



CANADA

# CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION · DEPARTMENT OF EXTERNAL AFFAIRS · OTTAWA, CANADA

Vol. 20 No. 3

January 20, 1965

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## CANADIAN BUSINESS AND CHANGING WORLD TRADE PATTERNS

"I have no magic formula for foreseeing the future," the Minister of Trade and Commerce, Mr. Mitchell Sharp, told the Conference on International Business of the School of Business Administration of the University of Western Ontario in London, Ontario, on January 22. "I can, however, point to some of the issues and developments in international trade that are motivating change and are likely to have implications in the foreseeable future." The speaker suggested that the most important influences since the Second World War on the trade between nations had been "the virtual elimination of distance by the revolutionary advances in rapid communications", "new sources of energy" and "the revolution in production and productivity". He continued as follows:

...Let me try to identify at this point in time the main issues and development underlying the changes in world trading patterns that are in the making. Perhaps my best course would be to take a snapshot, as it were, of the year just ended. This will help us to focus on these events and developments that portend change in the longer term.

### ECONOMIC NEEDS OF UNDER-DEVELOPED NATIONS

No doubt one of the most prominent events in international trade relations in 1964 was the UN Conference on Trade and Development, at which 119 countries were represented. This gave expression to the economic demands, needs and aspirations of the less-developed countries. The economically-advanced countries were enjoined to come to terms and help redress the inequity and injustice involved in the growing disparities between the rich and

poor countries. Just before the turn of the year, the UN General Assembly approved the establishment of the Trade and Development Board as the permanent institutional framework for the implementation of the Conference's recommendations. The Trade and Development problems of the LDC's were given further expression in the new Part IV of the GATT, which was approved at a special session of Contracting Parties last November, and is due to be signed early in February.

No less significant for Canada was the formal opening of the "Kennedy round" of tariff and trade negotiations at the GATT meeting of ministers last May, and the tabling of industrial exceptions lists on November 16 by 17 of the major trading nations... Because of Canada's special trade and economic structure, which has been recognized in the GATT, we did not table an exceptions list; instead, we tabled a positive offer list on the basis of a realistic appraisal of what might be available for others. Improved access for agricultural products, the way in which non-tariff barriers can be dealt with, and the extent to which institutional barriers can be overcome, will be an important measure of the benefits for Canada. The process of confrontation and justification of those lists is now taking place behind closed doors and the detailed and intensive phase of negotiations is now being joined. The decision of the EEC Council of Ministers in December to establish a common cereals price to come into effect on July 1, 1967, has opened the prospects for the joining of agricultural negotiating, which had been at an impasse throughout the summer and fall, both in Geneva and Brussels.

(Over)

The imposition of British surcharges in November was a sharp reminder to the world's trading nations of the importance of a viable British economy and of a stable pound. So far as we can ascertain, the surcharges are temporary and are not likely to affect Britain's interest in the "Kennedy round".

The close of navigation on the St. Lawrence saw the conclusion of one of the greatest years in grain shipments in Canadian history. This reflected a mammoth sale to the U.S.S.R. as well as increased exports to our traditional customers and the fulfillment of our sales agreements with East European countries and with China.

Perhaps the most far-reaching development for Canada was the preparation and painstaking negotiation of the agreement on trade in automobiles and parts with the United States which was signed by the Prime Minister and President Johnson....

TRADE AND INDUSTRY

These, then, are the highlights of 1964; what do they mean for Canada in 1965 and in the longer term? Given the need to create job opportunities for an expanding labour force, which the Economic Council has set in its report at \$1.5 million in 1970, the "Kennedy round" assumes primary importance. We are looking to the "Kennedy round" for the new and increasing export opportunities through the comprehensive reductions in tariffs and non-tariff barriers in respect of industrial items. Through expanded international trade we can gain the benefits of longer production runs conducive to increased rationalization and specialization in Canadian manufacturing industry necessary to sustain keen competition in world markets, both in terms of quality and price. We look also to expanded export opportunities for new products which will also help to broaden our industrial base in economic terms. In view of the trends in terms of trade which, over the past decade, have consistently favoured the exports of manufactures, an increased volume of Canadian exports of manufactures will play a vital role in narrowing our balance-of-payments gap on current account.

The emphasis on secondary manufactures should not obscure the importance of agriculture. We must try through the "Kennedy round" to find a way to break through the log-jam of agricultural protectionism for a freer movement in international agricultural trade. For Canada, with agriculture comprising about a third of its exports, a negotiation that does not provide acceptable conditions of access to markets for agricultural products could not be regarded as a real success.

WATERSHED IN TRADE RELATIONS

The "Kennedy round" is something more than just another tariff conference. In essence, it marks a watershed in international trade relations since the end of the war. It is a bold attempt to come to grips with the principal trade and economic issues of today. It is no less than an attempt of the trading world to cope with economic regional arrangements and to bring about the necessary mutual adjustments to the problems which they pose. In this context, it is worth pondering that the European Economic Community will be established, by 1970 and perhaps

sooner, as the second-largest single market in the world after the United States.

The "Kennedy round" will also provide an immediate opportunity to the less-developed countries to apply the principles underlying the new chapter on trade and development in the GATT. These principles recognize the need for the developing countries to have a better opportunity to increase their export earnings and develop their economies through international trade. For their part, the developed countries have already accepted that every effort should be made to reduce barriers to exports of the less-developed countries and that they cannot expect to receive reciprocity from the less-developed countries. We would hope that the arrangements for the less-developed countries would lead to free trade in tropical products and industrial raw materials. We should also hope that the commodity arrangements designed to assure remunerative returns to primary producing countries ensure reasonable price stability and the avoidance of burdensome surpluses, leading to product substitution for the goods on which less-developed countries depend for a substantial share of their export receipts.

CANADA-U.S. AUTOMOBILE AGREEMENT

In the bilateral context, the automotive arrangement with the United States is yet another example of close economic co-operation to promote and expand economic benefits to both countries. The St. Lawrence Seaway, the Columbia River, opened the prospects of what could be done jointly in the economic field where there is a basis for developing a common arrangement. Our expectation is that the new automotive arrangement should contribute to provide employment, to expand production of automobiles and parts in Canada so as to assume a more equitable share of the continental market.

Our arrangements with the U.S.S.R. and Eastern European countries, and with China, are evidence of our efforts to develop East-West trade relations. The terms that are developed for Poland's participation in the "Kennedy round" could, if successful, open up possibilities for reconciling the problems in trade relations between free-market countries and centrally-planned economies.

To sum up, therefore, the principal issues which will continue to face Canada in the foreseeable future are the expansion of manufactured exports to world markets, improved access for agricultural exports, the expansion of trade between developing countries and the development of trade relations with centrally-planned economies; If I may, I should like to inject one final thought. It is important that, in responding to the economic challenges and opportunities that confront us, we do not just produce more and more of those things that we need less and less purely in order to keep the wheels of industry turning. Material gain and welfare are not enough. Our skills, our brains and our creative ingenuity must not overlook the importance of the kind of society we should be building. The arts, the humanities, and the social sciences have also an appropriate contribution, which must be brought to bear to bring perspective and humanity to the revolutions in science and technology.

## THE NEW CANADIAN FLAG

The Prime Minister's Office announced on January 14 that the first production run of Canada's new flag for official use was under way. Though the order is not expected to be completed until early February, the first deliveries of the flag are expected before the end of January.

Some 16,000 flags will be produced to fill this order, of which approximately 12,000 will be required for the initial flying on properties of the Federal Government, inside and outside Canada.

### SIZE AND MATERIAL

They will be of the design approved by the Queen late last month, and will be twice as long as they are wide. In accordance with the Government's instructions, the flags are made of bright, high-tenacity nylon filament — a specification universally accepted for its durable qualities.

As a result of contracts awarded by tender by the Clothing and Textiles Branch of the Department of Defence Production, five of Canada's largest flag manufacturers are producing the red maple-leaf flag in sizes ranging from three to fifteen feet; the longest is the size flown from the Peace Tower on Parliament Hill. Three-foot flags will be used on ships.

### DISTRIBUTION

Canada's Armed Forces will carry out their own distribution of approximately 4,000 new flags to ships of the Royal Canadian Navy at sea, to Canadian military units serving abroad under UN and NATO command, and to the various defence establishments within Canada.

Careful plans have been developed to ensure as prompt delivery as possible. A section of the Ottawa warehouse stores of the Department of Public Works has been set aside as a packaging and mailing room. Labels and cartons have already been prepared for the first shipment of flags. These will go to places in Northern Canada like Grise Fiord on Ellesmere Island and Igoolik on Melville Peninsula, as well as Eskimo settlements as Fadloping and Povungnituk.

The next consignment will be for the flag-poles of Canadian Government buildings and a number of international agencies to which Canada belongs located in 95 major cities and 66 foreign countries.

The last shipments to be made by Public Works will be to all the locations in Southern Canada where the Canadian flag is ordinarily flown on federal buildings, etc.

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## HOUSEHOLD INCOMES

The average total family income of non-farm households was \$5,560 for the year ended May 31, 1961. Non-farm families living in dwellings they owned had an average total income of \$5,893, while non-farm families living in rented dwellings had an average total income of \$4,948. Heads of non-family households had an average total income of \$2,473.

Heads living in owned dwellings averaged \$2,169, while heads living in rented dwellings averaged \$2,805 for the year ended May 31, 1961.

These and other income data were released recently by the Dominion Bureau of Statistics in a report entitled "Incomes of Family and Non-Family Households". The information presented in the report was based on a 20 percent sample of private non-farm households collected in the 1961 census.

The report presents income distributions of family and non-family households cross-classified with dwelling characteristics, such as type of dwelling, value, and rent, and with selected living conveniences, such as type of refrigeration and number of passenger automobiles, for Canada and the provinces.

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## DIPLOMATIC RELATIONS WITH NEPAL

The Secretary of State for External Affairs, Mr. Paul Martin, has announced that the Government of Canada and the Government of Nepal have agreed to the establishment of diplomatic relations between their two countries. It is expected that a non-resident ambassador will shortly be accredited to each country.

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## STUDENTS FROM OUTSIDE CANADA

Some 9,490 students from outside Canada, an increase of 11.4 per cent over the 1962-63 figure of 8,518, were attending Canadian universities and colleges in the 1963-64 academic year, according to an advance release of data that will be contained in the 1963-64 issue of the DBS report "Survey of Higher Education, Pt. II". In 1963-64, the total number of students from outside Canada represented 6.0 per cent of the total full-time enrolment of all students at all Canadian universities and colleges. The corresponding percentage for 1962-63 was 6.2 per cent. From 1962-63 to 1963-64, total full-time enrolment increased 11.9 per cent, from 141,388 to 158,270.

### DISTRIBUTION IN CANADA

The 9,490 foreign students in 1963-64 (1962-63 figures in brackets) were distributed by regions where they were studying in Canada as follows: Atlantic Provinces, 1,368 (1,322); Quebec 2,829 (2,708); Ontario 3,356 (2,840); and the Western Provinces 1,937 (1,648).

Of the total 4,202 (3,763) were from Commonwealth countries and territories; 5,272 (4,736) were from other countries, and no information was provided for a further 16 (19).

The origins of the students were as follows: Africa 493 (490); Asia 2,498 (2,023); Europe 1,472 (1,396); North America 3,285 (2,943); Central America and Mexico 80 (70); South America 240 (231); West Indies 1,309 (1,268); Oceania, including Australia and New Zealand, 97 (87). Insufficient information was given on 16 (10) to permit them to be assigned to any continent or region.

### DANIEL FOWLER EXHIBITION

A display of the works of Daniel Fowler (1810-1894), a Canadian artist who once gave up painting to become a farmer, is on display at the National Gallery in Ottawa.

Fowler was born in England and studied under the water-colourist J.D. Harding. His development was further influenced by such famous landscapes artists as Turner, David Roberts, David Cox and Peter de Wint, at that time dominating the English art scene.

In 1843 ill health and a sense of failure as a painter caused him to leave England. He emigrated to Canada where, for almost a decade and a half, he contentedly farmed on Amherst Island near Kingston, Ontario.

#### RETURN TO PAINTING

A visit to old haunts and artist acquaintances in England in 1857 had a decisive effect on him, and he returned to painting. He exhibited at the Provincial Exhibition (now the Canadian National Exhibition), and his quality was soon recognized. His reputation grew as he exhibited more widely until, in 1872, he became founder-member of the Ontario Society of Artists and, in 1880, was elected a charter member of the newly-founded Royal Canadian Academy. He continued to work steadily and successfully until his death in 1894.

In recent years, Fowler, like many other early Canadian painters, has been much neglected. This exhibition, which will remain on display until February 21, should serve as a new perspective on his accomplishments and his place in Canadian art.

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### INTERNATIONAL FORESTRY MEET

John S. Mactavish, forest-fire research officer with the federal Department of Forestry, attended an international meeting on forest and forest products statistics in Geneva from January 18 to 22.

Topics discussed at the meeting, sponsored jointly by FAO and the Economic Commission for Europe, included forest-fire statistics, economic indicators in forestry and related matters.

Mr. Mactavish led discussions on two technical papers he had written on the economics of forest-fire control, and also participated in other deliberations during the five-day meeting.

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### FIGURES ON BILINGUALISM

At each census since 1931, just over two-thirds of Canada's population reported ability to speak only English of the two official languages, English and French, according to the 1961 census analytical report "Mother Tongue And Official Language". Approximately a fifth spoke French but not English, and 12 per cent spoke both official languages, while about 1 per cent spoke neither. Including bilingual persons, four-fifths of Canada's population spoke English at the 1961 census, and slightly more than 30 per cent spoke French. Three-quarters of the 2,231,000 bilingual persons (speaking English and French) were of French ethnic origin. Around 30 per cent of the total population of French origin in Canada were bilingual. Although only 4 per cent of the total of close to 8,000,000 persons of British ethnic origin could speak both official languages, 30 per cent of those living in the province of Quebec were bilingual.

#### MOTHER TONGUES

English was given as the mother tongue of 58 per cent of Canada's population at the 1961 census; French was the mother tongue of 28 per cent, and a variety of other languages were given as the mother tongues of 14 per cent of the population. In the census, "mother tongue" is defined as the language first learned in childhood and still understood. Depending on the number of Canadian-born persons, length of residence in Canada among the foreign-born, rural or urban residence, and so forth, the percentage of various ethnic groups reporting as mother-tongue languages corresponding to the ethnic groups varied considerably. There were a third more persons reporting English as their mother tongue than there were people of British Isles ethnic origin in Canada, owing to the substantial number of those of various ethnic groups born in Canada giving English as the first language learned in childhood. Almost 90 per cent of the French ethnic group reported French as their mother tongue. Nearly three-quarters of the Italian group and about two-thirds of the population of Finnish and Ukrainian ethnic origin reported the corresponding mother tongue, whereas only 30 per cent of the Scandinavian and the Russian ethnic groups reported corresponding mother tongues.