

CANADIAN WEEKLY BULLETIN



INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

November 20, 1957

Vol. 12 No. 47

U.S. - CANADA DEFENCE CO-OPERATION

The basic framework of Canada's defence co-operation with the United States was outlined in general terms in the House of Commons November 13 by Prime Minister John G. Diefenbaker, who said, in part:

"As the House is aware, the machinery of defence co-operation between Canada and the United States had its origin in what is known as the Ogdensburg Declaration of August 1940, by the President of the United States and the then Prime Minister of Canada, Mr. Mackenzie King, foreshadowing the development of the closest defence collaboration between the United States and Canada. Arrangements arising out of this declaration were effective during the last war in the political, military and supply fields.

"In November 1945, the United States Government forwarded a request to the Canadian Government urging that collaboration in defence which had been so effective during the days of war should be maintained; that Canada and the United States should agree to the continuance of the Permanent Joint Board on Defence which had been established in August 1940, and set up military arrangements to ensure the continuance of close co-operation of the defence forces of both countries in the defence of Canada and the United States. It was agreed that the Permanent Joint Board on Defence would be continued and a military co-operation committee would be set up, directly responsible to the chiefs of staff in each country, to

discuss and process joint measures for the defence of Canada and the United States.

"Following negotiations in the Permanent Joint Board of Defence, there emerged a joint statement of principles approved by the two governments laying down in broad terms the conditions governing the continuing partnership in defence of the two countries. These conditions and principles were announced in the House of Commons on February 12, 1957. Defence co-operation and collaboration between Canada and the United States has therefore continued without a break and with continuing impetus since 1940.

"When Canada and the United States signed the North Atlantic Treaty, the arrangements and procedures for defence collaboration were continued under the Canada-United States Regional Planning Group as one of the regional groupings of NATO.

"I would emphasize that the only restrictions which exist in defence collaboration are those imposed by law and not by desire. This limitation is only in the field of thermo-nuclear weapons, and is mainly concerned with the composition, construction and manufacturing techniques of nuclear weapons. The House will realize that the manufacture of nuclear weapons is not an urgent defence requirement for Canada. On June 15, 1955, by means of an exchange of notes, agreement was reached between the Government of Canada and the Government of the United States for co-operation in

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the atomic field for mutual defence purposes. At that time agreement was reached that each government would make available to the other government atomic information deemed necessary to:

- (a) the development of defence plans;
- (b) the training of personnel in the employment of defence against atomic weapons; and
- (c) the evaluation of the capabilities of potential enemies in the employment of atomic weapons.

"The finalizing of this agreement in this very important field was followed by the participation of Canadian military personnel in United States exercises involving thermo-nuclear explosions, so Canadian troops could be trained in the procedures for decontamination of personnel and vehicles and the detection of radiation resulting from these kinds of explosions. In short, there exists today the fullest co-operation in all aspects of military operations in areas where atomic weapons may be used.

"In President Eisenhower's statement of November 7... the President made particular reference to Canada-United States partnership in the construction of our continental defence system. Collaboration in air defence was undertaken soon after the close of the last war, and a joint effort was made to develop a comprehensive air defence system for the common defence of North America. This system, concerning which the House has been fully informed, comprises an aircraft control and warning radar installation in the southern part of Canada, known as the Pinetree system, which was jointly built and is jointly operated by Canada and the United States. This was followed by the joint arrangement for the construction of the Mid-Canada Line and the Distant Early Warning Line, and a common communications system. For administrative convenience these projects were constructed separately by each government, but they are operated along with the Pinetree chain as a complete early warning and interceptor system. In order to work out these intricate air defence problems of an operational and scientific nature, a joint Canadian-United States military study group consisting of service officers and scientists was set up.

"One result of studies conducted by this group was a recommendation, made to the chiefs of staff of both countries in December 1956, for the establishment of a joint headquarters to provide for the operational control of the air defence of Canada and the United States. These recommendations of the joint study group were approved by the chiefs of staff of both countries and the United States Secretary of Defence approved these measures early in April.

"This bilateral arrangement within the Canada-United States Regional Planning Group of NATO is a further step in achieving the agreed NATO objectives for the Canada-United

States regional planning group, which are as follows:

- (a) to provide an effective base for and effective protection of the strategic nuclear counter-offensive capability;
- (b) maintenance of an effective early warning and air defensive system.

"This arrangement within the Canada-United States Regional Planning Group was reported by both countries to the NATO Council before it was made public.

"It is realized that this comprehensive air defence system is a defence against the manned bomber, and it was recognized some time ago that steps should be taken to provide for defence against the further threat of the inter-continental ballistic missile. As early as July 1956, negotiations were commenced for joint collaboration in the study of methods and procedures for dealing with defence against the ICBM. The Defence Research Board, in collaboration with the United States Air Force, has undertaken a substantial research programme which will aid in solving the problems of producing a warning system and defence against the ICBM. Research studies, including field and laboratory studies, of the factors which will make feasible the radar detection of an ICBM warhead and the interception of this warhead by a destructive missile are now being thoroughly and jointly investigated.

"The radar to be installed in Saskatchewan is part of this activity. It is worthy of note that this radar has been loaned by the United States to be operated by the research workers of the Defence Research Board as part of our contribution to the research against this new and serious threat. It is our intention to follow up very closely this joint development and to give this project of creating a defence against the ballistic missile high priority in our defence programme.

"Other joint efforts of considerable significance are the projects for the development of defensive measures against the missile-carrying submarine, including new long-range submarine detection techniques and improved methods of destroying submarines. These measures are being developed by the two navies in an effort to combat the threat of missile attacks against North American ports and installations.

"There is consultation and co-operation on defence on all levels. Officers of all services are integrated into the major schools and training establishments of all services in the United States. The cold weather testing of United States and Canadian weapons, including missiles, is carried out at the Canadian test station at Churchill, Manitoba. While co-operation in these fields is indeed very extensive, there are other areas where more joint work can be done, and we intend to fully explore further co-operation and consultation in these important fields of defence and particularly research and development."

TRADE MISSION TO UK

The Canadian Trade Mission to the United Kingdom, comprising leading representatives of business and industry from all areas of Canada will leave Montreal for London on Thursday, November 21. The Mission will also include representatives of labour, agriculture and fisheries.

In an announcement on the Mission, Mr. Gordon Churchill, Minister of Trade and Commerce, said: "The purpose of the mission is to stimulate purchases from United Kingdom sources of goods now imported by Canada from non-Commonwealth countries. Its immediate objectives are to provide a favourable climate and to seek specific opportunities for the expansion of British exports to Canada, so that Canada may take full advantage of sources of supply in the United Kingdom, and British exporters may participate increasingly in Canada's growing import requirements.

"To this end, membership of the mission consists largely of business men whose companies represent some twenty groups of industries across Canada, which it is believed can use increasing quantities of British products. The mission represents an annual purchasing potential of many millions of dollars worth of imports."

The mission will remain in the United Kingdom from November 22 until December 18, during which time it will follow a programme arranged by the United Kingdom authorities in consultation with Canada House.

Following preliminary talks in London with Ministers, senior government officials, the Dollar Export Council and its affiliated industrial bodies, the Mission will then go to the British atomic energy plant at Harwell, then on to Bristol and Cardiff. Visits have been planned for November 27 to a steel plant in nearby Margam or the British Nylon Spinners in Pontypool, depending on the special interests of members of the mission. A banquet will be given in their honour that night in St. Mary's Hall, Coventry.

November 28 and 29 have been set aside for visits to selected industrial plants in the Midlands, concluding with a press conference

HALIBUT COMMISSIONER: Fisheries Minister J. Angus MacLean has announced the appointment of Dr. W.M. Sprules, Special Assistant to the Deputy Minister of Fisheries, as one of the Canadian members of the International Pacific Halibut Commission. Dr. Sprules takes the place on the Commission held by S.V. Ozere, Assistant Deputy Minister, who has had to relinquish his duties as Commissioner because of the pressure of other departmental work. The appointment is effective November 1 of this year.

The Commission, which regulates the halibut

in Birmingham. The group will leave that night by special train for the British atomic energy plant at Calder Hall, where Saturday morning, November 30, will be spent. St. Andrew's Night will be celebrated in Edinburgh.

Visits will be made to selected industrial plants in the Glasgow area on Monday and Tuesday, December 2 and 3, followed by a dinner tendered by the Glasgow Chamber of Commerce on Tuesday, when members of the recent Edinburgh Chamber of Commerce Mission to Canada will be present.

Opportunities will be afforded members of the Canadian mission to visit selected industrial plants in the Manchester-Liverpool area on December 4 and 5. The group will then be split into two parties, one of twelve members proceeding on December 6 by air to Belfast and the remainder of the party, going to Leeds. Both will return to London the following day.

Arrangements will be made for small groups and individuals to visit selected firms of their choice between December 9 and 13, returning thereafter to London for discussions and official conferences. Following a reception by the United Kingdom Government on December 18, the mission will return to Canada by air.

Mr. Churchill said he believes this programme, which has been prepared by the British Government, in consultation with Canada House, should enable members of the mission to obtain a good impression of the productive capacity of the United Kingdom. It is expected that contacts established by members of the mission during their four weeks in Great Britain will result in the placement of orders for British goods, and that the creation of a favourable climate will stimulate the flow of merchandise to Canada.

Many opportunities will be presented for Canadian and British businessmen to discuss any difficulties that have curtailed the flow of goods between their two countries, to talk terms and to lay the foundation for a substantial improvement in trade that is so essential to the economies of the United Kingdom and Canada.

fishery off the Pacific coasts of both the United States and Canada, is made up of three members from each of these countries. The other two Canadian commissioners are Harold S. Helland, Prince Rupert, B.C., and Richard Nelson, Vancouver, B.C.

The halibut fishery of the Pacific coast has been under the management of the international commission for the past 25 years. During this period of controlled fishing, both the supply of halibut and the yield of the fishery have been substantially increased.

THE CANADIAN MINISTRY: In order of precedence in the Privy Council -

The Right Honourable John George Diefenbaker, Prime Minister; The Honourable Howard Charles Green, Minister of Public Works (Acting Minister of Defence Production); The Honourable Donald Methuen Fleming, Minister of Finance and Receiver General; The Honourable Alfred Johnson Brooks, Minister of Veterans Affairs; The Honourable George Hees, Minister of Transport; The Honourable Léon Balcer, Solicitor General; The Honourable George Randolph Pearkes, V.C., Minister of National Defence; The Honourable Gordon Churchill, D.S.O., Minister of Trade and Commerce; The Honourable Edmund Davie Fulton, Minister of Justice and Attorney General (Acting Minister of Citizenship and Immigration); The Honourable George Clyde Nowlan, Minister of National Revenue; The Honourable Douglas Scott Harkness, G.M., Minister of Agriculture; The Honourable Ellen Louks Fairclough, Secretary of State of Canada; The Honourable J. Angus MacLean, D.S.C., Minister of Fisheries; The Honourable Michael Starr, Minister of Labour; The Honourable William McLean Hamilton, Postmaster General; The Honourable James MacKerras Macdonnell, M.C., Minister without Portfolio; The Honourable William J. Browne, Minister without Portfolio; The Honourable Paul Comtois, Minister of Mines and Technical Surveys; The Honourable Jay Waldo Monteith, Minister of National Health and Welfare; The Honourable Francis Alvin G. Hamilton, Minister of Northern Affairs and National Resources; The Honourable Sidney Earle Smith, Secretary of State for External Affairs; The Honourable John Thomas Haig, Minister without Portfolio and Leader of the Government in the Senate.

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WUS NATIONAL ASSEMBLY: More than 100 delegates, observers and guests from thirty universities and colleges participated in the 12th National Assembly of World University Service of Canada, held last month at the University of New Brunswick, Fredericton. Also present were representatives from the National Conference of Canadian Universities, National Federation of Canadian University Students, Canadian Association of University Teachers, Student Christian Movement, Canadian Federation of Newman Clubs, Friendly Relations with Overseas Students, and Pax Romana. The Assembly, which was the largest in the history of the organization, met in the Atlantic Region for the first time, thanks largely to a grant of \$1,000 from the Province of New Brunswick.

In the course of its three-day meeting the Assembly:

-voted \$15,000 as the Canadian contribution for the 1956-57 academic year to the WUS International Programme of Action for aid to universities in need,

-set a target of \$20,000 as the Canadian contribution to the International Programme

for 1957-58; of this amount \$5,000 will be earmarked for projects in South Africa, Japan, Hong Kong, India and Vietnam,

-established a fund of \$20,000 towards the costs of holding the 1958 International General Assembly in Canada. (Of this amount, \$12,000 is assured from the Canada Council),

-decided to hold the 1958 Summer Programme in Yugoslavia, and empowered the National Committee to negotiate the 1959 Summer Seminar in the West Indies,

-directed the National Committee to submit firm proposals for a visit to Canadian universities of a small group of professors and students from the U.S.S.R. on an academic basis,

-instructed the National Scholarship Committee to examine ways and means of initiating and financing a programme for Canadian faculty abroad, as well as to bring distinguished scholars from other countries to Canada for lecture tours,

-urged Local WUS Committees to continue their efforts to aid Hungarian students,

-approved an administrative budget of \$24,650 for the year 1957-58.

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CHANGES IN ENERGY PATTERN Canada's energy pattern has shown great changes over the past 30 years, production of electricity (mostly from water power) and of crude petroleum and natural gas rising sharply, and coal declining. These changes are reviewed in the October issue of the Canadian Statistical Review released by the Dominion Bureau of Statistics.

Taking 1948 as the base, production of crude petroleum rose from an index of 3.0 in 1926 to one of 1,388.2 in 1956, while production of natural gas rose from an index of 20.7 in 1926 to one of 251.1 in 1956. Coal Production changed from an index of 89.3 in 1926 to one of 80.8 in 1956. Electricity production rose from an index of 25.7 in 1926 to one of 186.6 in 1956.

Energy consumption in Canada increased from 1,115,831 billion British thermal units in 1926, to 2,018,737 billion B.t.u. in 1948 and 2,704,886 billion B.t.u. in 1956 (from an index of 55.3 in 1926 to one of 100.0 in 1948 and 134.0 in 1956). These figures are for the imputed consumption outside the energy-producing sector. In other words, they show the amount of energy consumed by end-users, after deducting the quantities used in the intermediate stages of producing fuel or electricity. Consumption of energy per head of population rose from 118.1 million B.t.u. in 1926 to 157.4 million B.t.u. in 1948 and 168.2 million B.t.u. in 1956.

The proportions in which different fuels and electricity were consumed by end-users changed considerably over the 30 years. Coal consumption by end-users decreased from 61.8 per cent of the total in 1926 to 25.4 per cent in 1956. The proportion approximately halved during the last eight years (from 51.2 per

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PRIMARY TEXTILES INDUSTRY

The physical proportions of an industry is generally regarded as a barometer of its importance in the national economy of a country. This being so, the position of the Canadian primary textiles industry - which ranks second among Canadian manufacturing industries in number of people directly employed, assumes a role of vital importance, according to an article written by John Meriman for the October issue of the "Canadian Textile Journal".

The primary textiles industry comprises those establishments engaged in manufacturing or preparing textile fibres - cotton, wool, and the various synthetics - and in spinning, weaving, felting, knitting, dyeing and finishing these fibres and the products made from them.

While the majority of the plants are located in the Provinces of Ontario and Quebec, every province in Canada is represented and more than half the plants and approximately two-thirds of employees are in towns of less than 50,000 population. Thus the Canadian primary textiles industry is a "home" industry in the truest sense of the word and in its decentralization lies its greatest strength.

For example, the relatively light employment in the textile industry complements that of heavy industries in many so-called textile communities. The industry is a "year-round" employer of labour.

In many cases the textile mill in a small town is the community's only industry, so that it becomes the sole means of livelihood for the townsfolk, men and women, and it is not unusual to find two or three generations of families working side by side in a textile mill. The phrase "a home industry", then, is very real to thousands of Canadian textile mill operators.

PRIMARY & SECONDARY INDUSTRIES

While some consumer products come from the primary industry, in the main it is supplier to the secondary textile and garment manufacturing industries.

The importance of the primary textiles industry in terms of providing employment, salaries and wages for its employees cannot be underestimated. In 1957, for instance, 82,000 Canadian men and women were employed.

In that same year, the secondary textile industries - the secondary textile and garment manufacturing industries, which are supplied by the primary industry - employed 105,000 Canadians.

It then becomes a matter of simple mathematics to deduce the over-all importance of the Canadian textile manufacturing industry in the national economy. With a total of 187,000 employees, the composite industry's contribution to the prosperity of Canada and the general well-being of Canadians is by no means insign-

ificant.

The primary industry today is progressive and efficient and well able to produce top-quality goods and to promote their sale aggressively. The increased use of Canadian fabric by the secondary industry could do much to stem the tide of imports and thus boost the domestic mills' share of the available market.

As things stand at present, however, imports are taking a larger share of a growing Canadian market. When the growth factor was missing, imports increased, but domestic output dropped. Then, when the available market resumed its growth, domestic output improved slightly, but imports increased at an accelerated rate.

ROLE OF MANUFACTURING

The role of manufacturing is becoming increasingly important in Canada's economic structure and will be much more pronounced as the population curve continues its upward climb. During the past quarter-century there has been an increase of 58 per cent in the Canadian population and the forecast has been made that the trend will continue by a further 50 per cent by 1975.

Such a situation is of vital significance to the Canadian primary textiles industry as it means an expansion in the available market for textiles and clothing. On the other hand, however, it is a statistical fact that the number of young people coming into the labour force will grow rapidly as soon as the increased post-war birth rate arrives at working age. Then these people will be out looking for jobs. It has been estimated that the number of young people eligible for the labour force will reach a peak in 1960.

Manufacturing is the industry into which the greatest number of the increasing labour force must move, not only to meet expansion, but to provide the variety of employment needed to make Canadians most fully productive. It is a fact that the most dependable market for the domestic producer of manufactured goods - and this includes textiles - is the domestic market.

Two world wars have proved quite adequately that manufacturing capacity is a basic munition of modern warfare and the global uneasiness which has persisted now for several years in varying degrees makes it mandatory that vigilance and preparedness must not for one moment be relaxed.

Being the world's largest per capita trader is all very well, and it is something of which to be proud. One has also to be realistic in facing the fact that occupying this position involves an exposure to world-wide economic currents which can have a greater impact on Canada than in their countries of origin. They can communicate their effects to Canada by

reducing demands on, or increasing competition with, Canada's export industries and by increasing pressure on domestic industries competing with imports.

There is a marked trend toward a decline in the importance of exports in relation to the whole national economy. In the 1920's Canada's exports of goods and services were 30 per cent of the Gross National Product; in 1956 they were 21 per cent.

A "HOME" INDUSTRY

The primary textiles industry in Canada operates for the domestic market and exports represent a negligible fraction of Canadian textile production. It is the domestic market that determines the industry's operations. That is why the growth and progress of the industry is so inextricably linked with the growth in importance of Canadian manufacturing and with the continued increase in population.

Being a "home" industry of considerable size and of real importance poses certain major problems for the textile industry. The market for textile products in Canada reflects the demands of a diversified economy with a high standard of living in close proximity to the United States. In contrast to the situation in countries having a more elementary economy, basic textile needs in Canada were served at an earlier stage of development.

MARITIMES PROGRAMME: A large-scale Dominion Provincial power programme to be carried out in the Provinces of Nova Scotia and New Brunswick was announced in the House of Commons November 14 by Prime Minister Diefenbaker.

Included in the programme are:

-A Dominion subvention on coal used for power production in the two provinces.

-Dominion construction of steam power plants and interconnecting transmission lines in the two provinces. These will be sold to the provinces.

-A \$30,000,000 Dominion loan at 4-3/8 per cent interest to New Brunswick for additional construction of the Beechwood Hydro Electric Power Project on the St. John river.

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CHANGES IN ENERGY PATTERN:

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cent in 1948 to 25.4 per cent in 1956). Gasoline and other petroleum fuels between them rose from 9.2 per cent of imputed net consumption in 1926 to 47.3 per cent in 1956. Electricity rose from 3.2 per cent in 1926 to 11.0 per cent in 1956. Fuelwood decreased from 17.2 per cent in 1926 to 3.8 per cent in 1956.

Energy can be measured, not only at the point of consumption, but also at the point at which the various fuels and electricity first become available to Canada. The net accession of energy sources consists of all

The demand today for apparel, domestic and industrial fabrics, is governed to an increasing extent by taste and style on the one hand and by the requirements of industry on the other. At the same time the basic demand volume-wise is limited by the size of the population.

VARIETY OF PRODUCTS

This diversified demand is matched, and indeed stimulated, by the variety of products it is necessary for the industry in Canada to manufacture and by foreign competitors, particularly in the United States.

These and new factors including new fibre blending techniques and new processes, create a state of demand that is limited in point of basic volume but highly diversified in point of styles, types and qualities. This situation leads to keen competition between Canadian producers and between the Canadian industry and foreign producers selling in Canada.

It can be said, however, that the Canadian primary textiles industry today is much better able to compete than it was a few years ago, thanks to the courage and determination of management which a decade ago set about the task of modernizing the mills in the interests of increased efficiency and lowered unit cost of operation.

production in Canada from natural resources, (including hydro-electricity) plus net imports (the excess of imports over exports). The net accession of energy to Canada increased from 1,251,039 billion British thermal units in 1926 to 2,337,848 billion B.t.u. in 1948 and 3,159,717 billion B.t.u. in 1956 (from an index of 53.5 in 1926 to one of 100.0 in 1948, and one of 135.2 in 1956). The totals are larger than those for the imputed net consumption. They include all energy entering the economic system, including that which was subsequently used in the production of manufactured fuels and in the generation of electricity in thermal plants.

The part played by coal and its products decreased from 70.4 per cent of the net accession in 1926 to 30.9 per cent in 1956. The part played by oil and its products in the energy supply increased considerably, from 9.9 per cent of the net accession in 1926 to 50.0 per cent in 1956. Hydro-electricity increased from 2.8 per cent in 1926 to 8.9 per cent in 1954 after which its contribution declined relatively to fuels, being 8.3 per cent of the net accession in 1956.

Canada is dependent on foreign countries for a large part of its energy supplies. Net imports provided 47.6 per cent of the net accession of energy in 1926 and 59.5 per cent in 1948. Since then, there has been a decrease to 37.0 per cent in 1956, which reflects a rapid and substantial increase in Canada's capacity to supply herself with energy.

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