, an RCAF Band broke into "The Star Spangled Banner". A U.S. Band then played "God Save the Queen" which was followed by "O Canada" sung by a choir in French.

Mr. J.B. Roberts, President of the St. Lawrence Seaway Authority, opened the ceremonies with a short address. He presented Her Majesty with a commemorative book containing the names of organizations and individuals who took part in the construction of the Seaway. Mr. Lewis G. Castle, Administrator of the Saint Lawrence Seaway Development Corporation presented a similar book to President Eisenhower and requested that the Seaway be declared open.

The Queen and President Eisenhower then spoke briefly. The text of the Queen's speech follows:

Mr. President:

"I am delighted that this occasion which marks the inauguration of a great joint enterprise between our two countries should afford me the first opportunity of welcoming you and Mrs. Eisenhower to Canada. It is with the warmest feelings of friendship that I do so on behalf of the Canadian people, myself and my husband.

"The President of the United States will always be welcome here, but today there is an added pleasure and a special warmth in our greeting.

"You will always be remembered as one of the great military leaders who brought the free world through the most severe crisis of modern times. The soldiers, sailors and airmen of the Commonwealth, including many thousands of Canadians, were proud to serve under your leadership until the ultimate victory was won.

"We welcome you here as President of a great and friendly neighboring state; but we have a special welcome for you as General Eisenhower.

"Today, Canada and the United States are celebrating a victory of another kind. This distinguished company has come together from the two great countries that border this waterway to mark the completion of a combined operation that ranks as one of the outstanding engineering accomplishments of modern times. We can say in truth that this occasion deserves a place in history.

"This is nothing new to the St. Lawrence River which, from the times of Cartier and LaSalle, of Wolfe and Montcalm, has been the scene of so much of North America's history.

"Depuis le jour où les intrépides explorateurs et colons français ont établi les bases du Canada sur les rives de ce fleuve, des hommes prévoyants ont rêvé d'une voie navigable en eau profonde depuis le port à marée de Montréal jusqu'à la tête des Grands lacs. Plusieurs générations de Canadiens, tant de langue française que de langue anglaise, ont travaillé à la réalisation de ce projet grandiose.

"Même au dix-septième siècle, il y eut déjà des projets visant à contourner les rapides de Lachine. Ces rapides doivent, incidemment, leur nom à la croyance générale de l'époque qu'ils bloquaient la route vers la Chine. Dollier de Casson, dès mil six cent quatre-vingt, avait déjà envisagé la possibilité de surmonter cet obstacle. Sa tentative hardie était cependant vouée à l'échec, car il était bien en avant de son siècle. Il demeure cependant le pionnier de la canalisation du Saint-Laurent et nous nous devons aujourd'hui de lui témoigner notre reconnaissance.

"Since the time of Dollier de Casson, men have dreamed and worked for two and a half centuries to make this river navigable, and now at last it is a reality. This waterway will carry ocean shipping from tidewater to the very heart of the continent, a distance of more than two thousand miles. It will affect the lives of many generations of our peoples; and it is bound to exercise a profound influence on the maritime trading nations of the world.

"It is right we should acknowledge the foresight of those who first conceived this great plan. But we should also acknowledge the courage and persistence of those men in public life, in both countries, who brought about the political agreement essential to putting the project in hand.

"When their work was done, it rested on the engineers to design these vast and complex works, which finally began to take shape in the hands of the men who drove the trucks, poured the concrete and performed all the other tasks to complete the seaway. To each and every one of them I offer my congratulations and the congratulations of their fellow citizens.

"Just 99 years ago my great grandfather, King Edward VII, then Prince of Wales, came to open the Victoria bridge. In those days that bridge was regarded as a tremendous feat of engineering. It was obviously a good bridge because nearly 100 years later it is still in use. In fact I shall sail under it shortly. It was also the final link in a new railway line more than 2,000 miles long. So in 1860 people thought of the Victoria bridge as a striking symbol of Canadian progress and achievement.

"Today, within sight of the spot where the Prince of Wales stood in 1860, we are opening a project with exactly the same significance for our own age. In the context of a much larger and stronger Canada, this enterprise reflects the same confidence and determination. The same creative vision has conceived and built a highway which will open the middle of this continent to the commerce of the world.

"Je vois dans l'achèvement des travaux de la canalisation du Saint-Laurent, une signification qui dépasse les avantages économiques qui en découleront. Cette réalisation ouvre, en premier lieu, un nouveau chapitre de l'histoire de la confédération en établissant de nouveaux liens entre les deux principaux groupes ethniques dont la présence donne à la nation canadienne un caractère particulier. Le succès de cette entreprise démontre, en outre, qu'il est possible pour deux États voisins de coopérer dans un esprit de confiance mutuelle à l'édification d'une oeuvre commune.

"This vast undertaking has been a cooperative effort of Canada and the United States, of the Power Authority of the State of New York and of the Hydro-Electric Power Commission of the Province of Ontario. The two nations built it together and the two nations will share its benefits. Power will flow from the new turbines to drive factories on both sides of the river. Ocean going ships will go up and down this waterway, taking goods to and from American and Canadian ports, and exchanging the products of North America for those from the rest of the world.

"More than all this, it is a magnificent monument to the enduring friendship of our two nations and to their partnership in the development of North America. That partnership is most agreeably symbolized, Mr. President, in the fact that you and I have joined together to perform this ceremony today."

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SEAWAY CRUISE

Following the ceremony the Queen and the President embarked on the *Britannia* for a five-hour cruise through the first three sets of locks from St. Lambert to Beauharnois. The *Britannia* passed through specially constructed ceremonial gates spanning the approaches to the St. Lambert lock. This passage symbolized the opening of the waterway. Naval sirens sounded, guns were fired and fireworks launched. As the Royal Yacht entered Lake St. Louis, midway on the cruise, her route was lined with 16 ships, eight of the Royal Canadian Navy and eight of the United States Navy. Two escorts, one from each navy, accompanied the yacht to Beauharnois. Small privately-owned craft formed an unofficial escort. President Eisenhower, the Prime Minister and other members of the party disembarked at Beauharnois and proceeded to St.

(Continued on P. 6)

BALANCE OF PAYMENTS

Canada had a current deficit of \$450 million in goods and services with other countries in the first quarter of 1959 compared with \$282 million in the same period of 1958. The change from 1958 resulted from a trebling of the import balance on merchandise account from \$63 million to \$188 million and a rise of about one-fifth from \$219 million in the deficit from non-merchandise transactions to \$262 million.

The larger import balance between 1958 and 1959 has resulted from a rise in the value of imports, while the greater imbalance in non-merchandise transactions resulted mainly from larger net payments by Canada on travel abroad, larger net remittances of interest and dividends to non-resident investors, and a temporary reduction in gold production available for export.

The rise in the deficit from non-merchandise transactions has been underway for some years with a consistent and substantial rise in imbalance from non-merchandise sources in each year since 1952. Payments have risen more than receipts, reflecting a great variety of influences. These influences are associated for the most part with the rise in Canadian indebtedness to other countries which has led to increased interest, dividends, head office charges and other payments for business services and the rises in population and consumers' incomes which have induced much heavier personal outlays on travel and other services and remittances abroad.

As a result of the rise in net payments for non-merchandise transactions the current deficit of \$450 million in the first quarter of 1959 was greater than the deficit of \$427 million in the first quarter of 1957, which was the highest for that period of the year up to then. In 1959 the imbalance from non-merchandise transactions was up by almost one-third from the 1957 level, although the import balance on merchandise trade was less.

DEFICIT ON MERCHANDISE TRADE

In the first quarter of 1959 there was a rise of 9 per cent in the value of merchandise imports which along with a slight drop in the export total had the effect of producing an import balance of \$188 million compared to \$63 million in 1958, and \$226 million in 1957. This rise in imports contrasts with a decline of 13 per cent between the first quarters of 1957 and 1958. Fluctuations in Canadian imports are closely related to levels of incomes and business activity in Canada, and normally substantial rises accompany general upturns in economic activity of the kind that has been evident.

Changes in the direction of trade were not pronounced. While there were moderate rises in shipments to the United States and United

Kingdom, there were declines to other overseas destinations. These were most notable in the case of exports to India and to Europe and Latin America. In the previous year there had been large shipments of government-financed wheat to India and shipments of military aircraft sold to Germany.

SERVICES & NON-MERCHANDISE ITEMS

The deficit from non-merchandise transactions continued to rise in the first quarter. At \$262 million the deficit from this source compares with \$219 million in the first quarter of 1958, and \$201 million in that part of 1957, \$176 million in 1956, and \$181 million in 1955. This imbalance was slightly wider even than in peak quarters in recent years which have usually occurred in the fourth or second quarters. In only one year in the post-war period (1955) has the maximum imbalance from these transactions occurred in the first quarter.

The increased deficit originated in larger net payments on travel and income accounts and in transfers of migrants' funds. Gold production available for export was considerably less than in the previous year, and a small surplus on freight and shipping account disappeared. Changes in the opposite direction occurred, however, in smaller payments on account of official contributions and for all other current transactions.

The deficit on travel account rose from \$69 million to \$84 million, as the result of larger Canadian expenditures on travel in both the United States and overseas. Although the largest part of the rise was in winter travel in the United States compared with the previous year, there was a particularly sharp increase in Canadian travel overseas as well. At the same time non-resident expenditures on travel in Canada during the winter were only slightly larger than in the previous year.

The deficit on income account amounted to \$110 million compared to \$94 million in the same quarter last year. This was the result of reduced receipts and increased payments. Receipts of dividends by Canadian companies from direct investments abroad were less, while payments of both interest and dividends to non-resident investors were higher. The larger interest payments by Canadian debtors reflected Canadian borrowing in the United States through the sale of new issues in the previous year. The rise in dividends was chiefly the result of larger transfers by subsidiaries to parent companies in the United States, although a small rise also occurred in dividend payments by public companies to non-residents. The increased transfers by subsidiaries were most prominent among industries producing for consumer markets in Canada.

Expenditures by the Canadian Government on

official contributions amounted in the quarter to \$8 million compared to \$11 million in the same quarter of 1958. All other current transactions gave rise to a deficit of \$73 million in 1959 compared to \$79 million in the same quarter of 1958. This was partly because payments had been unusually high in this quarter last year due to some non-recurring government settlements. But while some other official transactions were also less this year, there were general increases in transactions in services by business and individuals.

TRANSACTIONS BY AREAS

The current account deficit with all countries rose even more sharply than with the United States, where the rise was about one-third from \$320 million in the first quarter of 1958 to \$428 million in the first quarter of 1959. This was because of an abrupt change in the account with overseas countries from a surplus of \$38 million to a deficit of \$22 million in 1959. This latter change was distributed among transactions with the rest of the Sterling Area, OEEC countries, and other foreign countries. The surplus with the United Kingdom continued at \$12 million.

CAPITAL MOVEMENTS

Capital movements in such long-term forms as direct investment, portfolio security transactions, and official loans led to a net capital inflow of \$235 million in the first quarter, equivalent to slightly more than half the deficit on current account in the period. Other capital movements mainly in short-term forms, totalled \$215 million. The inflow in long-term forms in the first quarter of the year customarily falls short of the current account deficit; on three earlier occasions in the 1950's the shortfall was relatively greater than in the current year.

The net movement of foreign capital into Canada for direct investment in foreign-controlled enterprises during the first quarter is tentatively placed at \$70 million which is close to the lowest level recorded since 1951. It represents a sharp drop from the movement of \$130 million in the final quarter of 1958, but that quarter was influenced by transfers in anticipation of 1959 capital requirements. The first quarter inflow has customarily been lower than average and the figure for 1959 may be compared to \$85 million for the corresponding quarter of 1958.

Inflows for the development of petroleum and mineral resources continued to represent by far the largest part of the net movement, although at a reduced level compared with a year earlier. The outline of the geographical origin of the inflows was broadly similar with some indication that a slightly higher proportion of the movement came from the United States.

It is tentatively estimated that no net balance resulted from movements of Canadian capital for direct investment abroad during

the quarter, outflows having been offset by roughly equivalent returns of capital. This result compared with outflows of \$5 million in the final quarter of 1958 and \$15 million in the first quarter of that year.

Transactions in Canadian portfolio securities led to a net capital inflow of \$163 million. This compared with \$124 million in the final quarter of 1958 and \$154 million in the first quarter of that year. The total of \$163 million included net sales to non-residents of \$35 million outstanding Canadian bonds and debentures, \$33 million outstanding Canadian common and preference stocks and \$133 million of new issues of Canadian securities, offset to the extent of \$38 million by retirements of foreign-held Canadian securities.

The substantial net sales of outstanding Canadian bonds and debentures, made up largely of Government of Canada direct and guaranteed issues represented a further growth over the fourth quarter, when net sales occurred for the first time since the first quarter of 1956. The sale to non-residents of \$133 million of new Canadian issues comprised \$112 million of government issues chiefly made up of provincial, and \$21 million of corporate bonds and stocks. More than half of the \$38 million of foreign-held bonds retired during the quarter were issues of the Government of Canada.

There was a capital outflow of \$14 million during the quarter arising from reductions in Canadian dollar holdings of foreigners. Outflows of \$9 million and \$16 million occurred, respectively, in the final and first quarters of 1958, but in the intervening quarters Canadian dollar holdings of foreigners rose by \$130 million.

A capital inflow of \$49 million 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 decreased from \$1,939.1 million at December 31, 1958 to \$1,888.3 million at March 31, 1959.

Other capital movements appear on balance to have resulted in an inflow of \$180 million; large inflows in this item are characteristic of the first quarter.

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SEAWAY - FIRST MONTH

During May, the first complete month of operation of the St. Lawrence Seaway, 2,243,450 tons of cargo were carried through the St. Lawrence River canals, according to a preliminary statement of toll traffic issued by the Canadian and United States Seaway authorities. This volume of cargo was being transported by 980 vessels, the aggregate gross registered tonnage of which was 2,898,800. As compared with May 1958, when the 14-foot canals were in operation, the increase in cargo was 741,360 tons, or 49 per cent.

LARGE-SCALE ATOMIC PLANT

Atomic Energy of Canada Limited is to begin immediately the final design and to plan the early construction of a large-scale atomic power station, Mr. Gordon Churchill, Minister of Trade and Commerce, announced recently.

The plant is estimated to cost about \$60,000,000, exclusive of design and development costs, and could be completed and in operation late in 1964 or early 1965, at a site yet to be determined.

Known as CANDU (Canadian Deuterium Uranium), the power station will produce 200,000 kilowatts of electricity and will use a natural uranium - heavy water system. It will be similar in general principles of operation to the NPD (Nuclear Power Demonstration) atomic power station which is now under construction near Rolphton, Ontario, as a joint project of A.E.C.L., Ontario Hydro and Canadian General Electric Company Limited. The NPD station will produce 20,000 kilowatts of electricity when it goes into operation in 1961.

CONFIDENCE IN PLAN

In February 1958 it was announced that A.E.C.L. was to establish a Nuclear Power Plant Division in Toronto, to carry out design and development studies for a large-scale power plant. This was to be an advanced stage of the work that was previously done in a CANDU feasibility study at Chalk River during 1957. The work of this division, together with results of development work at Chalk River and the design work on NPD done by the Canadian General Electric Company Limited in Peterborough, has increased the confidence of the engineers and scientists involved in these programmes to the point where they are convinced that a large-scale natural uranium - heavy water atomic power station offers the best promise of producing economic atomic power in large base load units in a public utility in Canada.

In addition to substantial support in the design of this CANDU station, Ontario Hydro will provide a site, co-operate in its construction, and operate it as a unit in its power distribution system. Ontario Hydro will buy the power produced and will purchase the plant when it has demonstrated that it has suitable characteristics for Hydro's power system. The formula for the purchase price would permit production of power from CANDU that is competitive with the cost of power from modern, coal-fired power plants of a similar size.

The increased confidence of Canadian scientists and engineers in the possibility of success in achieving economic power with the natural uranium - heavy water system, coupled with the growing need for a new source of power and for markets for uranium, resulted in a decision to go ahead with the CANDU plant sooner than was planned early in 1958.

MORE ELECTRICITY NEEDED

In some areas of Canada, particularly southern Ontario, the hydraulic sites remaining to be developed are limited. Thus there will be an increasing dependence upon coal-burning stations. Ontario Hydro has estimated that if nuclear-generated electricity were not available at a competitive cost by 1980, it would have to be importing from the United States 26.5 million tons of coal annually at a cost of some \$300 million.

Other areas in Canada will also need to supplement their present sources of power in the coming years, in order to meet the continuing growth in the demand for electricity. For example, by the late 1960's Manitoba and the Maritimes expect to be installing large power stations of the 100 - 200,000 kilowatt size. The utilities which foresee a potential application of nuclear power in their systems, are interested in the construction of a large nuclear power station to be constructed at an early date, so that there will be a proven unit when their requirements materialize.

Although only about 75 tons of uranium will be required for an initial fuel loading of CANDU, an amount relatively insignificant when the size of Canada's uranium production is considered, the sooner economic nuclear stations are demonstrated the sooner they will be installed around the world, thus opening up a substantial non-military market for uranium.

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WORLD REFUGEE YEAR

In a radio broadcast on June 28, Prime Minister Diefenbaker introduced World Refugee Year, which began on that day, and urged Canadians to give it their support.

Forty-nine countries have already announced that they will take part in the Year, which was established by the United Nations General Assembly at its thirteenth session last December. The aims of the Year are to arouse interest in the serious refugee problem which still exists in the world, to secure additional financial assistance and to bring about permanent solutions.

There are still 25,000 refugees living in camps in Europe and twice as many more in temporary quarters. The United Nations High Commissioner for Refugees estimates that a further contribution of \$3 million will see the closing of all the hard core refugee camps in Europe by 1960. There are almost a million refugees in the Middle East and the same number in the small area of Hong Kong.

Canada has contributed \$1,650,000 in cash to U.N. refugee programmes in the last two years and a further \$3 million worth of food. Hundreds of thousands of refugees have been accepted as new citizens.

A Canadian Committee for World Refugee Year has been formed with a national headquarters in Toronto. This Committee, representing

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business, labour, religious and other organizations, has as its first objective the organization of a major financial campaign in Canada. Similar committees have been formed in other countries.

The Canadian Government has indicated that it will consider in the next few months further ways in which it will take part in this project.

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SEAWAY CRUISE

(Continued from Page 2)

Hubert where the President's aircraft was waiting to fly him back to Washington.

U.S. CEREMONY

The *Britannia* remained overnight in the Beauharnois canal and then continued her course westward. On Saturday morning, June 27, the Queen and Prince Philip disembarked at the Eisenhower Lock where they were welcomed by Vice-President Nixon and Governor Rockefeller of the State of New York. The Royal party then went by car to the power dam where Her Majesty unveiled a plaque midway across the Moses-Saunders dam on the International Boundary.

The Queen and her party travelled by car to Cornwall and drove along the St. Lawrence River to Iroquois, where the last locks are located. Along this pleasant shore groups of people from neighbouring towns and villages had gathered to see both the Queen and the *Britannia* as they pursued their separate but parallel courses. The farm houses, some of them attractive old stone houses, were decorated for the occasion. The afternoon was a holiday and there was an atmosphere of pleasant expectation. Then at last the *Britannia* came in sight--a graceful ship. Cars followed her to Iroquois where, as she entered the last lock of the Seaway proper, she dressed ship and her band played on deck. The Queen and her party arrived by car and embarked for Brockville, where they spent an hour later in the evening.

KINGSTON AND TORONTO

On Sunday morning, June 28, the *Britannia* cruised through the Thousand Islands, a popular summer resort, where she was given a welcome by hundreds of river craft. Kingston, at the foot of Lake Ontario, was reached in mid-afternoon. Here the Queen and Prince Philip attended a service at Sydenham Street United

Church after which they visited Fort Henry. Built in 1813 as a protection against the Americans (but happily never used), the Fort Henry "Guard" wear the uniform of that day. Later the Royal party drove through the Memorial Arch of the Royal Military College and re-embarked on the Royal barge from a jetty at the College.

The *Britannia* arrived in Toronto, at the head of Lake Ontario, Canada's second largest city, on Monday morning June 29. In this city the Queen and Prince Philip had a full schedule, which included long drives, official functions, the trouping of the colours by the 48th Highlanders, and ended with the running of the Queen's Plate at the New Woodbine race course. They left by air late in the afternoon of June 30 for Ottawa, the nation's capital.

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IMPORTANT VISITORS

The Presidents of the Executive Bodies of the European Economic Community (EEC), of the European Atomic Energy Community (Euratom) and of the European Coal and Steel Community (ECSC), their Excellencies Walter Hallstein, Etienne Hirsch and Paul Finet, paid an official visit to Ottawa last week, as the guests of the Canadian Government.

The Communities, which were established by treaty, have the same membership - Belgium, Germany, France, Italy, Luxembourg and The Netherlands.

The three Presidents arrived in Ottawa on the afternoon of June 22, following a two week visit to the United States. On their flight to Ottawa the Presidents were shown the St. Lawrence Seaway and its facilities. They called on the Prime Minister and met other Ministers and senior officials in the Capital. The Government of Canada entertained at a dinner in their honour at the Country Club, when Mr. Howard Green, Secretary of State for External Affairs, acted as host.

Dr. Hallstein and Mr. Finet left Ottawa by air on June 23. Mr. Hirsch remained for another day in order to visit Chalk River where he was the guest of Atomic Energy of Canada, Limited.

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