



CANADA

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## ASPECTS OF CANADIAN FOREIGN POLICY

In his first major speech in the House of Commons since his election to Parliament, Mr. Sidney E. Smith, Secretary of State for External Affairs, on November 26 emphasized the Government's support of the United Nations, the Commonwealth, and the North Atlantic Treaty Organization. He reviewed Canada's participation in the current session of the UN General Assembly, and outlined the Canadian approach to the Colombo Plan.

Mr. Smith underlined the importance which the Government attaches to the maintenance and strengthening of frank and cordial relations with the United States, stating, in part:

"....Above all, it is of paramount importance to international peace that Canada and the United States, unequal as they are with respect to military and economic force but equal in their common respect for the dignity of the individual, should set a continued example to the whole world of how friendly nations can live together.

"May I state as simply as I can how I see the development of our relations with the United States. We must be friends; friendship however, means something more than the absence of enmity. Friendship really means the existence of positive and effective interest on the part of each nation in the welfare of the other."

Mr. Smith devoted the closing part of his address to NATO, with particular reference to the forthcoming Ministerial Meeting to be held December 16-18 in Paris. He said in part:

"In recent weeks...we have been forced to give closer examination to our collective security arrangements by reason of the success of the U.S.S.R. in the launching of the inter-continental ballistic missile and in the launching of two earth satellites. It has been a shock but it has had a salutary effect in terms of the re-appraisal of our common defence.

"We in the democracies are apt to relax until pressure is brought upon us by the course of events; then we jump into action.... In this age of infinite risk we should have some concern about this characteristic tendency to relax in the absence of pressure. That attitude of relaxation when there is no pressure on us may, and in this case probably has, tempted fate. However, we have now been dramatically reminded of the terrible menace of nuclear warfare and as a result all members of NATO recognize they are faced with the necessity of making far-reaching decisions in the military field while, at the same time, having to cope with political problems of exceptional complexity... I wish to say a word about the military and political problems because I think the success of NATO in rising to the occasion will depend largely on how it can merge its military and its political objectives.

"Despite Soviet accusations that NATO is an aggressor and was designed for aggression, the sole military purpose of NATO--this has been declaimed over and over again and we have

no reason to doubt it--is to deter aggression by providing firm evidence that aggressors would be quickly and successfully met if they should attack any member of the Alliance. In NATO there is a formidable capability--as General Norstad stated in Ottawa ten days ago--to deter aggression. In this connection he also said that this capability is not altered or modified by the possession by any other power of a nuclear intercontinental ballistic missile.

"This is a field, I am aware, where theories abound and often conflict. I do not intend to do more at this point than to state the Government's position, indeed its conviction, that the value of NATO as a deterrent remains intact and that it is incumbent upon us--we who have banded together in NATO--to exploit the opportunities which exist for closer co-operation in the fields of military, economic and scientific affairs.

"We must seek for co-operation by increased exchange of scientific and technical information and from the stimulation of scientific education and research in the NATO countries. We should be able to find that further co-operation is possible in the economic production of modern weapons.

"Military problems will loom large on the agenda of the NATO meeting which is to be held next month in Paris but, in the minds of many governments and of many peoples, that meeting will be judged just as much by its achievement in the non-military field as in the military field and, with the challenge of communism all the time advancing, NATO must move with the times in the field of politics.

"It is...essential that we of the NATO alliance should intensify and develop our military contribution. But that is not enough. It is essential that we should work together to improve our machinery for consultation and promote the intimacy of our intramural understanding. These obligations are with us and they must be observed, but they are limited. To confine ourselves in NATO to attaining them alone would be to cultivate our own interdependence as members of NATO without realizing that the health and strength of the Alliance depend on its relations with the world outside. There is, in other words, a global interdependence in this age of scientific discovery and nationalist ferment, and it is important for us and important for NATO not to underestimate that need.

"No one should think of letting down his guard at the present time; no prudent man can deny the need for defence insurance. What I am suggesting is that the security organization will be successful or unsuccessful according to the degree of intelligence with which its political policies are formulated and pursued.

"To give an example, I turn for a moment to the problem of (Soviet activity in) uncommitted neutral States. This is a serious and growing danger. How are they going? Are they

going toward the U.S.S.R. or toward the West? This cannot be ignored by NATO members, and yet NATO as such is perhaps not well equipped to deal with such a problem... The Asian and African nations which are uncommitted have no more desire than we have to see greater domination of other countries by the U.S.S.R. but, having regard to the historic relations they have had with the West and having regard to their desire to flex their muscles as new and independent nations, they might think that the steps which are being taken at NATO are designed for our security, and of course they are, and they would not necessarily adopt them whole-heartedly as their measures.

"We must recognize, too, that nationalism is not necessarily synonymous with communism in young countries, but we have to realize also that nationalism has been exploited by communism. There are real risks in dealing with these uncommitted nations. Their peoples may succumb to the blandishments and to the plausible and insidious appeal of Soviet tactics, but we must respect them as independent nations. We must work with them and assure them that we regard them as independent nations, and try to establish a mature and wise relationship with them. Or, to put it another way, unless we assure them by word and deed that our participation in NATO is complementary to and not in conflict with our membership in the Commonwealth and in the United Nations we may not be able to make much appeal to them.

"Canada is a middle power with roots in the three Associations, in NATO, in the Commonwealth and in the United Nations. I think Canada has a special reason for avoiding an absolutely rigid dependence on any one of these organizations as the sole instrument or channel of its foreign policy.

"I come now to my final point in relation to the NATO meeting projected for Paris in December. The House will not expect me--and even if it did I could not do this--to predict the specific terms of the agenda or the likely outcome of the deliberations. I am more concerned to suggest to this House the general philosophy which I think should govern our approach to that meeting. We must...start from the premise that new and intensified efforts at military and scientific co-operation are essential, and we must be prepared to do our part in developing that co-operation. We must, in the second place, in view of the unhappy events of the last two or three weeks, renew our determination to consult frankly on issues which have caused, or are likely to cause, divisions in NATO. And, thirdly, to return to the point I was trying to make a few moments ago, we must assure the world outside NATO that no one need fear aggression from us; that far from regarding the forthcoming meeting as an end in itself, the whole world, including ourselves, regards it as a symbol of our determination to protect our-

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DOMINION-PROVINCIAL CONFERENCE

Prime Minister Diefenbaker reported to the House of Commons, November 27 on the Dominion-Provincial Conference which was held November 25-26 at Ottawa.

In his statement in the House, the Prime Minister said in part:

"...The agreed communiqué of the conference indicates that sufficient progress was made on certain items to permit action to be taken on them. In particular, the Government is proposing to bring before Parliament at this session an amendment to the Unemployment Assistance Act to remove the so-called threshold provision, under which the Dominion treasury makes no contribution toward the cost of the eligible cases upon relief roles until they exceed .45 per cent of the provincial population. A suitable measure will be drafted and placed before the House in due course to carry out this policy, which should make it easier for a number of the provinces to make suitable arrangements to assist their municipalities in carrying this burden of assistance to persons in need. It is proposed to make this change effective at the beginning of 1958.

"In my statement to the conference I said that the present government was inclined to recommend to Parliament a change in the Hospital Insurance and Diagnostic Services Act to remove the clause providing that the payments to provinces under that act shall commence only when six provinces, containing at least half the population of Canada, have entered into agreements under it and have their own related acts in force. In place of that we would substitute a more definite date for commencement of the plan.

"We found no provinces expressing any

strong views against this change, and consequently I would now like to announce our intention of proceeding with it when opportunity offers. Consideration will have to be given as to what particular time will be selected and as to whether other changes in the legislation will be desirable.

"I am sure all members of the House will welcome the announcement in the communiqué that:

'It was generally agreed that the over-all economic position of the Atlantic Provinces is now such as to justify some special grants in aid to the Governments of those provinces from the Federal Government.'

"This is the most important immediate result of our meeting this week. The Dominion Government will now proceed to consider in detail what it should propose in order to implement this general policy.

"The conference was invited to review the present tax sharing arrangements, and possible changes suggested by some of the provinces in the Tax Sharing Arrangements Act were discussed. As I made clear in my opening statement, the Dominion Government did not put forward any suggestions in this field, and it was understood that no endeavour would be made to reach definite conclusions on it at the meeting this week. Further consideration will be given by the Government to this general subject in the light of the statements made during the public sessions by the provincial premiers, and also the subsequent discussion that took place in committee...

"A subsequent meeting as soon as possible in the new year will be held in accordance with the proposals made by this Government in calling the conference."

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NEW MANUFACTURING RECORDS

Canada's manufacturing industries broke earlier records in 1956 in the factory value of shipments, number of employees, salaries and wages, and expenditures on materials and supplies, according to the Dominion Bureau of Statistics annual preliminary report on manufactures. Factory value of shipments rose 12 per cent to \$21,849,415,000 from \$19,513,933,000, number of employees to 1,364,163 from 1,298,461, salaries and wages to \$4,600,943,000 from \$4,142,409,000, and material costs to \$11,698,222,000 from \$10,338,202,000.

Value of shipments of the leading 10 manufacturing groups was as follows: foods and beverages, \$3,884,905,000 (\$2,614,315,000 in 1955); iron and steel products, \$2,755,338,000 (\$2,242,717,000); transportation equipment, \$2,211,023,000 (\$1,950,410,000); paper products \$1,918,576,000 (\$1,754,098,000); non-ferrous metal products, \$1,859,551,000 (\$1,626,982,000); wood products, \$1,477,949,000 (\$1,375,-

343,000); products of petroleum and coal, \$1,477,000,000 (\$1,160,823,000); chemicals and allied products, \$1,112,595,000 (\$1,044,089,000); electrical apparatus and supplies, \$1,056,655,000 (\$962,614,000); and textiles, \$769,184,000 (\$734,515,000).

Ontario accounted for almost one-half the national value of shipments in 1956, totalling \$10,653,912,000 versus \$9,617,642,000 in the preceding year, followed by Quebec with \$6,736,353,000 versus \$5,922,365,000, and British Columbia with \$1,904,844,000 versus \$1,679,000.

Estimated shipment values for the other provinces were as follows in order of value size: Alberta, \$701,768,000 (\$641,148,000 in 1955); Manitoba, \$676,660,000 (\$588,351,000); Nova Scotia, \$395,700,000 (\$331,129,000); New Brunswick, \$323,931,000 (\$294,829,000); Saskatchewan, \$301,033,000 (\$295,162,000); Newfoundland, \$123,780,000 (\$115,579,000); Prince Edward Island, \$25,814,000 (\$23,628,000); and the Yukon and Northwest Territories, \$5,620,000 (\$4,751,000).

### QUEBEC FISHERIES IN 1955

Quebec sea-fishermen landed 126,592,000 pounds of sea-fish in 1955 compared to 90, -106,000 in 1954, an increase of 40 per cent, according to the Dominion Bureau of Statistics annual report on the Province's fisheries. Landed value rose 19 per cent to \$2,940,000 from \$2,470,000 and the value of products 35.5 per cent to \$6,201,000 from \$4,581,000. Landings by inland fishermen climbed 6.6 per cent to 2,600,000 pounds from 2,439,000, and the value 12.5 per cent to \$474,000 from \$421,000.

Chief landings in the sea-fisheries were valued as follows: cod, \$1,089,000 (\$809,000 in 1954); lobster, \$738,000 (\$758,000); herring, \$290,000 (\$283,000); salmon, \$197,000 (\$224,000); mackerel, \$178,000 (\$150,000); plaice, \$112,000 (\$19,000); and smelts, \$105, -000 (\$84,000). Among the chief landings in the inland branch were eels valued at \$128,000 versus \$94,000 and sturgeon at \$88,000 versus \$87,000.

Value of capital equipment employed in primary operations of the province's sea fisheries in 1955 was \$3,795,000 compared to \$3,568,000 in the preceding year. In the inland fisheries, capital equipment was \$452, -000 versus \$419,000. Number of men employed in primary operations of the sea fisheries was 5,147 against 5,055 a year earlier and in the inland branch there were 1,236 versus 1,217.

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### CANADIANS AIR-MINDED

Vancouver Airport was Canada's busiest in October, in terms of takeoffs and landings, with a total of 22,815, the Department of Transport reports:

During that month the Department's air traffic controllers at Canada's 28 main airports handled a total of 238,870 takeoffs and landings, an increase of 13 per cent over the figure of 211,301 in October of last year.

Cartierville, Que., was second in activity with a total of 22,740; followed by Montreal's Dorval airport with 20,169; Winnipeg, 17,806; Toronto (Malton) 17,185; Edmonton, 16,914; Ottawa, 15,210.

In scheduled airline flights Malton was first with 4,532; Dorval second 4,511. Following in order were Vancouver, 2,665; Edmonton, 2,615; Winnipeg, 2,143; Ottawa, 1,498 and Gander, Newfoundland, 1,480.

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### P. E. I. APPOINTMENT

Prime Minister, John G. Diefenbaker has announced that His Excellency the Governor General has approved the appointment of William Joseph Parnell MacMillan, O.B.E., M.D., C.M., F.A.C.S., as Lieutenant Governor of the Province of Prince Edward Island, succeeding the Honourable T. William L. Prowse.

### NEW POSTAGE STAMP

Mr. William Hamilton, Postmaster General, has announced the details of a new design postage stamp that will be issued on January 22, 1958.

The stamp will be of five cent denomination and is intended to emphasize the significant influence of the printed word on the life of Canadians. Because it is the most popularly known form of printed communication, the newspaper is depicted as the subject of the stamp. Canadian newspapers have long maintained an enviable reputation in dealing with day-to-day affairs, both in news and editorial form.

Issuing of the stamp also coincides with celebration of the jubilee of The Canadian Press, the co-operative news gathering organization which services member newspapers throughout the country. This non-profit organization in its day-to-day dissemination of news material has played an important part in bringing the people of Canada closer together and in helping to create the Canada of today.

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### BOSTON TRAVEL OFFICE

The Canadian Government Travel Bureau will establish a new branch office in Boston, Massachusetts, in 1958 it was announced recently by Mr. Alvin Hamilton, Minister of Northern Affairs and National Resources.

In making the announcement to delegates to the 12th Federal-Provincial Tourist Conference in Ottawa, the Minister said the office would be located in a good downtown, ground-floor location in the city.

The Travel Bureau at present has two branch offices in the United States, one in New York at 11 West 49th Street, and the other in Chicago at 157 West Wacker Drive.

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### TOURIST ACCOMMODATION

There has been a continuing boom in tourist accommodation in Canada during 1957, with units newly built, under construction or in the planning stage in almost all major centers across the country.

In Ontario 53 new motels opened as well as 11 lodges, two inns, 72 cottage establishments and nine cabin establishments. Nova Scotia reported 11 motels, five cabin colonies and 23 tourist homes opened during the year with five motels under construction. In New Brunswick, 93 motel units were opened. There were 25 motel units and 22 lodge units opened in Manitoba, 125 new motel units and 150 commercial cabin units opened in Saskatchewan, and 200 new units of accommodation in Alberta. British Columbia reported the addition of about 1,000 units of tourist accommodation during the year. Total tourist accommodation registrations issued in British Columbia was 2,111.

## TRADE WITH LATIN AMERICA

Canada's export and import trade with Latin America have both continued to increase this year, "Foreign Trade" reports. By the end of August, exports to the 21 Republics totalled \$161 million, compared with \$116 million for the same period in 1956. Total imports from Latin America reached \$187 million by the end of June, but the \$26 million unfavourable trade balance for Canada was unusually small, despite record petroleum purchases from Venezuela. It is expected that by the end of this year total exports will easily exceed \$200 million.

### MARKET HIGHLIGHTS

Although currency difficulties continue to plague such historic markets as Brazil, Argentina, Colombia, Chile, Uruguay and Bolivia, developments in all Latin American countries favour better marketing conditions for Canadian products. New import programmes have been instituted in Brazil, Colombia, Chile and Bolivia which should strengthen these countries economically. The Argentine Government, despite many difficulties, is making sincere efforts to expand its foreign exchange-earning industries. Mexico, Venezuela, Peru, the Dominican Republic, Cuba and most Central American countries are all in favourable hard-currency positions and appear to be becoming more prosperous as time goes on. Among the countries which have increased their purchases from Canada sizably during the first eight months of this year are Panama, up 742 per cent, Argentina 199 per cent, Brazil 112 per cent, Uruguay 101 per cent, Honduras 37 per cent, Mexico 22 per cent, and Puerto Rico 16 per cent.

### COMMODITY TRADE

The leading Canadian exports to South America are newsprint, industrial and farm machinery, flour, synthetic plastics, rolling mill products, wheat, milk powder, aluminum, asbestos, electrical appliances, fish, copper, malt, aircraft and parts, wood pulp, auto-

mobiles, purebred cattle and seed potatoes. Of particular interest this year was the sale of Canadian ships worth \$22 million to buyers in the Republic of Panama, and an Argentine order for 25 diesel electric locomotives. Sales of wheat and flour have declined in the face of United States surplus disposal programmes and increasing flour-milling capacity. Some interesting new business has been developed in synthetic textile fibres, cobalt beam therapy units, leather, purebred cattle, lumber and fine papers. Canadian engineers and air survey firms are active in a number of countries.

Although exports to Latin America account for only 4 per cent of our total export trade, it is worth noting that the area purchases a much higher percentage of manufactured goods than do most of our principal customers. This market is also vital for a number of important Canadian export industries.

### PETROLEUM LEADING IMPORT

Imports of petroleum and petroleum products from Venezuela account for some two-thirds of total imports from all Latin American countries. Purchases this year had increased 40 per cent to \$130 million by the end of June, despite growing Canadian production. Canada is now Venezuela's second most important export market, a fact which is of particular significance to the Venezuelan Government in view of the restrictions which the United States Government has placed on imports of petroleum.

Canadians have also been buying substantial quantities of coffee from Brazil, Colombia, Mexico and Guatemala, bananas from Costa Rica, Honduras, Panama and Ecuador, and sugar from Cuba. Purchases of raw cotton from Mexico totalled \$29 million last year but have fallen off for the present because the United States Department of Agriculture is offering surplus stocks at attractive prices. An interesting development has been the export of Chilean steel bars, rods and sheets to buyers in Western Canada.

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### TREND TO TV

Close to 63 per cent or 2,536,000 out of an estimated total of 4,055,000 Canadian households were equipped with television sets at the end of May this year, according to estimates based on the annual sample survey by the Dominion Bureau of Statistics. This was a substantial increase over last year's September estimate of 54 per cent of all households. Ninety-six per cent of all households (3,894,000) -- the same proportion as in September last year -- had radio receiving sets, and some 76 per cent or 3,084,000 had telephones as compared with 74 per cent a year earlier.

### PARKS POPULAR

Attendance at Canada's National and Historic parks showed a marked increase during the period April 1 to September 30, 1957. During these months the parks were host to 3,748,241 visitors or 413,425 more than for the same period of 1956.

Parks showing the largest gains were Banff with an increase of 76,207; Jasper, an increase of 56,773; Riding Mountain, in Manitoba with a reported gain of 52,926; and Waterton Lakes, Alberta, with an increase of 57,457 visitors.

## EXPORTS AT NEW PEAK

Canada's domestic exports reached an all-time peak total in the first three-quarters of this year, rising 1.5 per cent to \$3,570,100,000 from \$3,518,100,000 a year earlier, the Dominion Bureau of Statistics reports in its regular monthly summary. September's value was 3 per cent larger than in the corresponding month last year, advancing to \$416,200,000 from \$403,600,000. Apart from September, there were increased values posted for January, March, May, July and August, but decreases for the other three months.

Among chief commodities there were increases in the nine-month period in the exports of iron ore, nickel, uranium ores and concentrates, crude petroleum, aluminum and products, asbestos and products, industrial machinery, newsprint paper, fish and fishery products, and seeds, but decreases for wheat and other grains, wheat flour, planks and boards, wood pulp, farm machinery and implements, copper and products, and zinc and products. Area totals were larger this year for the United States, Latin American countries and "other" foreign countries, but smaller for the United Kingdom, the rest of the Commonwealth, and Europe.

Nine-month exports to the United States were up 2.5 per cent to \$2,123,174,000 from \$2,071,018,000 a year earlier, increases being registered for six of the nine main commodity groups. Main gains were in non-ferrous metals and non-metallic minerals and products. September's exports were up to \$249,843,000 from \$230,971,000 a year earlier, with increases in all main groups except iron and its products, and chemicals and products.

Exports to the United Kingdom fell 7 per cent in the nine-month period to \$544,608,000 from \$587,974,000 in the like 1956 period, agricultural and vegetable products, non-ferrous metals and products, and non-metallic

minerals and products, accounting for the decline. September's exports fell about 10 per cent to \$67,837,000 from \$75,246,000, with chief declines in agricultural and vegetable products, and non-ferrous metals and products.

Shipments to the rest of the Commonwealth dropped in the January-September period to \$165,489,000 from \$185,406,000 in the like 1956 period, and in September to \$17,328,000 from \$19,058,000. Among individual markets, nine-month shipments were larger to Jamaica and Australia but smaller to Trinidad and Tobago, Union of South Africa, India and New Zealand.

Owing mainly to larger shipments to Argentina, Brazil, Cuba, Mexico, Panama and Venezuela, exports to countries of the Latin American group rose in the January-September period to \$168,898,000 from \$123,707,000 a year earlier. September's shipments to the area were also higher than a year earlier at \$15,901,000 versus \$14,566,000.

Exports to European countries in the three-quarter period this year were moderately smaller at \$396,669,000 versus \$401,258,000 in the like 1956 period. Last year's nine-month value was augmented by large exports of grains to the U.S.S.R., Czechoslovakia and Poland. This year the totals were negligible for the U.S.S.R. and Czechoslovakia and sharply reduced for Poland. Exports were larger to Belgium and Luxembourg, France, Federal Republic of Germany, Italy and the Netherlands. Area total for September was larger at \$44,953,000 versus \$42,184,000.

Reflecting in large measure to increased shipments to Japan, domestic exports to all other foreign countries in the January-September period rose to \$156,485,000 from \$135,187,000 a year earlier. September's area total was slightly smaller at \$19,161,000 versus \$20,101,000.

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## ASPECTS OF CANADIAN FOREIGN POLICY

(Continued from P. 2)

selves and, no less important, of our genuine and sustained interests in finding ultimate peaceful solutions to the issues that divide us from the communist world.

"I have endeavoured to put before this House a diagram of Canada's relations with other nations. Nothing that I have said should obscure our intense resolution to reduce tensions between the West and the U.S.S.R. No sane person could run the risk of shutting any promising door on the possibility of co-existence. Yet--and this is not double talk--

we should not fall into a propaganda plot; we should not be lulled into complacency by empty or hollow professions such as happened after the Geneva meeting. We must keep up our defences pending the arrival of the day for which we have hoped, the arrival of the day of substantial mutual trust between the West and the East. And I should add this: we must have convincing proof that the U.S.S.R. has abandoned its policies of domination. Co-existence cannot be used as a cover for subversion on the part of the U.S.S.R. in free countries. What I have been trying to say, Sir, is that we must keep our powder dry and put the hand out."