



CANADA

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## REPLY TO KHRUSHCHOV

On July 2, Prime Minister Diefenbaker made public his letter to Nikita Khrushchov, Chairman of the Council of Ministers of the U.S.S.R., in reply to Mr. Khrushchov's message dated June 27, 1960, concerning the recent breakdown of disarmament negotiations at Geneva. The text follows:

"Ottawa, June 30, 1960.

His Excellency Nikita S. Khrushchov,  
Chairman of the Council of Ministers,  
The Kremlin,  
Moscow, U.S.S.R.

Dear Mr. Chairman:

I have received your letter of June 27 announcing the decision of your Government to discontinue its participation in the work of the Ten-Nation Disarmament Committee. The action of the Soviet delegation and the delegations of Bulgaria, Czechoslovakia, Poland, and Roumania in leaving the Committee without warning gives cause for serious regret and concern. I find these developments deeply disquieting.

At the outset, let me dispose of the charges you level at the positions taken by the Western delegations, particularly by the Canadian representative. Your remarks seem to me not so much concerned with the conduct of the negotiations as with the aim of creating differences among the Western delegations.

If your allegations against the Canadian Government are seriously meant, they constitute a transparent misrepresentation of Canada's position. The Canadian Government has throughout adopted in the Ten-Nation Committee a strong and independent stand in support of balanced concessions leading toward agreement. Furthermore, despite all setbacks we have not ceased to advocate in other fields the continuance of a policy of negotiation with a view to the restoration of mutual confidence between the Soviet and Western worlds.

The seriousness of the Canadian Government's interest and purpose in embarking on the disarmament negotiations has been amply demonstrated. On a number of occasions, most recently on June 24, the Canadian delegation made detailed suggestions designed to bring the Ten-Nation Committee to grips with the task of real negotiation. Unfortunately, the Soviet Union and its allies did not respond to these suggestions or to a number of other Western proposals to move towards specific measures of disarmament.

Indeed I find it difficult to understand the logic of your Government's action in discontinuing these important talks at this juncture. At the time of the failure of the summit meeting, the Canadian Government took the view that all the other East-West negotiations then proceeding automatically assumed greater importance, since they constituted a useful means through which the deterioration of international relations could be checked. In

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the view of the Canadian Government the situation demanded that the members of the Committee put behind them the opening phases of the negotiations and proceed immediately with their task.

It was in this spirit that, on June 6, I replied to your earlier letter enclosing the new Soviet disarmament proposals of June 2. The Canadian Government, along with the other Western governments participating in the Ten-Nation Committee, found your revised proposals worthy of careful study. In this connection, I would call your attention to the following remarks made by the Secretary of State for External Affairs in the House of Commons on June 15, 1960:

'The Canadian Government wants these proposals to receive a patient and searching examination in the Ten-Nation Committee, as marking the opening of a phase of detailed, business-like and uninterrupted negotiations. We believe there should be no hasty, ill-considered reaction to the new Soviet proposals, but the most careful and constructive examination of these proposals in the Committee which circumstances permit.'

Nevertheless, your revised proposals embodied a number of provisions which differed materially from those you submitted to the United Nations on September 18, 1959. It was not unreasonable, therefore, that the submission of your proposals of June 2 should have given rise to a series of probing questions by the Western side in the course of the ensuing sessions of the Ten-Nation Committee. Nothing in your letter explains why, during the same period, the Soviet Government and its allies began to give public indications of an intention to break off the negotiations. Such actions stand in odd contrast with your professed desire for genuine negotiations, and scarcely reflect a recognition of the urgency and importance of the work of the Committee.

My greatest difficulty is in understanding why the Soviet Government chose to break off the negotiations when it was aware that the Western countries were about to introduce new proposals which, together with the Soviet proposals of June 2, gave promise of bringing new life into the negotiations. A full opportunity was offered to the Soviet Union and its allies to reconsider its position on the day following the withdrawal of the Soviet and other Eastern delegations. That opportunity was not taken.

It had always been my understanding that the General Assembly of the United Nations would have an opportunity periodically to review the work of the Ten-Nation Disarmament Committee. I had assumed that the next session of the General Assembly would provide the first such occasion. I had hoped that, rather than return to the United Nations with a record of failure, the Ten-Nation Committee

could instead have reported progress. You suggest in your letter that progress in the negotiations was not to be expected. My conclusion is that there was every chance for progress at the time of the Committee's precipitate adjournment.

When you have had an opportunity to study the new proposals from the Western side, I hope you will agree that these proposals show that the Western countries are sincerely desirous of reaching a disarmament agreement. I hope too that on reflection you will find it possible to authorize your representative to resume participation in the vital work of the Ten-Nation Committee.

Yours sincerely,

Signed

Yours sincerely,

John G. Diefenbaker"

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### SOUTH AFRICAN ENVOY VISITS PM:

On July 5, the newly-appointed High Commissioner for the Union of South Africa, His Excellency Willem Dirkse-van-Schalkwyk, made his first call on Prime Minister Diefenbaker. The High Commissioner was accompanied by Dr. C.B.H. Fincham, First Secretary, and was introduced by the Deputy Chief of Protocol, Mr. Ph. Thibault. Mr. Van Schalkwyk served in Ottawa from 1938 to 1944 as an Attaché to the Office of the Union's accredited representative to Canada.

### WHOLESALE PRICE INDEX

The wholesale price index of 30 industrial materials (1935-39=100) eased down 0.5 per cent from 244.4 to 243.3 in the three-week period from May 27 to June 17. Moderately lower prices were recorded for beef hides, steel scrap, raw sugar and linseed oil, while six commodities showed fractional declines. Hog prices were substantially higher and a small increase was reported for oats.

The index for Canadian farm products at terminal markets rose 0.8 per cent from 222.9 to 224.7 in the three-week period. The index for animal products increased 1.5 per cent from 260.7 to 264.6, reflecting increases for hogs, both East and West, which were partly offset by lower prices for eggs, lambs and calves, and in the East for poultry and raw wool.

The field products index edged down from 185.1 to 184.8, as declines reported for western hay, rye and flax, and eastern rye, peas and barley were almost balanced by increases for western potatoes and eastern corn. Regional indexes were: West, up 0.9 per cent from 194.3 to 196.0; and East, up 0.8 per cent from 251.5 to 253.5.

## EASTERN ARCTIC PATROL

The Eastern Arctic Patrol sailed from Montreal on July 4 aboard the "C.D. Howe". This is the 39th annual Arctic Patrol and the 10th trip for the "C.D. Howe", which was designed and built specially for this type of work in 1950.

Government officers aboard the "C.D. Howe" include representatives of the Department of National Health and Welfare, Department of Northern Affairs, Department of Mines and Technical Surveys, Department of Transport, Department of National Defence and Post Office Department.

The largest single group making up the Arctic Patrol is the medical party of Indian and Northern Health Services, Department of National Health and Welfare. Dr. M. Habgood is the medical officer in charge.

The medical party will carry out an intensive chest X-ray, dental, immunization and medical programme among the 2,800 Eskimos to be visited during the patrol. All requiring medical care in hospital will be evacuated to the south. The procedure works in reverse; about 18 Eskimos boarded the "C.D. Howe" in Montreal for repatriation after treatment.

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## TRADE PACT RATIFIED

On June 30, Canada and Australia exchanged instruments of ratification of the Canada-Australia Trade Agreement, which had received royal assent on June 9. Mr. Gordon Churchill, Minister of Trade and Commerce, presided at a formal ceremony in the Parliament Buildings at which Mr. Kieran Desmond, Acting High Commissioner for the Commonwealth of Australia, represented the Government of his country.

Mr. Churchill said: "On behalf of the Government of Canada, it is my pleasure to hand to you, as a representative of the Government of the Commonwealth of Australia, the official instrument of Canada's ratification of the Canada-Australia Trade Agreement.

"On June 9, the Canadian Parliament had the satisfaction of receiving your Prime Minister, the Right Hon. Robert G. Menzies, who was the guest of the Senate when His Excellency the Governor General gave royal assent to the bill respecting this agreement.

"As Mr. Menzies so rightly said on that occasion, Canada and Australia have a great common destiny. The further strengthening of our trade relations is consequently of great significance to us both.

"The importance of this agreement to Canada is indicated by the fact that Australia is our third largest Commonwealth market, and the seventh largest market in the world for Canadian goods.

"Three weeks ago, we in Canada also had the pleasure of welcoming a trade mission composed of many of the most prominent businessmen in

Australia. The mission was a great success, and out of it I am sure will come trading contacts of immeasurable benefit to both countries.

"Under the 1931 agreement, which this supersedes, there was a substantial increase in trade between Canada and Australia. I am confident that this agreement will provide the framework for a continued expansion of trade between our two countries and, by so doing, will result in an important strengthening of Commonwealth economic relations."

## BUFFALO HUNT

Canada's second buffalo (bison) hunt in 67 years will take place this fall north of Fort Smith in the Northwest Territories.

Trans-Canada Air Lines and its agents through TCA's Fin, Fur and Feather Club, have been authorized to make arrangements for hunters wishing to take part in the hunt for this largest of all Canadian wild animals, rated by one well-known United States hunter-writer as more dangerous than a grizzly.

Last year's hunt was the first permitted by Canadian authorities since 1893. A limit of 30 licences was established, and every hunter got his buffalo. This year, 100 licences will be issued. Two well-known Alberta outfitters are in charge of the expeditions.

### EXPENSES

The expense of a five-day hunt is \$500, excluding air transportation, while extra days may be added at \$75 a day. Goose-hunting and fishing can also be included in the five-day expeditions. Hunters may, if they prefer, arrange for a combined 10-day expedition for buffalo, geese and fish for \$1,000.

Cost of a buffalo licence for a non-resident of Canada is \$200; for a resident, \$50. Goose licences are \$25 for a non-resident, \$2.50 for a resident. Fishing permits will be provided by the outfitters.

The season begins on September 1 and extends through November. However, uncertainty of weather conditions in November necessitates long-range booking in September and October only.

Each hunter is allowed one buffalo, five geese a day (with a limit of 10 in possession), not more than 20 trout or grayling and 10 pike or pickerel a day.

For the shooting of bison, the Game Branch insists on rifles not lighter than a 30.06, with not less than 2,500 foot-pounds of energy at the muzzle.

Meat-cutting and freezing facilities are available at Fort Smith, while head-mounting can be arranged at Edmonton for \$150.

While guarantees are unheard of in big-game hunting, any party spending seven days without reasonable shots will have the cost of the buffalo licence refunded.

### SOYA SUPPORT

Agriculture Minister Harkness recently announced that the Agricultural Stabilization Board had been authorized to continue to support the price of soya beans produced in Ontario for the year 1960 at \$2.00 a bushel for Canada No. 2 grade or better, which is the same support price as last year. The prescribed price for 1960 is 91 per cent of the ten-year average, compared to 87 per cent for 1959.

Final figures for the 1959 crop are not yet available, but it is estimated that the deficiency payments which will be made to producers will total approximately \$1 million.

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### FOREST FIRES REPORTED

A total of 1300 forest fires damaged or destroyed 56,371 acres of Canadian forest up to the end of May this year, the Forestry Branch, Department of Northern Affairs and National Resources, reported recently.

In April there were 410 fires throughout Canada, which burned 8,019 acres. The May total was 890 fires, burning 48,352 acres. In the spring of 1959 forest fire damage was far greater. April saw 11,823 acres burned by 418 fires, and in May 83,969 acres were damaged by 1,156 fires.

The 20-year average for forest fires in May is 1,281. The worst May was in 1957 when 1,894 fires were reported and the lowest number of fires on record for the month is 494, recorded in 1927.

### JULY 1 IN SINAI

Canadian soldiers serving in the Sinai desert with the United Nations Emergency Force celebrated Dominion Day with a monster beach party on the shores of the Mediterranean.

Tanned by the Egyptian sun, more than 800 members of the Canadian Army contingent turned out in beach garb for six hours of fun on the seashore bordering the Gaza Strip. Included in the games were camel and donkey racing, swimming and sailing, volleyball and horseshoes.

The home-style refreshments included hot dogs, hamburgers and a frothy malted beverage donated by a Canadian company.

The top attraction at Canada's birthday party in the Middle East was a donkey softball game. This sport, requiring much patience on the part of the mounted players, went three innings before too many donkeys went to sleep.

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### ELECTRIC ENERGY

The net generation of electric energy in Canada by firms that produce 10 million kilowatt hours or more a year increased 7.2 per cent in May to 9,367,828 megawatt hours, from 8,738,330 mwh in the same month last year,

placing the January-May total at 48,182,823 mwh, an increase of 12.0 per cent from 43,035,777 in the first five months of 1959.

Imports of electric energy in May fell to 25,504 mwh from 72,116 a year earlier and exports to 536,474 from 604,658. Energy made available in Canada in the month rose to 8,856,859 mwh from 8,205,788 and of this, some 578,381 mwh were used in electric boilers versus 607,929.

Electric energy imported in the January-May period dropped to 146,574 mwh from 250,281 a year ago and exports advanced to 2,142,333 from 1,872,194. Amount made available in Canada in the five months increased to 46,187,064 mwh from 41,412,864 and of this some 3,400,519 were used in electric boilers against 2,846,872.

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### SECURITY INDEXES

The investors index of 93 common-stock prices (1935-39=100) touched 254.2 in the week of June 9, its highest level since February 4. Subsequent weakness, however, lowered the index to 249.4 by June 23 for a net loss of 1.6 per cent as compared to the May 26 index of 253.4.

Among major groups, a decline of 2.2 per cent for 72 industrials from 262.6 to 256.7 was partly offset by increases of 1.3 per cent for 7 banks from 312.5 to 316.7, and 0.3 per cent for 14 utilities from 188.1 to 188.7. Declines for 9 sub-groups were headed by machinery and equipment (4.7 per cent), building materials (3.9 per cent); and textiles and clothing (3.3 per cent). Three sub-groups (power and traction, food and allied products and telephones) showed small increases.

The index for 28 mining stocks moved down 3.9 per cent from 99.0 to 95.1 in the same period, reflecting losses of 6.8 per cent for 22 golds from 68.1 to 63.5 and 1.5 per cent for 6 base metals from 169.8 to 167.3.

### LABOUR INCOME

Canada's paid workers received an estimated \$1,487 million in April in the form of salaries and wages and supplementary labour income. This estimate was 1.6 per cent above the March figure of \$1,463 million and 4.2 per cent above last year's April total of \$1,427 million. Labour income in the January-April period increased 4.8 per cent to \$5,869 million from \$5,589 million in the like 1959 period.

Labour income was larger both in April and the January-April period this year than last in all regions. April increases (four-month gains in brackets) were: Atlantic region, 4.3 per cent (5.7 per cent); Quebec, 4.7 per cent (5.4 per cent); Ontario, 3.6 per cent (4.2 per cent); Prairie region, 3.8 per cent (4.0 per cent); and British Columbia, 5.1 per cent (6.2 per cent.)

### NAVAL INVENTOR REWARDED

A minesweeping invention submitted by a civilian has resulted in the largest cash award so far under the Public Servants Inventions Act to a Navy employee.

Arthur Mansfield of Ottawa, who is on the staff of the Electrical Engineer in Chief at Naval Headquarters, has won an award of \$2,911.

While the invention is classified, it has resulted in increasing the Navy's ability to deal with mines and has effected a financial saving to the Department of National Defence.

Mr. Mansfield was born in England and has lived in Canada 36 years. He was employed in Windsor and Toronto before entering the RCNVR at Windsor in 1940. On his release from the Navy in 1946, Mr. Mansfield served as a naval overseer at Halifax, and in 1948 was transferred to Naval Headquarters.

Mr. Mansfield's invention was processed by the Inter-Service Committee on Inventions.

The Public Servants Inventions Act was passed by Parliament to safeguard Crown interests in the inventions of employees and at the same time provide for compensation to the inventor for any loss of rights. Regulations set out under this act were brought into force in May, 1955.

To qualify under this act, an invention must come within the terms of the Patent Act. Ideas and suggestions which do not qualify are considered by a Suggestion Award Board for cash awards.

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### FEDERAL EMPLOYEES IN OTTAWA

Federal Government departments and departmental corporations employed 44,383 persons in the metropolitan Ottawa area at March 31, 1960, according to a special tabulation released by the Dominion Bureau of Statistics. These employees had estimated regular earnings of \$15,147,000 for March. Similar detail is not available for the Federal Government's agency and proprietary corporations and other agencies.

The Bureau's regular monthly report on Federal Government employment for March 1960 showed that departments and departmental corporations had a total of 194,244 employees with regular earnings amounting to \$59,047,333 for the month. Staff located in metropolitan Ottawa thus represented 22.8 per cent of the total employees and received 25.7 per cent of the total regular earnings paid in March.

The metropolitan Ottawa total may be subdivided as follows: salaried employees numbered 40,060 with estimated earnings of \$14,040,000; prevailing rate employees numbered 3,137 with estimated earnings of \$782,000; ships' officers and crews numbered 15 with estimated earnings of \$4,000; and casual and other employees numbered 1,171 with estimated earnings of \$357,000.

### U.S. EDITORS TOUR ONTARIO

The annual U.S. Editors' Goodwill Tour, an Ontario travel promotion venture, was held during the month of June. Thirty U.S. newspaper editors, representatives of a corresponding number of State Press Associations, were guests of the Ontario Department of Travel and Publicity for 12 days and were taken on a 2,500-mile tour through the province.

This event has always proved very popular, not only with U.S. editors but with communities visited, and has resulted in establishing strong ties of friendship between Ontario and the American press.

This year's tour started at Fort Frances and ended at Niagara Falls. In between, the 30 touring newspaper-men were taken to Sioux Narrows, Kenora, Fort William, Port Arthur, Sault Ste. Marie, Elliot Lake, Sudbury, North Bay, Ottawa, Peterborough, Mount Julian, Roseneath, Toronto and Oakville.

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### MUNICIPAL FINANCE

The classification of municipal accounts, as approved by Dominion-Provincial Conferences on Municipal Statistics, is brought up-to-date in the third English edition of the Municipal Finance Reporting Manual recently released by the Dominion Bureau of Statistics. A French edition is being prepared.

The Manual starts out by explaining the various funds, statements and schedules and elaborates on individual items in considerable detail. In it are incorporated the changes recommended by the latest Conference. New features of major importance are introduced, namely, separate and complete reporting of the capital transactions in each of the funds of a municipality and combined current and combined capital balance sheets.

The sections dealing with municipal accounting terminology and with the reporting of assessment, area, population and road and street information have also been substantially revised.

The classifications set out in the previous editions of the Manual have been adopted by provincial departments as a basis for the official audit, for statistical reports completed by municipal corporations and for departmental statistical reports. This revision is recommended for such use. To facilitate proper classification of accounts, the Dominion Bureau of Statistics, through and in co-operation with the provincial departments, will distribute to each municipal treasurer and municipal auditor one copy of the Municipal Finance Reporting Manual.

Priced at \$3.00 each, copies of this 340-page manual can be obtained from the Dominion Bureau of Statistics or the Queen's Printer, Ottawa.

### NEW PEACE RIVER BRIDGE

Mr. George R. Pearkes, Minister of National Defence, opened the new bridge over the Peace River near Dawson Creek, British Columbia, on July 9.

The new structure, 2,336 feet long, replaces the old bridge that slid into the swollen Peace River on October 16, 1957. It is 35 miles north of Dawson Creek, southern terminus of the Alaska Highway, and is a vital link in northwest highway development.

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### HIGHEST COTC PROFIT

Showing a net profit of almost \$1 million, - the highest in its history, - and a revenue increase of 21 per cent over last year, Canadian Overseas Telecommunication Corporation's Tenth Annual Report was tabled in the House of Commons on July 8 by Mr. George Hees, Minister of Transport.

According to Douglas F. Bowie, the Corporation's President and General Manager, all six overseas services provided by the Corporation - telegraph, telephone, international Telex, leased circuits, programme-transmissions, and photo-telegrams, - all recorded increased revenues. The net profit for the year amounted to \$947,638 after the Corporation paid out \$938,407 for income tax, and \$528,790 interest charges on government loans.

The report also marked the end of the first ten years of operation for the Corporation. A general review of the growth of Canada's overseas telecommunications during that period is fully described.

"The first annual report, published in March 1951, expressed the desire of the Corporation's management to attain for Canada a position of leadership in world telecommunications", said Mr. Bowie. "The Corporation's expansion during this first ten-year period illustrates just how far we have gone towards

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reaching that position". He said that Canada's influential position would be further improved as the Commonwealth round-the-world cable developed, the first section of which, between Canada and the United Kingdom, is due for completion in October 1961.

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### JUNE PRICE INDEX

Canada's consumer price index (1949=100) rose 0.2 per cent from 127.4 to 127.6 during May and June of this year. It stood at 125.9 at the beginning of June last year.

In the current period, an increase of 0.5 per cent in the food index, combined with fractional gains in the groups for shelter, clothing and other commodities and services, accounted for all of the upward movement in the total index. The household-operation index declined fractionally.

The food index moved from 120.2 to 120.8 as higher prices were recorded for most fresh fruits and vegetables - particularly apples, cabbage, tomatoes and potatoes - and for most meats. Price declines were generally limited to eggs and butter.

The shelter index increased 0.2 per cent from 143.5 to 143.8 as both the rent and home-ownership components were higher. A rise of 0.1 per cent in the clothing index from 110.8 to 110.9, reflected some price increases from sales levels of previous months and higher prices for other items, including men's work trousers and oxfords.

Lower prices for coal and fuel oil combined with sale prices for furniture to offset higher prices for textiles and household utensils, and the household-operation index declined 0.1 per cent from 123.1 to 123.0.

A rise of 0.1 per cent in the index for "other" commodities and services from 137.6 to 137.7 resulted from higher prices for gasoline, train fares, pharmaceuticals and some personal care items.