



CANADA

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THE EUROPEAN ECONOMIC COMMUNITY — A CANADIAN VIEW

In a speech to the Montreal Real Estate Board on January 25, Prime Minister Diefenbaker spoke as follows concerning Canadian policy toward the European Economic Community:

"...In approaching this question, we must have regard to the larger issues as well as to the details of trade arrangements which are of particular concern to Canada from our economic point of view. When viewed in the larger perspective, this situation is one which gives rise both to promise and to problems.

"It should be recalled that the European Economic Community is the result of the efforts to create a closer economic and political union in Europe which culminated in the Treaty of Rome of 1957. This treaty in itself represents a great achievement on the part of its six member nations — France, the Federal Republic of Germany, Italy, Belgium, the Netherlands and Luxembourg....

"There was some doubt in the minds of many, even after the treaty has been signed, whether it could be carried into effect, involving as it does substantial derogations from the sovereignty of its various members.

REAL PROGRESS

"It now seems evident that these nations of Western Europe are making very real progress towards unity in their political thought and action as well as in their economic and social affairs. Faced by both the challenges and opportunities of the modern world in which new gigantic powers have developed to their East and to their West, the nations of Western Europe

have succeeded in putting behind them the old suspicions and antagonisms which divided them.

"This strengthened unity of our friends in Europe is in itself something which Canada naturally supports.

"In its political aspects, it should lead, as time goes on, to a Europe strong enough to reduce in matters of defence its dependence on North America.

"With the economic strength it has and can develop, and with the political skill and wisdom which the Europeans possess, a united Western Europe should be a strong potential force for security and improvement in the world.

"Problems for Canada and for the Commonwealth have arisen by the proposal that the United Kingdom has made to join the Common Market. The Commonwealth is a major influence for unity and harmony in the world. It is an association of a very different character from that being formed in Europe — an association of nations separated by distance and united in diversity, while nearness and similarity are the characteristics of the European Community.

"The unique value of the Commonwealth is its ability to link nations in all parts of the world with different origins and economic levels, cultures and social structures.

"It is essentially a looser form of association than that being created in Europe but one which has a strength and usefulness impossible to duplicate or replace.

TWO CRUCIAL AFFILIATIONS

"Britain now wants to belong to both of these associations. The British have been the leaders of the Commonwealth. They hope to be among the leaders of the newly united Europe. Can these desires be reconciled? Can these two quite different associations be linked in this manner?"

"If they can be successfully linked without weakening the vital ties of the Commonwealth relationship, the combination could be an even stronger force for good in the world. If they cannot, serious problems will be created for Britain, for Canada, and for the Commonwealth.

"The British feel that an affirmative answer to this question regarding the possibility of reconciling their position in Europe and the Commonwealth is possible. We hope it is. Will the economic cement which adds cohesion and strength to the bonds of the Commonwealth hold against the strains which the British membership in the Common Market may place upon it?"

NO LOSS BY DEFAULT

"When it became obvious that the Government of the United Kingdom was seriously contemplating entry into the European Common Market, it became our duty not to allow consideration of the Canadian and Commonwealth interest in any such decision to be lost by default of representations. We made no attempt to question the right of our friends, the Government and people of the United Kingdom, to work out their own economic salvation according to their own best judgment.

"What we did do was to place before them, as forcefully as we knew how, the reasons why we believed it to be in their own, as well as the best interests of Canada and other Commonwealth countries, to safeguard those traditional relationships of mutual Commonwealth trade preferences which have worked so well for so many years...."

CANADA TO BENEFIT?

"I know you have heard statements from some business leaders that United Kingdom entry into the Common Market will benefit Canada. I can explain that. Some Canadian businessmen saw benefits for their industry. But Canadian interests as a whole must be considered.

"The importance of what is going on with the six nations making up the European Common Market is shown in the increasing market there in these countries for Canadian exports. Canada's sales have increased four times in the last ten years and are now running at about \$500 million a year.

"Trade with the United Kingdom has been steadily increasing. The increase from 1956 to 1960 was from \$1,293 million to \$1,514 million - 17 per cent. Commodity exports to the United Kingdom have increased from about \$817 million in 1956 to \$925 million in 1960 - a gain of 13 per cent; imports from the United Kingdom have gone up from \$476 million in 1956 to \$589 million in 1960 - or by some 23½ per cent. (The 1961 figures are not yet complete; hence the 1960 figures are used).

EFFECT OF EEC ON CANADA'S EXPORTS

"Canada's exports to the United Kingdom include agricultural products, industrial raw materials, manufactured and semi-manufactured products, and of this amount 76 per cent could be affected by the United Kingdom's entry into the Common Market unless there are terms in that entry which will preserve in considerable measure the Commonwealth preference system and the free entry of most Canadian products today which exist between Canada and the United Kingdom.

"With the vast surpluses of farm products one has just to realize what would happen unless there is some change made in the Common Market rules.

"What if a 20 per cent tariff against Canadian wheat is applied should the United Kingdom enter the Common Market today?"

"If the United Kingdom were to enter the Common Market without taking steps to protect Commonwealth interests, the result could be serious and Canada's trade could suffer enormous losses and dislocation.

"My hope is that Canada's representations - as well as those of Australia and New Zealand - will ensure that if Britain enters the Common Market it will do so on terms which will preserve a large measure of Commonwealth trade with the United Kingdom.

"Some have suggested that the problems posed for Canada by this European Community and Britain's possible entry into it could be resolved by Canada joining the Common Market.

"Membership for Canada is out of the question. The treaty is clear in specifying that only European nations can be members. Moreover, anyone aware of the realities must recognize that the entry of a major North American country, with its tremendous agricultural production, into the Common Market would be quite unacceptable to its present members, who have had difficulty enough in reaching agreement on a common agricultural policy.

ASSOCIATE MEMBERSHIP IMPOSSIBLE

"Some have suggested that we might be associate members. But again that is not possible, either in theory or in practice, for associate membership was designed for under-developed countries or dependent territories whose economies could fit reasonably into a special association with the Common Market. Canada does not come within this category at all.

"The Government of Canada is engaged in detailed study and discussions necessary to finding the best means of approach to these problems and to the negotiations necessary if some readjustments of our trade relationships are to be worked out as a consequence of a British decision to enter.

"We have always emphasized that the decision to join the Common Market is one which Britain itself must make, but we have stressed that it should only be made after there has been Commonwealth consultation on the subject. We are keeping the British negotiators informed of Canada's interests in the British market and the Common Market and providing the information necessary to enable the negotiators to take into account Canadian trade...."

JANUARY-SEPTEMBER EXPORTS

Domestic exports from Canada in the third quarter of 1961, valued at \$1,539,500,000, were the highest recorded for any three-month period, according to detailed returns recently released by the Dominion Bureau of Statistics. This total represented a gain of 13.4 per cent over exports in July-September 1960, and continued the advance begun in the second quarter of 1961. Part of the increased trade in the third quarter of 1961 reflects the change in the foreign-exchange value of the Canadian dollar.

Gains were particularly noticeable in third-quarter shipments to foreign overseas destinations, which advanced by a third, and to the United States, which were one-eighth above those in the same quarter of 1960. Deliveries to the United Kingdom were at approximately the same level as in July-September 1960, but those to other Commonwealth countries declined by 6.6 per cent. Domestic exports to all countries for September 1961 totalled \$516,900,000, a 19.3 per cent rise above the figure for the same month of the preceding year.

During the first nine months of 1961, domestic exports were at a new peak of \$4,145,500,000, an advance of 6.4 per cent over the same period of 1960. The principal increase was in shipments to foreign overseas countries, which rose 34.9 per cent, and were mainly directed to Western Europe, Asia and Latin America. The gain in exports to the United States in the third quarter was not sufficient to compensate for the loss in the first quarter and the nine-month total for 1961 was fractionally below the 1960 figure. Shipments to Britain in January-September 1961 were 1.3 per cent below those in the same nine months of 1960, and exports to other Commonwealth countries were 1.0 per cent less.

The shares of exports taken by the various trading areas varied considerably in the first nine months of 1961 from the corresponding period of 1960, that

for the United States falling to 53.4 per cent from 57.0 per cent, for the United Kingdom dropping to 16.0 per cent from 17.2 per cent, for other Commonwealth countries declining to 5.7 per cent from 6.1 per cent but for other foreign countries rising to 24.9 per cent from 19.7 per cent. The proportion of all exports taken by Western Europe advanced to 11.2 per cent, shipments to Asia increased to 7.1 per cent, to South America 2.4 per cent, Central America 1.9 per cent and to Eastern Europe 1.6 per cent, each being greater than in the same nine months of 1960. The average level of export prices rose only moderately because of slight differences in the first six months; consequently most of the increase in value was due to the advance in the physical volume of exports.

GAINS IN LEADING COMMODITIES

Most of the leading commodities showed gains both in the third quarter and in the first nine months of 1961 when compared with shipments in corresponding periods of the preceding year. Newsprint, the most valuable export, declined fractionally in the third quarter but foreign sales were 1.5 per cent higher during the nine-month period. Wheat showed the greatest advance, third-quarter shipments being 83.3 per cent above those for July-September 1960 and 62.5 per cent higher over the nine months. Lumber and wood pulp advanced somewhat in the third quarter, while nickel rose considerably. Aluminum advanced in the third quarter, but not sufficiently to counterbalance declines in the first two quarters. Copper, uranium and iron ore sales continued to decline, as did farm machinery. Crude petroleum shipments more than doubled in the third quarter, and were over 50 per cent greater for the first nine months. Fishery products rose slightly, asbestos considerably and non-farm machinery substantially.

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TRENT CANAL MODERIZATION

A ten-year programme, involving an estimated outlay in the neighborhood of \$12 million, is being launched by the Department of Transport to bring the Trent Canal system up to standards adequate for requirements of the foreseeable future. The programme is being undertaken because of the phenomenal increase in boating traffic on the system, coupled with the fact that for many years the Trent has undergone no major improvement and existing facilities are no longer able to cope with the demands for service. Over the years, there has been a deterioration in the canal's facilities through age and usage, to a point where major renovations are now necessary. The Big Chute and Swift Rapids marine railways are no longer able to cope with the public demand for their use, from the point of view both of the number of boats they can handle a day and of the limitations their dimensions place on the size of the boats that can be transported. The marine railways cannot handle a yacht drawing more than four feet, though the limit throughout the rest of the Trent system is six feet.

Of recent years, the increase in boating as a pastime has caused traffic pressure to mount to an

undreamed-of degree. In 1954, for instance, the craft recorded by the various lockmasters totalled 23,165. By the end of the past summer, the figure had skyrocketed to a seasonal total of 85,752. The Lake Simcoe-Lake Couchiching sector of the Trent system now constitutes what is believed to be the area of highest boating density in Canada.

Lengthy engineering and economic studies, including traffic projection, has convinced the Department that only construction of complete new locks would be adequate to give the public the service it expects. Other alternatives considered would not be able to handle future traffic growth and would reach capacity and become a bottleneck in a few years' time.

It is estimated that about a year will be required to complete plans and model testing before construction starts. Actual building of these locks will require two years. The estimated cost will be upwards of \$3 million. It is expected that construction of the locks will boost operations in the system to new levels of importance for the many communities that are vitally concerned with the boating trade and the tourist industry.

CANADIAN LABOUR FORCE:

Employment declined less than seasonally for the third successive month. The December employment estimate was 180,000, or 3 per cent higher than a year earlier. The increase in unemployment during the month was relatively small, and the December unemployment estimate was down 115,000 over the year.

EMPLOYMENT

Employment decreased by 73,000 during November and December, a small decline for this time of year. Layoffs in construction were relatively light, owing to a recent strengthening in non-residential building and the continued high level of housebuilding. The remaining layoffs during the month were mainly in manufacturing and agriculture. Hiring for temporary work in trade and service in preparation for the holiday season provided some offset to these decreases.

Employment has strengthened steadily since early 1961, and the level in December was 3 per cent higher than a year earlier. Percentage increases in the numbers of men and women employed were about equal.

The recovery in manufacturing activity was an important factor in the relatively strong employment demand. Factory employment in the fourth quarter was 6 per cent higher than a year earlier. Expansion in service was maintained, employment increasing by 4 per cent. Changes in other industries had little effect on the total.

UNEMPLOYMENT

The increase in unemployment in November and December, and in fact since the seasonal low in September, was the smallest in five years. An estimated 413,000 were unemployed in December, 64,000 more than in November but 115,000 fewer than in December 1960. The current figure represents 6.4 per cent of the labour force, the lowest December unemployment rate since 1956.

Nearly the whole year-to-year decrease in unemployment was among men. Some 355,000 men were unemployed in December, 110,000 fewer than in the same month a year earlier. The number of unemployed women, estimated at 58,000, was slightly lower than in December 1960.

Of the 413,000 unemployed in December, 74 per cent were unemployed for three months or less, 12 per cent for four to six months, and 14 per cent for over six months. The decrease in unemployment over the year was among those unemployed for six months or less.

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CANADA BUYS "JET-STAR"

The first Canadian-owned "Jet-Star" a utility jet aircraft with a speed of 540 m.p.h., will soon be flown to Canada by Department of Transport pilots. J.D. Hunter, Superintendent of Flight Operations, recently took delivery of the four-engined plane from the Lockheed-Georgia Company at Marietta, Georgia, U.S.A.

The aircraft was obtained to help the Department keep pace with modern high-altitude, high-speed equipment. It will be used to evaluate navigational radio aids at high altitudes and to set traffic-control procedure for airline and military jet traffic. Its performance and capabilities enable it to duplicate the flight characteristics of the newest and fastest jetliners.

CREW TRAINING

Transport Department flight crews and mechanics have been training on the "Jet-Star" at Marietta for several weeks. After delivery, it will be necessary to extend the training of various specialists in the operation and maintenance of the aircraft during a further "shakedown" period.

The "Jet-Star" is powered by four JT-12 engines developed initially by Canadian Pratt and Whitney. The engines, mounted at the rear of the plane, have a thrust of 3,000 pounds each. The aircraft has a range of more than 2,300 miles and flies at altitudes up to 43,000 feet. Comparable in size to the "Lodestar", the "Jet-Star" is 60 feet long, 20 feet high and has a wing-span of 54 feet.

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NEW TRADE SERVICES BRANCH

Mr. George Hees, Minister of Trade and Commerce, recently announced the formation of a Trade Services Branch, the purpose of which would be to provide for the separate administration of various trade-supporting services previously handled in other branches of the Department. He described this move as a step to streamline the organization.

The new branch will:

- (a) Undertake studies of the structure of freight tariffs, established by the various ocean-shipping conferences and other carriers, and their influence on Canadian exports. It will also follow developments in the transportation industry relating to "containerization" and packaging.
- (b) Participate in the Canadian Port Committee and the Committee on Pacific Coast Transportation.
- (c) Administer the regional offices of the Department, and maintain through these offices close liaison with the provincial departments of trade and industry, with manufacturers and other commercial interests.
- (d) Administer the Export & Import Permits Act, and provide firms seeking related information with rapid service. It will also participate in international conferences on export-control matters and strategic-control policy, as this affects changes to the International Strategic Control lists.
- (e) Maintain liaison with the Canadian Maritime Commission, the National Harbours Board, the Department of Transport, the Air Transport Board and the Board of Transport Commissioners.
- (f) Maintain the Department's confidential trade directories, for use by trade commissioners abroad.

CANADIAN COAST GUARD

The Department of Transport fleet will be known in future as the Canadian Coast Guard, it was announced recently by Mr. Léon Balcer, the Minister of Transport. The decision to adopt the new name was made in recognition of the tremendous expansion the fleet had undergone in the previous several years, both in the scope of its operations and in number of vessels, and in the standards of operation that had been achieved. The fleet has hitherto been known as the Canadian Marine Service.

It has also been decided to adopt a new color scheme for the Coast Guard vessels and a distinctive insignia for their funnels. They will have red hulls and white superstructure and funnels instead of the former black, white and yellow combination. A moderately stylized red-maple leaf and band on the funnels will make them easily recognizable at a distance as Canadian Coast Guard vessels.

The use of red is of significant practical utility, particularly for icebreakers, for they will be more easily seen from other vessels they may be escorting and by pilots of their own ice-reconnaissance helicopters under conditions of poor visibility.

The same need for visibility and ready identification applies to the Canadian Coast Guard vessels which are on search and rescue duties.

The essentially civilian nature of the fleet will remain unchanged.

New types of uniforms will be issued, which will provide comfortable, smart clothing appropriate to the conditions of the service. They are modelled on the wartime battle dress. Berets will be provided.

SIZE OF FLEET

The Canadian Coast Guard now has a total of 241 vessels of all types, including some 50 ships of larger size, from around 400 tons gross to more than 6,000 tons gross. These include 10 fully strengthened icebreakers and seven lighter supply and buoy vessels capable of icebreaking. These 17 vessels comprise the second-largest icebreaker fleet in the world.

In addition, there are eight other vessels designed for special service in the Arctic, 11 lighthouse-supply and buoy ships, weather-ships, lightships, a Great Lakes research vessel, shallow-draft ships for the Mackenzie River, St. Lawrence Ship Channel survey vessels, shore-based lifeboats and more than 180 steel landing craft for various types of Arctic use.

The present large fleet came into being largely during the past eight years, when the Department

of Transport's expanding responsibilities in the Arctic, plus increasing demands for all-winter shipping movement in the Gulf of St. Lawrence, brought about the construction of more than a dozen new vessels capable of such duty. Increased marine traffic added greatly to undertakings in the maintenance of aids to navigation and in the need for more vessels designed for this type of work.

Most of the new ships carry helicopters for ice reconnaissance and ship-to-shore operations. The Department's Air Services are now providing 18 such aircraft for marine duty.

SUPPLY AND MAINTENANCE DUTIES

The Canadian Coast Guard, besides carrying out the icebreaking and escort duties mentioned, carries supply cargoes to weather, defence and other outposts in the Arctic each summer and in 1961 handled 110,000 tons of northbound cargo. It is also responsible for lighthouse and buoy tending in coastal waters, the Great Lakes system, the Mackenzie River system, and in the Canadian Arctic.

The ships, both in Arctic and in "home" waters are used by scientific groups from other government departments in the study of hydrography, oceanography and related scientific matters relating to Canada's waterways.

The Canadian Coast Guard co-ordinates and provides much of the marine element in the national air-sea rescue set-up, which is under the control of the Royal Canadian Air Force. Eight search-and-rescue cutters are being built specifically for this service.

The fleet maintains Weather Station "Papa" in mid-Pacific. Its vessels are also engaged in survey work relative to maintenance of the St. Lawrence Ship Channel from Montreal to the sea.

Expansion of the Canadian Coast Guard continues. Apart from new construction already mentioned, the following vessels are under construction or in the planning stages: a triple-screw icebreaker of 18,000 horsepower, larger than any of the present icebreakers; an icebreaking cable repair ship, a new depot ship for Arctic use, two light icebreaker-supply-and-buoy vessels, another shallow-draught buoy vessel for the Mackenzie River, and other smaller craft.

Other vessels which will continue to be operated by the Department as separate units are 15 pilotage vessels and more than 70 tugs, barges and other craft used in maintenance of Canada's secondary canals.

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FIRE PREVENTION AWARD

The National Research Council of Canada has been declared the Grand Award winner in the Government Division of the 1961 International Fire Prevention Contest. A Grand Award Plaque is presented to the agency ranking highest in this Division of the Contest, which is an international event covering all North America. Some 402 facilities competed in this year's event, of which 135 were Canadian.

SPONSORSHIP OF CONTEST

The contest is sponsored annually by the National Fire Protection Association (International). Its purpose is to encourage the widest possible use of modern methods in fire-prevention education and to give recognition to outstanding fire-prevention programmes. Liaison with the National Fire Protection Association is carried out by the Fire Prevention Branch of the Department of Public Works in Ottawa.

VOCATIONAL TRAINING FOR GIRLS

A comprehensive publication describing a wide variety of vocational and technical training courses for girls has recently been released for distribution, according to Mr. Michael Starr, Minister of Labour.

The brochure, entitled "Vocational and Technical Training for Girls", was prepared by the Women's Bureau of the Department of Labour. It lists courses available to girls at the post-high-school, high-school and trade-school levels.

Eight broad areas of training are covered, including art courses, commercial training, training for health and hospital occupations, home-economics courses, training for women as technicians and skilled tradesmen, teacher training, training for certain service occupations and a number of other training possibilities, including those available in the armed services.

Although the publication does not attempt to cover all the occupations open to women, it does explore career opportunities for the girl who is not planning to attend university. At the same time, the publication stresses the need to obtain as much education and training as possible before entering the world of work.

UNEMPLOYMENT INSURANCE

Claimants for unemployment insurance benefit numbered 386,000 on November 30, up from 268,700 on October 31 and down from 485,200 on November 30, 1960. Four out of five of the new claimants in November were males, whereas about 65 per cent of the persons on claim more than four weeks were males. Some 15,000 of the current total were identified as seasonal benefit, about the same as a year earlier.

Initial and renewal claims filed at local offices during November numbered 252,600, up from the total of a month earlier of 158,100 and down from the total of a year earlier of 304,400. Slightly more than 70 per cent of the November claims were initial, compared to 68 per cent a year earlier. The proportion of initial claims increases with the heavier volume of claims during the late fall and the winter.

The number of weekly beneficiaries in November averaged 209,800, compared to 173,300 in October and 272,900 in November 1960. Benefit payments in the month totalled \$20.9 million against \$17.1 million in the preceding month and \$26.6 million in the same 1960 month. Weekly payment per week compensated averaged \$23.76 in November against \$23.52 a month earlier and \$23.19 a year earlier.

FOOD-CHAIN STUDIES

The very foundation of the "pyramid of life" in the sea is the subject of an intensive and stimulating programme of research at the biological station of the Fisheries Research Board of Canada at Nanaimo, British Columbia. Scientists at this station are opening the door on increased knowledge of the tiny organisms, both plant and animal, that are at the

bottom of the food chain of the sea. These microscopic creatures and plants are present in greater numbers and higher concentration than any other form of life in the ocean. Yet, until now, serious gaps have existed in scientific information about them.

The current research programme in this field, described at the Board's annual meeting in Ottawa, is aimed at finding out as much as possible about these members of the phytoplankton and the zooplankton families - the number of different species, how fast each reproduces, how useful they are in the food chain.

NEW TECHNIQUES

To get this information, completely new techniques of investigation have been developed by scientists at the Nanaimo biological station. These include a method of isolating a body of water in a submerged plastic sphere where plant organisms are grown under conditions closely approaching those of nature.

To further laboratory research, electronic equipment has been adapted or developed specially for this purpose. Among the new devices is one that may enable scientists to monitor concentrations of new growths of plant organisms in the sea through aerial surveys.

The significance of these studies is enormous. In effect, the basic foodstuffs of the sea support all marine life, as their presence in quantity or otherwise determines the growth and survival of the next higher organism, and so on.

CONSUMER PRICE INDEXES

Consumer price indexes rose in three of the ten regional cities in November and December 1961, declined in four and remained unchanged in three. Increases and decreases ranged narrowly between 0.1 per cent and 0.2 per cent.

Food indexes declined in six cities and rose in four. Shelter indexes were unchanged in five cities, down in three and up in two. Clothing indexes increased in five cities, decreased in four and were unchanged in the remaining city. Household-operation indexes rose in five cities, dropped in two, and were unchanged in the other three. Indexes for "other commodities and services" were unchanged in seven cities, up in two and down in one.

SALMON SPAWNING RESEARCH

Studies on hormones in Pacific salmon have recently been extended to include the Atlantic salmon. All five species of Pacific salmon die after spawning, while many Atlantic salmon do not. The present studies, undertaken with a view to gaining a better understanding of this phenomenon, were outlined at the recent annual meeting of the Fisheries Research Board of Canada. Results to date show that there is an impaired elimination of hormones in spawned Pacific salmon which does not occur with spawned Atlantic salmon. This research is being carried out at the Board's technological station in Halifax.