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WEEK'S EVENTS IN REVIEW

IN PARLIAMENT: Committee stage on the Emergency Exchange Conservation Bill was concluded in the Commons and the Bill given third reading. On third reading, Mr. Bracken, Progressive Conservative leader, moved reference of the Bill back to Committee for an amendment to limit application of the Bill to U.S. dollar countries. The Minister of Finance, Mr. Abbott, opposed the amendment on the ground that it would make the Bill discriminatory against certain countries.

The House rejected the amendment by 104 to 96 (Government majority, 8).

The House then gave the Bill third reading by 102 to 92 (Government majority, 10).

During Committee discussion, the Minister of Trade and Commerce, Mr. Howe, outlined principles and policy underlying administration of import restrictions on capital goods under schedule III of the Bill (P. 4-6).

On a vote of 103 to 98 (Government majority, 5) the House rejected a Progressive Conservative motion for production of certain correspondence on freight rates between the C.N.R. and Moore-McCormick Lines Inc.

The House without dividing gave third reading to a Bill amending the Farm Improvement Loans Act, 1944. The Bill (1) extends operation of the Act for a further three years from March 1 and (2) broadens the field of loans in respect of which security may be taken by way of mortgage.

AT THE UNITED NATIONS: Palestine before the Security Council and Korea before the Little Assembly continued the main issues at Lake Success (P. 7-11).

On Palestine, the United States proposed a Committee of the Big Five (U.S., Russia, U.K., France and China) to consider whether the Palestine situation constitutes a threat to international peace and to report its conclusions "as a matter of urgency" with any recommendations for action it considers appropriate.

The Security Council continues its discussion of the U.S. proposal this afternoon.

In the Little Assembly, the United States submitted a draft resolution favouring elections in South Korea now for the election of a National Assembly which would work towards Korean unity.

Lester B. Pearson (Canada) opposed the resolution on the ground that elections in south Korea alone could not be brought within the terms of the General Assembly resolution.

After considerable discussion the U.S. proposal was adopted yesterday by 31 votes for, two against, and eleven abstentions.

The two votes against: Canada, Australia.

The abstentions: Afghanistan, Colombia, Denmark, Egypt, Iraq, Norway, Panama, Saudi Arabia, Sweden, Syria, Venezuela.

The Little Assembly adjourned till this afternoon.

PEACE RIVER BRIDGE

REPAIRS THE HARD WAY: Canadian Army engineers of the Northwest Highway System who are assisting in the repair of the Peace River Bridge are taking instruction the hard way.

To get to "class", it is a question of climbing down a ladder through four feet of solid ice, an underwater layer of slush-ice and finally 25 feet of swiftly running water onto the bed of the Peace River. Seven army men are taking instruction in diving and underwater cofferdam operations at present being carried out at the bridge by a civilian contracting firm.

Some time ago a fault was discovered in the north pier of the 2100 foot suspension bridge near Fort St. John, B.C. After investigation by Army engineers and civilian specialists, work on a new concrete reinforcement of the pier base was commenced. Measuring 80 feet in length, 30 feet in width and 52 feet in depth, the concrete base supports high steel towers from which the suspension cables are supported. In temperatures ranging as low as 25 degrees below zero, the present work involves extensive underwater operations by men clad in diving suits who go down from the end of a trestle-way of over 450 feet in length, which was constructed by Army engineers in preparation for the work.

Every possible effort is being made to finish the repair operation before the dangerous spring break-up of ice. Despite recent 40 and 50° below cold snaps, the work is continuing and by means of oxy-acetylene torches the existing sheet steel piling casing is being cut away to allow for new pourings of concrete.

ARMY DIRECTOR OF AIR: Lieutenant-Colonel W.B.G. Reynolds, OBE, 36, has been appointed acting Director of Air for Army Headquarters.

Colonel Reynolds completed a one-year course at the Staff College Camberley, England, in December, 1947. Prior to proceeding to Camberley he had been a member of the directing staff at the Royal Canadian Air Force Staff College at Toronto.

During the campaign in Northwest Europe he was GSO I (Air) at Headquarters, First Canadian Army, and before that had been GSO 2 (Air Liaison) with Headquarters, 1 Canadian Corps.

EQUIPMENT TRANSFERRED TO D.V.A.: The Department of National Defence has recently transferred to the Department of Veterans Affairs, without charge, various medical equipment, stores and supplies which already are being used by DVA institutions across Canada.

The transfer of the equipment is in line with the Department of National Defence policy of making available all surplus hospitals and medical equipment for veterans' use. Approximately 23 hospitals, complete with equipment, have been turned over in accordance with this policy.

CIVIL SERVICE PAY INCREASES: An Order in Council has been passed revising salary ranges of civil servants in the classes of Office Boy, Messenger, Telephone Operator, Review Clerk, Signal Clerk, Teletypist and Secretary to Executive. The changes cover approximately 4,800 employees and will result in an increase in annual payroll of an amount estimated at \$840,000.

The Civil Service Commission is continuing its study of the salary rates of those classes for which revisions have not yet been approved. Further statements may be expected from time to time.

RETIRING SHORT-TERM BONDS: The Minister of Finance, Mr. Abbott, has announced that arrangements have been completed for the sale of \$325,000,000 Government of Canada Bonds to the Bank of Canada and the Chartered Banks. The issue will be dated March 1, 1948 and mature March 1, 1950 and will carry 1½% interest. The price received by the Government will be 100.30, resulting in an interest cost of approximately 1.35% per annum. The proceeds of this issue, together with some \$185,000,000 in cash will be used to retire short-term bonds of the Second and Sixth Victory Loans which mature on March 1st. These are the 2¼% issue of the Second Victory Loan amounting to \$269,879,000 and the 1½% issue of the Sixth Victory Loan amounting to \$239,713,000.

STRIKE TIME LOSS UP: Due to the strike of 9,000 coal miners in Alberta and British Columbia, which commenced on January 13, time loss due to strikes in Canada during January recorded a substantial increase over the previous month, it was shown by the monthly strike and lockout summary issued by the Minister of Labour, Mr. Mitchell.

Preliminary figures for January, 1948, show 19 strikes and lockouts in existence during the month involving 12,595 workers, with a time loss of 135,780 man-working days, as compared with 15 strikes in December, 1947, with 3,189 workers involved and a time loss of 19,097 days. In January, 1947, there were 12 strikes, involving 3,302 workers, with a time loss of 28,519 days.

The strike of the coal miners in Alberta and British Columbia accounted for a loss of 117,000 man-working days, or more than 86% of the total time loss for the month.

HIGHER GOLD PRODUCTION: Canadian production of gold during 1947 amounted to 3,069,500 fine ounces as compared with 2,832,600 in the preceding year, an increase of eight per cent. In December, 274,700 fine ounces were produced compared with 252,200 in the preceding month and 229,400 in the corresponding month of 1946.

Production in 1947 was as follows by provinces, totals for 1946 being in brackets: Ontario, 1,946,400 (1,813,300) fine ounces; Quebec, 598,500 (618,300); British Columbia, 244,600 (136,200); Manitoba and Saskatchewan, 169,300 (191,500); Northwest Territories, 60,600 (23,400); Yukon, 48,900 (45,300); Nova Scotia, 1,200 (4,300) fine ounces.

COAL PRODUCTION DOWN: Production of coal in Canada in January totalled 1,351,000 tons, showing a decline of 21 per cent as compared with the January 1947 output of 1,700,500 tons. The strike in the western mines caused a drop in production of 43 per cent in Alberta and 62 per cent in British Columbia, but output increased 19 per cent in Saskatchewan and nine per cent in the Maritimes. Imports in January totalled 1,099,700 tons, a decline of 13 per cent from January, 1947.

\$242 MILLION FROM TOURISTS

YEAR'S INCREASE \$19 MILLION: Expenditures in Canada in 1947 by tourists and other travellers from the United States, Newfoundland and overseas countries totalled \$242 million, an increase of \$19 million over 1946, according to estimates by the Dominion Bureau of Statistics. This advance may be compared with increases of \$46 million in 1945 and \$57 million in 1946. These figures indicate that the rapid growth in the tourist trade which characterized the immediate post-war period and reached a peak in 1946 had lost momentum in 1947. The aggregate travel receipts consist of \$230 million from the United States and \$12 million from overseas countries and Newfoundland. The American expenditures are only six per cent higher than in the previous year, but the amount spent by overseas travellers shows a gain of 71 per cent.

The most encouraging feature of the tourist trade in 1947 is the strong showing made by the automobile traffic, the traffic which before the war formed the backlog of the tourist industry in Canada. American dollars brought into Canada by motorists in 1947 almost equalled the aggregate amount brought in by train, boat, bus, airplane and all other methods used to cross the international border.

CANADIAN TRAVELLERS' EXPENDITURES

Expenditures of Canadian travellers in other countries during 1947 are estimated at \$167 million, just over twice the amount spent two years ago, and \$33 million more than the previous record established in 1946. For purposes of comparison with pre-war data, the average expenditures for the period 10 years immediately preceding the war were \$73 million, and the pre-war high in 1929 was \$108 million.

Canadian expenditures on tourists' trade account in 1947 comprise \$152 million spent in

the United States and \$15 million spent in other countries. The amount which went to the United States is 17 per cent more than the sum spent in that country in 1946, and the overseas expenditures are almost four times their size in 1946. The increase in Canadian expenditures in the United States can be attributed not only to increased volume of traffic but to a rise in the average expenditure per person in almost all types of travel. Higher prices for practically all the goods and services bought by the traveller have contributed to the rise in expenditures, as have increased purchases of foreign merchandise declared to the Canadian customs by returning Canadians.

Active expansion in Canadian travel expenditures in the United States accompanied by retarded development in American expenditures in Canada cut net credits accruing to Canada in the international tourist trade with the United States from \$86 million in 1946 to \$78 million in 1947. Net credits may be compared with an all-time high estimated at \$103 million in 1929 and a record low of \$51 million in 1933.

MORE ARRIVE BY CAR

The year 1947 brought increases in the number of tourists and other travellers entering Canada from the United States by car, through bus and plane, and decreases in the number of entries by train and boat. Both permit and non-permit automobile traffic increased 12 per cent over 1946. The number of net entries by through bus and by plane, exclusive of in-transit traffic, were up eight per cent and five per cent, respectively. Net entries by train excluding in-transit traffic were down six per cent, and boat traffic dropped one per cent.

When the volume of Canadian traffic in the United States in 1947 is compared with that of 1946, much the same pattern is observed as was seen above in the case of American traffic in Canada. Automobiles remaining abroad for more than 24 hours increased in number by 25 per cent and those remaining for shorter periods by 16 per cent. The number of passengers travelling by through bus was up 14 per cent. There was practically no change in traffic by air, while the volume of travel by train and boats decreased four per cent and one per cent, respectively.

Shipping losses incurred during the war and priority for returning service personnel and their families held overseas travel to a minimum until 1947. In that year many reconverted transports were back in passenger service, carrying travellers to and from Canada directly and by way of New York and other American seaports. A rapidly growing trans-Atlantic air service helped to bring the overseas tourist close to pre-war levels in spite of restrictions on export of sterling and other currencies for pleasure travel.

CONTROL ON TOURIST CABINS LIFTED: The War-time Prices and Trade Board announces that all tourist cabins now vacant or which may become vacant in the future will be free of rent and eviction control. Tenants now in occupancy are still protected by the rentals regulations and cannot be required to vacate so long as they are well behaved. If a tenant does vacate, the accommodation will then be free of control. This rule will also apply to ski lodges, winter chalets, hunting lodges, and summer cottages.

GUNLESS TANK FOR SALE: One surplus Ram Tank, made in 1942, tops a list of material now being offered to trade buyers by War Assets Corporation through the Montreal Branch Sales Office. It is admitted that this particular Ram Tank - a Mark II - in its present condition would be of little service in any war, private or otherwise, because the armament has

been removed and a gunless tank would be as harmless as a kickless mule.

Suggestions are offered that it might do as a garden ornament, or even serve as a type of tractor, but the Corporation states that it will gladly consider any reasonable offer, and leave it to the purchaser to find useful employment for this tank that stayed at home.

Folding cradle beds make another entry into the list of unusual items of surplus in possession of War Assets Corporation. Not for infants, these are a special type of bed designed for naval sick bays fitting into a mechanism which allows them to remain level against the roll of the ship.

RCAF APPOINTMENT: Air Force Headquarters has announced the appointment of W/C J. B. Millward, DFC, Ottawa and Montreal, as Director of Selection and Manning at Ottawa, succeeding A/C R. C. Ripley, OBE, who was recently appointed Assistant Chief of the Air Staff.

IMPORT CONTROL OF CAPITAL GOODS

HOW RESTRICTIONS WILL BE APPLIED: During discussion by the House of Commons, in Committee of the Whole, of the Exchange Conservation Bill, the Minister of Trade and Commerce, Mr. Howe, outlined the principles and policy underlying administration of schedule III of the Bill. This schedule deals with import restrictions applied to the import of capital goods.

The objective guiding our administration, Mr. Howe said, is to encourage industries, activities and practices which will earn or save United States dollars. A necessary test is that these industries will use Canadian resources in so far as possible. New industries must be economically sound; capable of standing on their own feet and competing successfully once the temporary protection of import restrictions is withdrawn. That is the positive side.

NEGATIVE MEASURES APPLIED

To make our positive measures effective we must also apply some negative and restrictive measures. We must discourage further investment in a broad range of industries which are less essential. I do not like the word "non-essential." The new amusement, service, commercial and industrial enterprises in which new investment and construction must be curtailed would provide many pleasant amenities and improvements in the Canadian standard of living. But they all involve expenditures of United States dollars. I have mentioned before, that approximately 30 cents out of every dollar spent on new construction, machinery and equipment finds its way to the United States. Since our supply of United States dollars is limited it must, in effect, be rationed.

The need for this is underlined by the magnitude of new capital investment intentions in 1948. On top of an investment boom in 1947 in which the all-time record, in peace or war, of \$2.4 billion was spent on new construction, machinery and equipment in Canada, an increase of 17 per cent, or \$400 million, is planned for 1948. For the purposes of this discussion it is the United States dollar aspect of this really staggering amount--\$2.8 billion--which concerns us. But I would like in passing also to draw attention to the disturbing inflationary possibilities inherent in such a programme. Some postponement of the less essential expenditures in this programme will be far from harmful. It will not cause any unemployment in the construction or capital goods industries. In fact our capacity in a number of key instances, such as steel supply, will be strained to the limit to provide for essential construction. Additional demand in the market will simply bid up prices, intensify shortages, interrupt necessary work and generally add to costs. On the other hand, projects postponed now will prove useful in maintaining employment and income in the future.

TWO RATIONING METHODS

This may appear a digression, but I wish to make the point that while our exchange position forces us to limit our purchases of capital goods in the United States, our overall investment picture is such that some deferment of expenditures would in any case be economically desirable and sound.

There are two possible methods of limiting the imports of capital goods, or to put it another way, of rationing our limited supply of United States dollars to be spent on such

goods. One method is an over-all blanket reduction; the other is by a selective approach, distinguishing between those projects which are most necessary and helpful to Canada, and those which can be postponed with a minimum of loss and inconvenience.

SELECTIVE APPROACH

There can be little question as to the superior merit of the second method--the selective approach. But it has some important implications, from its very nature, that must be clearly understood. It is obvious that no hard-and-fast formula can be laid down to govern administrative procedure. Almost every project has distinctive features which require special consideration. There must obviously be a measure of administrative discretion. Each application for an import is screened in the light of the use for which it is required. Wherever possible the importer is required to submit complete details of his project. Various factors must be taken into account in the final appraisal of the essentiality of the project such as, for example, the need for maintaining basic public services; the possibilities of expanding export trade, the desirability of further developing our primary industries and in general of strengthening the Canadian economy with an eye to maintaining employment and income in the future.

What I have been saying applies to the general range of capital goods covered by schedule III. The schedule also provides for control of the imports of the important automobile and motion picture industries. Since there has already been some desultory discussion of this I would like to make some general remarks concerning these two industries and their place in our over-all exchange and industrial programme.

AUTOMOBILE INDUSTRY

The automobile industry has become one of the largest Canadian manufacturing industries. It has developed to the point where cities such as Oshawa and Windsor are largely dependent upon it as a source of income and employment, and its ramifications are very great. The total scope of the industry cannot indeed be estimated with any accuracy because it extends into so many aspects of our national life. It reaches out from the automobile production line to distributors, repair and dealer services which extend across the country. The needs of automobile drivers and of commercial transport are reflected in the highway systems and the construction programmes of the provinces. The tourist industry is important to the country because of the automobile and the service facilities available to travellers. The automobile manufacturers depend in their turn upon other industries which supply them with their raw materials, such as primary iron and steel, textile fabrics, plate glass, paints and varnishes, and so forth.

I have been asked to provide some statement as to what was our preliminary objective with regard to the saving of United States dollars which might be effected by restricting the imports of the automobile industry. I must say again that there was no such objective at the beginning except the general belief, founded on a careful examination of the facts, that some substantial saving could be made without at the same time inflicting damage on the industry itself. I have given the house a figure of \$35,000,000 which was mentioned at an earlier stage by some of those involved but this was never a goal or an objective.

FORMULA DEVELOPED

It has been necessary to proceed step by step in consultation with the industry itself. They have been approached to give their advice as responsible citizens in the formulation of a policy for their industry which would be in the national interest. A formula has been developed which will enable automobile manufacturing to continue at substantial levels and still provide some relief by way of minimizing the net drain of United States dollars (C.W.B. February 13).

The formula has been published and made available to the house and it will not require any marked diminution of automobile production in Canada this year. In the categories affected, namely automobiles and light trucks, it might indeed be increased from the high level of last year when the total production of such vehicles was in excess of 250,000. Imports of parts under tariff items enumerated in schedule III, namely 438b, 438c, 438d and 438e, amounted to \$108 millions in 1947. Imports of complete vehicles, such as automobiles and trucks of three tons or less, were running at the annual rate of about \$65 million in 1947 until they were banned on November 17. Out of this total it is estimated that the formula will save about \$70 to \$75 millions of imports from the United States. By far the larger part of this, about \$55 millions, will be saved on the import of complete vehicles and the balance on non-essential accessories and gadgets. Many parts which were previously imported will be found obtainable in Canada of good quality and at favourable price.

INCENTIVE TO PRODUCTION

In effect the formula adopted reduces the imports of finished cars to token amounts in 1948, but will permit the continued operation of the automobile production and service industries at substantially 1947 levels. There is, in addition, an exchange incentive to increase production and exports about 90 per cent of the 1947 level, and the effect of this is that, roughly speaking, for every additional car sold for export two additional cars can be made.

Let me repeat that the formula and these estimates have been arrived at after consulta-

tion with the industry itself. I have been impressed by the way in which the industry has taken a responsible attitude towards this urgent national problem and has co-operated fully.

MOTION PICTURE INDUSTRY

I should like to turn now to the motion picture industry. It illustrates that every industry has some special characteristics requiring special consideration. One approach to saving United States dollars in the motion picture business would have been to apply quotas to imports of United States films. This method has been applied in a number of other countries, but with results far from generally satisfactory. In addition, there are some special features in the case of Canada which make a simple quota basis of restriction inappropriate. A substantial amount of the United States dollar cost of the industry to us is in the earnings of United States motion picture properties in Canada. This is over and above the approximate \$12,000,000 a year paid in rentals on imported films. The total annual exchange cost of the industry is estimated at \$20,000,000, of which \$17,000,000 is in United States dollars, the balance going to the United Kingdom and, to a smaller degree, to France. The financial facts of the movie industry in Canada, the tastes and habits of the Canadian movie-going public, and the harmonious relations we have enjoyed with the United States producers--in short, the special situation of the industry in Canada--called for a more imaginative and constructive approach than quota restrictions.

CO-OPERATIVE SPIRIT EVIDENT

As I mentioned on Friday, discussions with the industry are proceeding. I do not think it would be desirable to go into detail on these while they are still under way. But I would like to say that we have been very much pleased with the co-operative spirit in which the industry has joined with us to explore the problem.

That Canada has some interesting possibilities in the movie world is obvious. Climatic factors, local colour and cultures, magnificent natural scenery, availability of technical personnel and facilities, and proximity to the California and New York centres of the United States industry are all of significance. The west coast and Quebec, to mention only two areas, have important location and production advantages. It is our hope that the movie industry will contribute to the solution of the Canadian exchange problem, not by contraction of business in Canada, but by the development of production in Canada and the use of the United States and international network of distribution outlets of the chief United States companies. An important by-product, of course, would be the publicity and resulting tourist

business stimulated by a development of this nature.

Replying to questions, Mr. Howe said that in preliminary figures, \$100 million was used as the estimated total saving on capital goods. But it was now known that this figure was much too low.

FRESH FRUITS AND VEGETABLES: At another stage of the Committee discussion, the Minister of Finance, Mr. Abbott said import restrictions on fresh fruits and vegetables were intended to be temporary. They were put on as a necessary measure to conserve exchange and the Government would not feel justified in continuing them beyond the time when the exchange position made them necessary. In other words, the Government was not prepared to retain the measures indefinitely as a protection to the fruit and vegetable industry.

Mr. Abbott added: I realize, however, that the growers of these fruits and vegetables are placed in a difficult position with respect to planning increases in production; and while I am conscious of the risks and dangers of trying to make predictions, as I said before, I think I can go this far. As I now see the situation and as I now view the prospects of our exchange position I think it is highly improbable that a complete removal of these restrictions with respect to fresh fruits and vegetables will occur much before the end of this calendar year, and it may be that some degree of restriction will continue into the early part of 1949. As far as possible it would be the government's intention not to remove or relax these import controls at a time when that action would have serious or disastrous effects on the marketing of Canadian produce. But I cannot bind the government to any unconditional guarantee that no produce grown in Canada in 1948 will have to face any competition from imported goods. As I said nearly three months ago, the government intends to relax restrictions on basic or essential items such as cabbages, carrots, potatoes and onions when it becomes clear that Canadian supplies are nearing exhaustion.

BILL READ THIRD TIME: On third reading of the Bill, February 24, John Bracken, Progressive-Conservative leader, moved an amendment to limit import restrictions to U.S. dollar countries. The House defeated the amendment by 104 to 96--Government majority 8. Subsequently, on a vote of 102 to 92, Government majority 10, the House gave third reading to the Bill.

FISH LANDINGS HIGHER: Total landings of fish and shellfish in the sea fisheries of Canada during January amounted to 110,257,000 pounds valued at \$2,447,000. This was an increase of 24.6 per cent in quantity and of 34.4 per cent in value as compared with January, 1947.

CANADA AT THE UNITED NATIONS

LITTLE ASSEMBLY AND KOREA: The Interim Committee of the General Assembly (Little Assembly) resumed, February 24, consideration of the "negative attitude" of the U. S. S. R. in northern Korea (C. W. B. February 20, P. 13).

Dr. Philip C. Jessup (United States) submitted a draft resolution favouring elections in southern Korea now, for the election of a National Assembly which could work towards unity of the country.

The United States, Dr. Jessup said, was supporting the United Nations programme for Korean independence and urged that a National Assembly, representing all Korea, be elected by the people of Korea on the basis of population.

Fortunately for the people of Korea, he added, the decision of the United Nations designed to aid them to achieve their independence at the earliest possible date can be carried out in one part of the country . . . which contains two-thirds of the population of all Korea. The decision of the U.N. can be made effective in this part of Korea because the United States is ready and eager to help in carrying out the will of the United Nations to give effect to the wishes of the Korean people for independence.

PROPOSED PROCEDURES

Dr. Jessup said the United States considered that the Korean Commission should proceed with its task along the following lines:

First, to consult with occupation authorities ready to aid them, and to decide on election laws and procedures. Elections might be held seriatim, from south to north, to give the small Commission an opportunity to observe them all.

If north Korea still remained inaccessible and one-third of the Korean people were denied opportunity to seat their representatives in a National Assembly, at least a National Assembly would exist and would be able to work towards national unity and independence.

CANADIAN STATEMENT: Lester B. Pearson (Canada) made the following statement:

There are two resolutions of the Assembly which govern the powers and duties of the Korean Commission:

The second, in its terms, seems to state plainly that the Commission cannot operate in south Korea only. Paragraph 4 of that resolution reads:

The Assembly further recommends that immediately upon the establishment of a national government, that government should, in consultation with the Commission:

(A) constitute its own national security forces and dissolve all military or semi-military formations not included therein;

- (B) take over the functions of government from the military commands and civilian authorities of north and south Korea, and
- (C) arrange with the occupying powers for the complete withdrawal from Korea of their Armed Forces as early as practicable and if possible within ninety days.

Such a recommendation cannot, in our view, be carried out for or in south Korea only.

I am not going into the question at this time whether or not the holding of elections in south Korea alone is desirable and wise. I am merely making the point that, in our opinion, such elections cannot be brought within the terms of that resolution on Korea (which I have just cited) which was passed by the General Assembly and which is binding on the Commission.

AUTHORITY OF COMMISSION

The Korean Commission cannot go outside that resolution or act, constitutionally, in any way contrary to its terms. Nor can those terms be altered by the Interim Committee, which under the Assembly resolution of November 13, 1947, setting it up, can only "consider and report with its conclusion to the General Assembly". Only the Assembly, then, can alter the terms of this resolution in a way to give the Korean Commission power which it has not now got.

It is true that the terms of reference of the Korean Commission empower it "to consult with the Interim Committee". But this consultation obviously cannot be for the purpose of enlarging its powers through action by the Interim Committee because the Committee has no such power.

ONE OF TWO THINGS

The Interim Committee itself can do one of two things. It may consider the report of the Chairman of the Korean Commission and report with its conclusion to the next General Assembly, or it may recommend that a Special Session of the General Assembly be called to consider amendment of the resolution of November 14, 1947, in view of the unwillingness of the Soviet authorities to co-operate in the carrying out of the programme.

There is, however, another resolution of the Assembly which covers the work of the Commission, the operative part of which reads--"the General Assembly:

1. Resolves that elected representatives of the Korean people be invited to take part in the consideration of the question;
2. Further resolves that in order to facilitate and expedite such participation and to observe that the Korean represent-

atives are in fact duly elected by the Korean people and not mere appointees by military authorities in Korea, there be forthwith established a United Nations Temporary Commission on Korea, to be present in Korea, with right to travel, observe and consult throughout Korea".

CANNOT ACT IN S. KOREA ONLY

The view of the Canadian Delegation is that this resolution must be considered along with the one I have just discussed, and that it does not empower the Commission to hold elections in south Korea only, even for consultative purposes. A study of the discussions in Committee I, leading up to the passage of this resolution, fortifies our conclusions in this regard. The resolution in question was an amendment to a Soviet resolution designed to ensure that elected representatives from north and south Korea should appear before the General Assembly itself for consultation. Instead, the resolution we are now discussing was passed, providing for the election of such representative from north and south Korea, for consultation with the Commission in Korea itself.

In the debate on this matter, at the Assembly, the delegate from China made the position clear. He emphasized that those from Korea who attended the Assembly (and this would, of course, apply to the Commission as well) "should be really representative of the whole people, for the Committee would not want to have conflicting or sectional views presented". At the same meeting of the First Committee of the Assembly, he added (A/C.1/SR. 89, 29 October, Page 8) representatives should come from the whole of the country and not only from the north or the south. There was the question as to whether representatives of the whole could be elected with the present division in the country, but he thought that could be done with the assistance of the Commission". Furthermore, at the 91st meeting of the same Committee, on October 30th, Dr. Koo stated that his delegation "wanted representatives of the Korean people as a whole, not from northern and southern Korea".

The Canadian Delegate on the First Committee took the same view and voted for the U.S. resolutions in the belief that they embodied that view. The Canadian member of the Korean Commission has also consistently supported this interpretation of the Assembly's resolutions and contended that the Commission's powers and duties were limited accordingly.

It has been said that the discussion in the General Assembly made it clear that the Commission was not likely to be permitted to operate in north Korea. If that is true, then I suggest that it is unfortunate, to say the least, that members who held this view did not seek to amend the resolutions that are introduced in order to provide against this contingency, which they expected to develop.

OBSTRUCTIVE ATTITUDE OF U. S. S. R.

We feel, in short, that the Commission is not now in a position to carry out its mandate in Korea. For that discouraging situation, the responsibility must rest squarely on the USSR which by its non-co-operative and obstructive attitude has prevented, not accidentally but with calculation, the facilitation and observation by the United Nations of elections for the whole of Korea and for the purpose of setting up a National Democratic Government chosen by the people of Korea themselves. The ones who will, of course, suffer most from this policy of the USSR are those who least deserve it, the Korean people. I hope that nothing I have said will be interpreted as suggesting that my Government is not anxious to see a free, United and Democratic Korea brought into being at the earliest possible date. My Government strongly supports that objective and feels that the policy of the USSR in preventing its realization is to be condemned.

We do feel, however, that it would be unwise to seek to associate the UN with an effort to achieve this desirable objective, by asking its Commission in Korea to do things that it has not, under its terms of reference, the power to do.

That, Mr. Chairman, is all I have to say at this time on this one subject, namely the legal powers of the Commission under the Assembly resolutions setting it up. Our position is that the Commission is not authorized under those resolutions to act in or for south Korea alone.

OTHER DELEGATES' VIEWS

In continued discussion, delegates generally supported the United States resolution. Several delegates, without offering formal amendments, made suggestions for the amplification and clarification of the American proposal.

William D. Forsyth (Australia) said his delegation favoured holding elections in south Korea for consultative purposes only. Australia, Mr. Forsyth said, opposed the idea of holding elections for a National Assembly in south Korea alone as abortive and tending to aggravate and perpetuate the division between north and South Korea.

It might provoke similar elections in north Korea and thus lead to disunity rather than unity. The Assembly had never contemplated holding elections in only one part of Korea and Mr. Forsyth did not think the Commission or the Interim Committee should enter on that course of action.

But elections in south Korea for consultative purposes only, Mr. Forsyth felt, were quite within the competence of the Commission.

Dr. Jessup (United States) in a further statement, reiterated the belief of the U.S. delegation that the U.S. resolution was in accordance with the General Assembly resolu-

tion. The interpretation of the Assembly advanced by the U.S., Dr. Jessup held, was "spund and correct".

The General Assembly resolution, Dr. Jessup continued, made a clear distinction between a National Assembly and the establishment of a National Assembly in Korea. The U.S. had always understood the Assembly resolution to mean that it was for the elected representatives of Korea themselves; in consultation with the Committee, to consider the establishment of a National Government and proceed to its creation. The National Assembly set up would not be a "closed body" barring representatives of those elements which would not be represented at the beginning. Safeguards to ensure this were inherent in the procedure of elections and of the establishment of the Government itself. The National Assembly would not be "the complete and definitive form of National Government of Korea". This form of Government would be determined by the people of Korea themselves. The Korean representatives would be encouraged to consult with the Korean Commission as to further steps to attain full independence. They would be free to consult with other Koreans in other parts of the country. At this stage, the Korean people might be able to secure the full cooperation of all the people of Korea as a whole.

SECURITY COUNCIL

U.S. PROPOSAL ON PALESTINE: The report of the Commission on Palestine, requesting armed assistance (C.W.B. February 20, P. 12) came before the U.N. Security Council February 24. Warren B. Austin (United States) submitted a draft resolution --

To establish a Committee of the Security Council comprising the five permanent members of the Council (United States, Russia, United Kingdom, France, China) whose functions will be:

- (A) to inform the Security Council regarding the situation with respect to Palestine and to make recommendations to it regarding the guidance and instructions which the Council might usefully give to the Palestine Commission.
- (B) To consider whether the situation with respect to Palestine constitutes a threat to International Peace and Security, and to report its conclusions as a matter of urgency to the Council, together with any recommendations for action by the Security Council which it considers appropriate.
- (C) To consult with the Palestine Commission, the mandatory power, and representatives of the principal communities of Palestine.

The draft resolution further appeals to all Governments and peoples, particularly in and around Palestine, to take all possible action to prevent or reduce such disorders as are now occurring in Palestine.

Arthur Creech Jones, British Colonial Secretary, said withdrawal of British forces and stores from Palestine was already well under way and should be concluded by August 1. The British Administration in Palestine was taking all practical steps to terminate its control by May 15.

GEN. McNAUGHTON OPENS SITTING

Opening the sitting, Gen. McNaughton (Canada) president of the Council, expressed the earnest hope that every member of the Council "as well as those who may be called upon to assist us in the consideration of these matters, will bear in mind the grave responsibility which we must discharge, not only in regard to the safety and well-being of multitudes of men, women and children in Palestine, but also our grave responsibility to the United Nations."

Gen. McNaughton continued: We have been given the task of dealing with a situation which has been a difficult and serious one for years and has now deteriorated to a point which arouses the most anxious fears. No solution to the problem involved in this situation has been put forward which meets the wishes or the objectives of all those concerned, nevertheless, a recommendation concerning it has been made by the Assembly of the United Nations. That recommendation is made to the governments of all the member states. It also submits certain aspects of the problem to the Security Council.

APPEAL TO REASON

The problem of Palestine, which is before us and before the nations of the world, is how to bring peace to that Holy Land, which is now torn and terrified by strife; how to reconcile the anxieties of those who are now its inhabitants with the aspirations of those who feel its claims. The consideration of this problem provokes deep and conflicting emotions; strong and conflicting ideals, passionate and conflicting loyalties.

The Council will, I know, agree that in our own consideration of the question we should strive to free ourselves of every feeling except the determination to be constructive, unprejudiced and realistic; and to avoid saying or doing anything which will aggravate the situation or incite to violence those whom it is our earnest desire to help.

We ourselves have the right to urge, indeed to insist that nothing should be done in Palestine, itself, or in other countries whose feelings are deeply engaged in this matter, which will complicate or embitter a situation already tense and explosive.

Those who ignore this advice and act against it, are not merely reducing the chances of peace in Palestine. They are trifling with the far wider issue of peace in the world and are prejudicing the whole future of the United Nations as an organization capable of maintaining security by collective action.

(C.W.B. February 27, 1948)

Dr. Karel Lisicky (Czechoslovakia) chairman of the UN Palestine Commission, presenting the Commission's special report, said the only way of implementing the partition of Palestine "consists in providing for assistance by non-Palestinian military forces available not in some symbolical form but in effective, adequate strength."

UNITED STATES ATTITUDE

Warren B. Austin (United States) said United States policy would not be unilateral. It would conform to and be in support of United Nations action on Palestine.

Mr. Warren declared that "If the Security Council should decide that it is necessary to use armed forces to maintain international peace in connection with Palestine, the United States would be ready to consult under the Charter with a view to such action as may be necessary to maintain international peace."

Such consultation would be required as agreement had not been reached making forces available to the Security Council under Article 43 of the Charter.

The Charter of the United Nations, Mr. Austin added, does not empower the Security Council to enforce a political settlement whether it is pursuant to a recommendation of the General Assembly or of the Council itself.

"The Council was authorized to 'take forceful measures with respect to Palestine to remove a threat to international peace.' What this meant was that the 'Council under the Charter can take action to prevent aggression against Palestine from outside' and by these same powers action to prevent a threat to international peace and security from inside Palestine."

SPECIFIC STEPS SUGGESTED

"But this action must be directed solely to the maintenance of international peace.... directed to keeping peace and not to enforcing partitions."

The United States Government believed "we should have in mind the desirability of the following specific steps which the Council might take at once:"

1. To accept the tasks assigned to it by the General Assembly.
2. To establish a Committee of the Council comprising the five permanent members "to look at once into the question of possible threats to international peace arising in connection with the Palestine question" and to consult with the Palestine Commission, the mandatory power, and representatives of the principle Palestine communities.
3. To call upon all governments and peoples "particularly in and around Palestine" to take all possible action to prevent or reduce the disorders now occurring in Palestine."

UK STANDS BY DECLARATIONS

Arthur Creech Jones, U.K. Colonial Secretary, said withdrawal of British forces and stores from Palestine was already well under way and should be completed by August 1. The Palestine Administration was taking all practical steps to terminate its control by May 15.

Military withdrawal and winding up of civil administration were both being carried out against a background of increasing violence.

The general security position in Palestine had degenerated very seriously since the resolution of the General Assembly was passed, November 29, due to lack of restraint by both communities in Palestine aggravated by activities of groups beyond the borders, the intrusion of armed bands and, on the Jewish side, by the continuance of illegal immigration.

"CLEAR AND REPEATED WARNINGS"

The situation confronting the Council, Mr. Creech Jones said, was one which the U.K. government had foreseen and against which they had uttered clear and repeated warnings which went to a large extent unheeded.

The U.K. Government could not "reasonably be asked to contribute to whatever line of action the United Nations may now think necessary to implement the General Assembly resolution."

British public opinion would not permit "new expenditure of life and treasure" nor the use of British forces and "the squandering of British lives to impose a policy in Palestine which one or others of the parties is determined to resist."

"We have played our part to the limit of our resources," Mr. Creech Jones added, "We cannot now take a course which may entangle her (the U.K.) again".

The U.K. Government must stand on its many declarations, withdraw its troops by August 1 and "refuse either individually or in association with others, to impose the United Nations plan by force."

SPECIAL ASSEMBLY PROPOSED

Dr. Alfonso Lopez (Colombia) proposed that:

1. The Council ask the Big Five to consult on joint action to meet any threat to the peace arising from enforcement of the Assembly's resolution of last November for dividing Palestine into Jewish and Arab countries and making Jerusalem an international city.
2. The Council appoint a Committee of five to examine the advisability of requesting an extraordinary session of the Assembly for reconsidering the partition resolution.
3. The Council ask Britain to postpone the date for terminating her mandate until July 15, 1948, and also to postpone the evacuation of troops from Palestine.

Warren Austin (United States) said the U.S.

could not support the Colombia proposal. He then submitted the draft resolution of which the main proposals have been quoted. This draft resolution, in its introductory paragraph, calls upon the Security Council to accept, "subject to the authority of the Security Council under the Charter," the requests addressed by the General Assembly to the Council in paragraphs (A), (B), and (C) of the General Assembly resolution of 29 November 1947 on Palestine.

These requests concern the taking of necessary measures by the Council as provided for in the partition plan for its implementation (guidance and instruction by the Council to the Palestine Commission, action by the Council if by 1 April 1948 provisional Councils of Government could not be established either in the Jewish or the Arab state), consideration by the Council of the question whether the Palestine situation during the transition period constitutes a threat to the peace, and, finally determination by the Council as a threat to the peace, breach of the peace, or act of aggression under Article 39 of the Charter of "any attempt to alter by force the settlement envisaged" by the Assembly's Palestine resolution.

The Council adjourned till this afternoon.

ECONOMIC AND SOCIAL COUNCIL

COMMISSION FOR LATIN AMERICA: By 13 votes to none with four abstentions, the Economic and Social Council adopted a resolution laying down the membership and terms of reference of the Economic Commission for Latin America (C.W.B. February 13, p. 10). The abstentions were Byelorussia, Canada, United States, USSR.

J.H. Warren (Canada) declared that his delegation was still hesitant and doubtful concerning the wisdom of establishing yet another regional body. The Canadian delegation believed in world-wide solutions on a multilateral basis. For this reason, he would abstain from voting.

Membership of the Commission is open to UN members in north, central and south America, the Caribbean area, France, the Netherlands, the United Kingdom.

Terms of Reference provide that the Commission shall initiate measures for facilitating concerted action for dealing with urgent economic problems arising out of the war, for raising the level of economic activity in Latin America, for strengthening the economic relations of Latin American countries both among themselves and with the rest of the world. The Commission shall also make studies of economic and technological problems within territories of Latin America.

A Proposal to include the USSR in the Economic Commission for Latin America was defeated by 13 to 2 (Byelorussia and USSR) with two abstentions (China and Lebanon). The Polish delegate was absent.

ECONOMIC REPORT ADOPTED: The Economic and Social Council, February 24, adopted unanimously a Canadian resolution taking note of the "Economic Report -- Salient Features of the World Economic Situation, 1945-47" published by the UN Secretariat and recommending to the Secretary General that, in preparation of future reports, the views expressed by members of the Council, during the debate on the report, be taken into consideration.

IMPLEMENTATION OF HUMAN RIGHTS: The Social Committee of the Economic and Social Council, adopted February 20, by eight votes to three, and Australian resolution which would direct the Commission on Human Rights to give particular attention to the implementation aspects of the Bill of Human Rights.

The vote:

For Australia, Canada, Chile, China, Denmark, New Zealand, Peru, United Kingdom.

Against: Byelorussia, Poland, USSR.

Abstentions: Brazil, France, Lebanon, Netherlands, Turkey, United States, Venezuela.

INTERNATIONAL COURT'S FIRST CASE: The first case to come before the International Court of Justice at the Hague since its inauguration in 1946 as the principal judicial authority of the United Nations opened yesterday. Questions at issue arise from the Corfu channel dispute between the United Kingdom and Albania.

John E. Read (Canada) is one of the sixteen judges hearing the case.

MARITIME ORGANIZATION: The UN Maritime Conference meeting at Geneva decided, February 23, that the proposed new inter-governmental maritime organization should be empowered to "provide machinery for cooperation among governments in the field of governmental regulation and practices relating to technical matters of all kinds affecting shipping, engaged in international trade, and to encourage the general adoption of the highest practicable standards in matters concerning maritime safety and efficiency of navigation."

This text, which is subject to later final drafting, will form the first paragraph of the first article of a convention establishing the new organization.

GREATER FOOD PRODUCTION PLANNED: The final plenary of European national Food and Agriculture Organization committees, in Rome, February 21, adopted in the presence of the FAO director-general, Sir John Boyd Orr, and the Ministers of Agriculture of Belgium, Netherlands, Luxembourg and Italy, the following principal recommendations:

1. An overall plan for increased European food production.
2. Ever-increasing cooperation between east and west Europe as well as between FAO, the Economic Commission for Europe and the timber sub-commission.
3. Stepped up milk production for children of war-damaged countries.

A strong regional FAO office in Rome to be in charge of African dependencies and European countries.

Sir John Boyd Orr stressed that food abundance offered the only way to prosperity and peace.

INTERNATIONAL CHILDREN'S FUND

PROGRESS REPORT: Information on the Activities of the International Children's Emergency Fund since December 2, 1947, has been received by the Department of External Affairs in the form of a progress report by the Executive Director of the Fund, of which Canada is a member.

Eight European countries - Austria, Bulgaria, Czechoslovakia, Italy, Finland, Hungary, Poland, and Roumania - started distributing supplementary meals during December and early January to children and nursing and pregnant mothers. The ICEF provides 250 to 300 calories of special protective foods, while the governments provide an equal amount in caloric value from home production. Similar help soon is to be provided in Albania, Greece, France and Yugoslavia. Before the end of the winter about 3,715,000 children and nursing and pregnant mothers will be receiving ICEF food.

The total resources of the Fund include \$3,500,000 set aside for China, and \$1,500,000 provisionally allocated for other Far Eastern countries. An ICEF mission has been established in China and is drawing up a feeding programme, and initial steps have been taken to enquire into the needs of other Far Eastern countries.

At present, shipments of food are being made from Australia, Czechoslovakia, Newfoundland, Norway, the United States and Canada, and it is expected shipments soon will be made from Denmark, Iceland, New Zealand, Poland, Switzerland and Uruguay.

NOT ENOUGH MILK AVAILABLE

A survey of milk supplies in four selected European countries shows that there is not enough available to meet even the bare requirements of children and nursing and pregnant mothers. The need for clothing and shoes is equally urgent. The Fund is enquiring into the possible purchase of textiles and leather from which receiving countries could make clothing and shoes. To implement such a programme on an effective scale would require an increase in the Fund's financial resources.

The Fund is co-operating with the World Health Organization to assist governments to control tuberculosis and venereal disease among children. Specific plans have been developed for using Danish, French and Swiss contributions -- as well as contributions which may be forthcoming from other governments -- for the training of physicians, nurses and social workers in child health and welfare.

On February 12, 1948, the resources of the Fund were approximately \$40,000,000. Canada has contributed \$5,000,000 directly to the Fund and \$200,000 to the National Council of the United Nations Appeal for Children which is designed to raise money for the Fund.

The Fund now has an experienced staff in each recipient country to work with governments, to study needs, to observe the operation of the programme and to ensure fulfilment of the principles established by the United Nations.

The Executive Director reports that first-hand observations during the initial months of actual feeding operations have demonstrated that supplies are fairly distributed and well protected; that pilferage is unknown; that warehouse arrangements, internal transport and the preparation and distribution of meals are being conducted with exceptional efficiency, and that the staff in the field are working with great devotion and confidence.

Despite generous contributions, the Fund is at present unable to reach more than a small fraction of the needy children in Europe and the Far East and does not have sufficient resources to maintain even this through 1948.

RESPONSIBLE GOVERNMENT CENTENARY: The centenary of the establishment of the first responsible government in the British Empire overseas will be marked by a special ceremony in the Legislative Buildings at Halifax when the Nova Scotia Legislature meets in March. A plaque, provided by the National Parks Service of the Department of Mines and Resources on the recommendation of the Historic Sites and Monuments Board, will be unveiled by J.A.D. McCurdy, Lieutenant Governor of the Province.

There will be a reference to the centenary of this notable achievement in the Speech from the Throne, and the Speaker of the House will be in charge of the proceedings, and the Premier of Nova Scotia, Angus L. Macdonald, will explain the significance and national importance of the event which is being commemorated. Professor D.C. Harvey, Provincial Archivist of Nova Scotia, will represent the Historic Sites and Monuments Board of Canada.

On the second day of February, one hundred years ago, a ministry which depended for its existence on the will of the majority of the Assembly, took office in Halifax. It was an Executive Council chosen exclusively from the party having the majority in the representative branch of the legislature. This development brought to fruition a long constitutional struggle which was inspired and led by a Reform Party headed by Joseph Howe, who later was a strong advocate of Confederation. It was the first step towards "Dominion Status" in Canada.

James Boyle Uniacke, who joined Howe in his campaign after first opposing the reform movement, became Attorney General of the Province, and Howe was named Provincial Secretary.