



Information Division
Department of External Affairs
Ottawa Canada

Canadian Weekly

Bulletin

Vol. 26, No. 52

December 29, 1971

MR. TRUDEAU REPORTS ON TALKS WITH MR. NIXON

On his return from Washington, where he had met with President Nixon on economic issues affecting Canada, the Prime Minister made the following statement to the House of Commons on December 7:

Mr. Speaker, as Honourable Members are aware, I spent several hours yesterday with President Nixon in Washington. I should like to take a few moments of the time of the House to report on those meetings and on the discussions which took place concurrently between the Ministers of Finance and Industry, Trade and Commerce, with their officials, and the United States Secretaries of the Treasury and of Commerce and their officials.

One of the purposes of my visit was to seek reassurance from the President, and it can only come from him, that it is neither the intention nor the desire of the United States that the economy of Canada become so dependent upon the United States in terms of a deficit trading pattern that Canadians will inevitably lose independence of economic decisions. I stated to the President, as candidly as I was able, the concern which had been expressed in Canada, and indeed by some Honourable Members, with respect to

the character of the U.S.-Canadian relationship. That concern was precipitated, of course, by the introduction on August 15 of the new United States economic policies, but it has been reflected increasingly in recent years by the continuing flow to Canada of American investment with its inherent advantages and disadvantages.

U.S. VIEW

I cannot emphasize too strongly the warmth and the understanding with which President Nixon responded to my questions and the candid attitude which he revealed. He assured me that it was in the clear interests of the United States to have a Canadian neighbour not only independent both politically and economically but also one which was confident that the decisions and policies in each of these sectors would be taken by Canadians in their own interests, in defence of their own values, and in pursuit of their own goals.

The century-old desire of Canadians to benefit from our North American neighbourhood and to profit from our relations with the United States, while at the same time remaining Canadian to the degree and extent that we choose, was put to the President by me and accepted by him without hesitation or qualification.

We are a distinct country, we are a distinct people, and our remaining as such is, I was assured, in the interests of the United States and is a fundamental tenet of the foreign policies of that country as expressed by the Nixon administration.

I should add that the President was sensitive to the suggestion that his August 15 policies could be interpreted as evidence that the United States was unable to accept a Canada with a strong trading and current account position *vis-à-vis* the United States. This interpretation he could understand, but he stated to me forcefully that it was incorrect. I have not the slightest doubt, having spoken to him, that his in-

CONTENTS

Mr. Trudeau Reports on Talks with Mr. Nixon	1
CN's International Arm	2
Development Plan for Small Farms	3
Capital Spending Estimates	3
Grant to Arctic Winter Games	4
Job-Creation Urgent	5
Manufacture of Snow-Trucks	5
Births and Deaths	6
RMC to be Modernized	6
Monthly Index	7

terpretation is the correct one and will be borne out by events.

PM CONFIDENT OF BRIGHTER FUTURE

If I may turn for a moment to the specific question of reforms in the monetary and trading practices of the world, the President and I agreed that no benefit would be gained by any short-sighted attempt on the part of any single country – the United States included – to gain immediate advantage. If the world trading nations and the international monetary community are unable to support with confidence whatever agreements are reached, then no progress will have been made. The same inherent instability and uncertainty which precipitated the August crisis will return, but with a viciousness not so far present because governments and the private sector will have lost confidence in their ability to come to grips with problems of this importance and this magnitude.

In short, Mr. Speaker, while the state of negotiations on specific points does not permit me to reveal to the House the precise state of play on any of the items which are understandably of interest to all Honourable Members, I am able to say that I have not the slightest doubt that those negotiations will be culminated soon, that the economic issues outstanding between Canada and the United States will be resolved, and that Canada will emerge in a healthier state. Much of the credit for progress in the process is due to the Secretary of State for External Affairs (Mr. Sharp), to the Minister of Finance (Mr. Benson), and to the Minister of Industry, Trade and Commerce (Mr. Pepin) for the skilful, tough and professional manner in which they have led the Canadian team of negotiators.

INTERNATIONAL ISSUES

I have emphasized in these remarks those parts of my discussion with the President which were directed to economic issues and to Canadian-American relations. I hasten to add, however, that we spent a good deal of time on broader international matters – on the tragedy which is now unfolding on the Indian sub-continent, on the steps which are being pursued in the United Nations to arrest the hostilities and create a measure of confidence that the grievances in that area can be redressed, and on East-West relations generally. In keeping with the President's desire to inform the major allies of the United States about his pending visits to the People's Republic of China and the Soviet Union, we talked of the initiatives taken by both Canada and the United States to lessen tension and contribute positively to an orderly international climate.

Finally, Mr. Speaker, I am pleased to inform Honourable Members that the President told me with what pleasure he and Mrs. Nixon were looking forward to their visit to Canada this spring. I assured him

that the warmth of the reception which I knew awaited them would be a clear indication of the friendship between the peoples of our two countries.

CN'S INTERNATIONAL ARM

Canadian National has incorporated its international division as a separate subsidiary, under the name of CANAC Consultants Limited, N.J. MacMillan, chairman and president of CN, announced recently.

Mr. MacMillan said that the recent signing of an agreement with Air Canada would enable the new firm to offer consulting services in the technology of both air and rail transportation and related areas.

Maurice Archer, senior vice-president of CN, has been elected chairman of the board of directors of CANAC Consultants Limited; Alton V. Johnston, former general manager of CN's International Consulting Division, has been appointed president of the new firm. A.E. Ades, of Air Canada, J.L. Cann and V.R. Cox, of Canadian National, are CANAC's vice-presidents.

CANAC's head office is located in Montreal, where both Air Canada and Canadian National have their headquarters.

"Formation of the new subsidiary company will enable the firm to offer a combined variety of consulting services to foreign countries, to private firms and to other consulting companies," said Mr. MacMillan.

Canadian National's ICD was set up in June 1968 to make technical transportation aid and advice available to developing countries on an organized, contractual basis. CN had previously been providing such aid and expertise to an increasing degree but on a more or less *ad hoc* basis, responding mainly to requests from the Federal Government, and also assisting an increasing number of independent Canadian consulting firms in overseas projects involving transportation.

The new company will continue the type of assignments previously carried out or currently under way by Air Canada and Canadian National's ICD.

"Since its inception, the international consulting division has handled 35 foreign assignments, 26 of which involved personnel working outside Canada. Apart from providing valuable aid to developing countries, the activities of the ICD have enhanced the prestige of CN – and of Canada – at home and abroad and have given CN managerial and technical experts opportunities to gain valuable experience and develop professional skills which can be applied elsewhere," said Mr. MacMillan.

Air Canada is currently involved in an assistance project in East Africa, while Canadian National's main technical assistance project involves the management and improvement of the existing rail network in Zambia over a five-year period.

DEVELOPMENT PLAN FOR SMALL FARMS

A \$150-million development program for small farms has been announced by the Minister of Agriculture, Mr. H.A. (Bud) Olson. Through a land-transfer plan, the farmer who lacks sufficient acreage will receive help to develop his holding into a profitable business. Special credit facilities will be available to buy the land required to develop workable farms.

Technical assistance will be provided under a federal-provincial agreement now under negotiation by a recently-established technical committee.

The program will also benefit those farmers who choose to retire or to give up farming. Those who sell small farms will qualify for an adjustment grant that will be added to the selling price of their land; they can take the grant either in a lump sum or as an annuity. They will have the option of retaining their farm home and an appropriate surrounding piece of land as long as they wish.

"What we are proposing is a relatively new approach to tackle a problem that has been plaguing

the agricultural industries of the developed nations of the world for several decades," Mr. Olson said.

"Economic forces have driven thousands of farmers off the land and into the cities and, at the same time, have promoted the evolution of big farms requiring a high level of investment in land, machinery, livestock and buildings. While there is a need for some farm consolidation to take place, it would be unwise to allow the current trends to result in the domination of agriculture by a handful of giant corporate farms," he continued.

Unless new and workable programs were developed many farmers in Canada and, entire rural communities, would be threatened if the trend developed further.

"Economic studies and practical experience suggest that the family farm is the best type of farm, and it is in this context that we have developed a comprehensive program to help the small farmers of Canada to develop profitable family farms," Mr. Olson concluded.

CAPITAL SPENDING ESTIMATES

The results of a survey of the 1972 capital-spending intentions of some 200 large companies in Canada were recently released by Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce. This annual study is designed to provide a preliminary indication of likely trends in total business investment in the coming year.

The firms surveyed plan to increase expenditures by 3 per cent in 1972 on new construction, machinery and equipment, following an increase of 10 per cent in the present year. The total capital outlays of the companies are expected to reach \$7,270 million in 1972, compared to \$7,047 million estimated to have been spent in 1971.

The trend is heavily influenced by the pattern of spending on a relatively few large resource and electric power projects. Expenditures on several of these programs increased markedly in 1971 and will decline sharply in 1972 as the projects reach completion. The effect has been that the total capital spending by the firms surveyed in 1971 increased significantly despite lower expenditures in the important manufacturing sector.

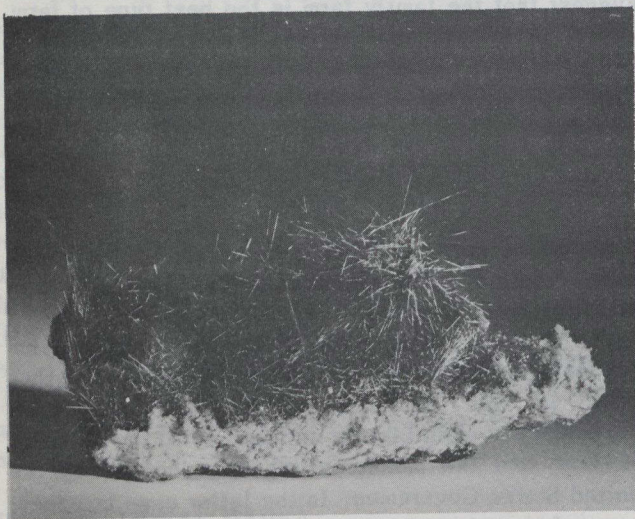
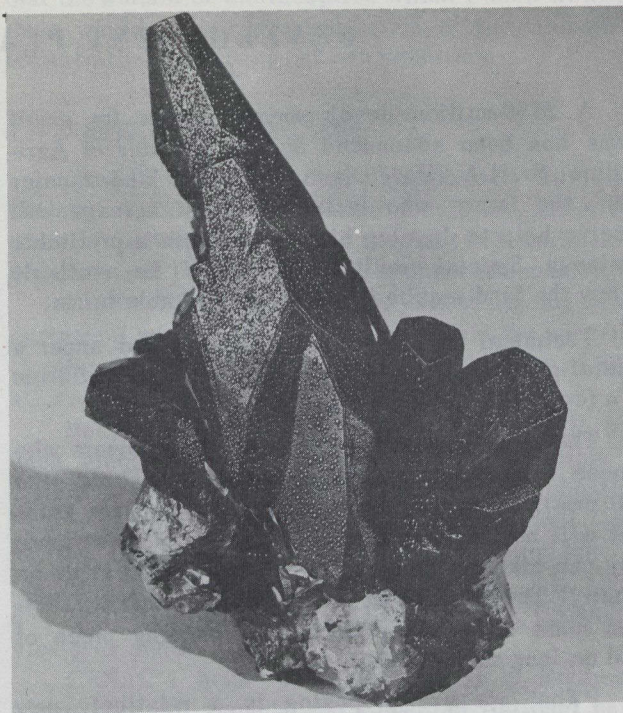
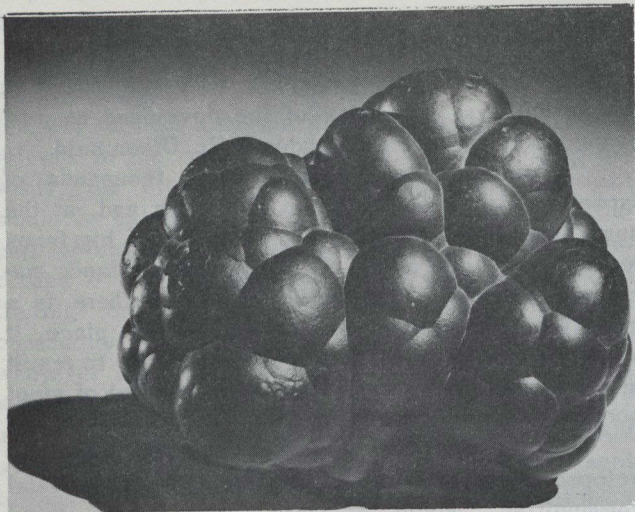
The trend of investment in manufacturing is expected to turn moderately upward in 1972, but the completion of several large projects in the resource and utilities fields restricts the general gain by firms surveyed to less than that of the present year.

It should be noted that there are as well a number of large projects under discussion that have not been included in the budgets.

The survey was made in October, and the investment intentions reflect corporate planning at that time. In this planning, corporations had taken cognizance of such factors as the federal tax changes of June and the measures taken in August by the United States Government. In the latter case however, many of the executives who were interviewed stated that the final effects on capital-investment programs were still undetermined. In general, revisions that might result from the Government's October budget had not yet been included.

REGIONAL RESULTS

The coverage of the survey varies significantly among the geographic regions of Canada. It is, therefore, not possible to provide any precise measure of the regional impact of reported investment intentions. Interview response indicates that above-average increases for 1972 can be expected in the Atlantic region and Ontario, increases at about the national average in the Prairies and Quebec, and possibly a reduced rate of expenditure in British Columbia. There is also evidence of a strengthening in spending plans from the level reported earlier in the year, notably in the Atlantic region as well as in Quebec and the Prairies.



Three of the mineralogical specimens from the Froberg Collection recently acquired by the Royal Ontario Museum (see Canadian Weekly Bulletin dated December 1). Above, calcite crystals coated with goethite, from the Bancroft area of Ontario; upper left, cassiterite from Mexico; left, from Yugoslavia, the porcupine-like boulangerite whose "quills" are fragile crystals as fine as hair.

GRANT TO ARCTIC WINTER GAMES

A \$125,000-federal grant to the Arctic Winter Games Corporation to help stage the Second Arctic Winter Games in Whitehorse, Yukon Territory, in March 1972, has been announced by the Minister of National Health and Welfare, Mr. John Munro.

Ian Howard, Western representative of the Fitness and Amateur Sport Directorate in Vancouver, who will co-ordinate the federal contribution to the Games, presented the grant on behalf of Mr. Munro. The money will help defray costs of promoting, organizing and staging the Games and provide facilities for them.

The Arctic Winter Games provide inter-culture athletic competitions and a meeting-ground for residents of the Arctic community. Competitors are drawn from the geographical areas lying entirely north of the 60th Parallel.

The Games emphasize activities indigenous to the Arctic and draw participants from the Northwest Territories, the Yukon, the Eastern Arctic and Alaska. In addition to sports competitions, participants engage in cultural activities and traditional Indian and Eskimo games, little known south of the Arctic regions and in danger of being forgotten in many parts of the North.

The First Arctic Winter Games were held in March 1970 in Yellowknife, Northwest Territories, where 750 athletes took part in ten sports and numerous cultural exhibits.

The third series of Arctic Games are planned for 1974 in the U.S. state of Alaska, from where competitors have come since the inception of the Games in Canada, and have shared the cost of staging them. In 1974, Alaska will act as host to the Games, adding an international dimension to what has so far been largely a Canadian enterprise.

JOB-CREATION URGENT

No fewer than 1.4 million more jobs will have to be created during the period from 1970 to 1975 — to accomplish which the Canadian economy will have to grow at a rate of over 6 per cent in real terms for the next three years. With the prospect of less strength in the balance of payments than was experienced in 1970, the task of getting the economy moving decisively back up towards its "potential" level of output must now rest entirely on the expansion of domestic demand.

These are the main conclusions drawn by the Economic Council of Canada in a recent report entitled *Performance in Perspective, 1971*.

Each year, the Council appraises the performance of the economy in the light of its potentials and the basic performance goals to which the Council was asked to direct its attention, monitors certain key aspects of the economy's performance (for example, growth, employment, price and cost changes and balance-of-payments developments), and sets out some of the main dimensions of problems and shortfalls in economic performance.

CLOSING THE GAP

The Canadian economy has been operating recently at a level 3 percent to 4 percent below its potential. There was a shortfall of about \$3 billion, on an annual basis, from levels of output and income that might have been achieved with reasonably full use of Canada's labour force and other productive resources. With a "potential" growth-rate of 5.2 per cent, the economy would need to grow, on the average, by about 7 per cent to close the "gap" in two years, and by close to 6.5 per cent on average to close the gap in three years. The significance of these figures is that, even with a sustained growth-rate of over 6 per cent in real gross national product, it would probably be the middle of 1974 before the unemployment rate could be expected to be back down to the neighbourhood of 4 per cent of the labour force.

The report singles out job-creation as a major challenge for the 1970s. Unemployment having risen to about 6 per cent of the labour force in 1970, the rate of job-creation needed to absorb further labour-force growth and to reduce unemployment to about 4 per cent of the labour force would be 3.3 per cent a year. This is a notably faster rate of growth in employment than Canada was able to achieve in the 1965-70 period, when the average rate was 2.8 per cent a year.

From 1970-75, employment will have to grow substantially faster than the labour force. The required rate of job-creation must not only absorb the steady increase in the labour force, but it must be sufficiently high to reduce unemployment to more acceptable levels.

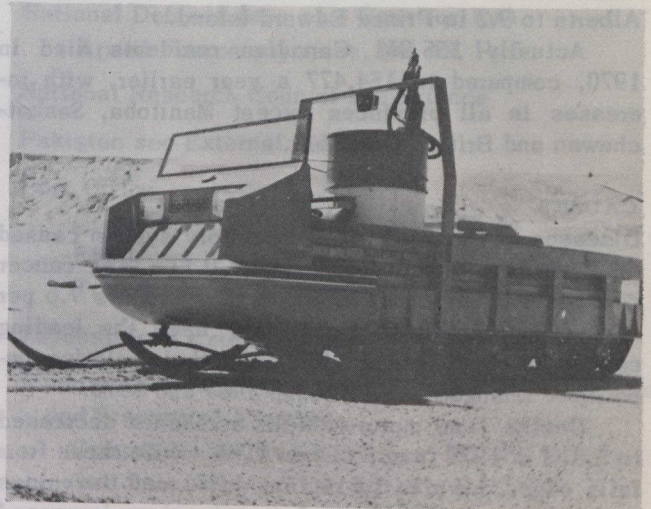
AGE GROUPS

In the 25-to-34 age group, where the fastest increase in the labour supply will be occurring, employment growth will need to jump to 5.6 per cent a year in 1970-75 from 3.7 per cent in 1965-70. Among males in this age group, the growth rate in employment will need to more than double. This is the age group in which most families tend to become established, with their large demands for housing and durable goods and associated needs for urban services. Any significant shortfall in meeting the employment needs of this group will produce serious economic and social strains in the 1970s.

The rate of growth in the labour force in the younger age group (14-24) will slow in the 1970-75 period. Because the unemployment rates are currently very high in this group, the growth in employment needed remains extremely high. About 45 per cent of Canada's current unemployment is concentrated in these age groups, although they make up only about one-quarter of the total labour force. The problem of finding adequate job opportunities for the youngest part of the nation's work force remains a particularly troubling feature of the prospective labour market situation in the labour market.

MANUFACTURE OF SNOW-TRUCKS

With the help of a "development incentive" grant from the Department of Regional Economic Expansion, an Ottawa-area firm has begun manufacturing a new type of snow vehicle.



The "snotruk", a new type of snow vehicle.

Nortrac Manufacturing Ltd., which opened a new plant at Arnprior, Ontario, on December 1, expects to have its first "snotruk" off the assembly-line by the end of January.

The \$75,000-grant is based on a rate of about 10 per cent of the capital costs of the construction of

the building, estimated at \$117,000, and an additional \$2,000 for each new job created — probably 32.

Mr. Fred Fassbender, President of Nortrac, says that the vehicle is “really a half-ton pickup truck for over-snow use” and that “there is nothing like it in operation”.

The machine, which is designed for industrial use, weighs 1,000 pounds, can carry two men and an additional 500 pounds. It may be purchased with an enclosed cab. The two-cylinder engine develops 4,500 rpm. About 140 vehicles will be made during the first year, increasing to a maximum of 800.

BIRTHS AND DEATHS

Canada's birth rate in 1970 reached the lowest level ever recorded — 17.4 live births in 1,000 population. It had declined steadily since 1954, when it was 28.5 till it reached 17.6 in 1968, and it maintained that level through 1969.

Provincial birth rates in 1970 varied from 15.3 in Quebec to 24.2 in Newfoundland, but these were exceeded by the Yukon (28.2) and the Northwest Territories (40.5).

The actual number of births edged up to 371,988 in 1970 from 369,647 in 1969, but was still 100,000 fewer than in 1959 (479,275).

DEATHS

Canada's record low death rate, of 7.3 in 1,000 population, established in 1969, continued through 1970. Provincial rates in 1970 varied from 6.3 in Alberta to 9.2 in Prince Edward Island.

Actually 155,961 Canadian residents died in 1970, compared to 154,477 a year earlier, with increases in all provinces except Manitoba, Saskatchewan and British Columbia.

CAUSES

Diseases of the heart and circulatory system caused 49.6 per cent of the deaths in 1970 (77,343), cancer caused 19.5 per cent (30,483) and accidents 7.6 per cent (11,378). These three have been the leading causes of death since 1951, and their relative importance changed little through 1969 and 1970.

Deaths from motor-vehicle accidents decreased to 5,312 in 1970 from 5,696 in 1969, while those from falls edged down to 1,614 from 1,651 and drownings to 1,173 from 1,186. Those from poisonings increased to 720 from 642, and from fire to 634 from 626.

Suicides increased to 2,413 in 1970 from 2,291 a year earlier, raising the rate in 1,000 population to 11.3 from 10.9. Homicides also increased to 421 from 375, bringing the rate up to 2.0 from 1.8.

Tuberculosis deaths increased by 1, to 527 from 526.

The deaths of 7,001 infants (under one-year-old) in 1970 brought the rate in 1,000 live births to a low record of 18.8 compared to 19.3 in 1969. In the provinces infant death-rates in 1970 ranged from 16.9 in Ontario and British Columbia to 22.4 in Saskatchewan.

RMC TO BE MODERNIZED

The construction of the first phase of a new science and engineering complex at the Royal Military College in Kingston, Ontario, has received the approval of the Federal Government, and work is to begin next autumn. The project, which will cost an estimated \$5,475,000, will replace antiquated facilities at the 95-year old college.

Plans are now at the design stage. The contract, which is yet to be awarded, is expected to create about 350 man-years of employment.

Two units of a five-part structure will be built in the first phase; the remaining three are planned for some time in the future. Each “module” will occupy about 42,000 square feet of space.

The need to replace or modernize buildings at RMC has been recognized by the Federal Government since a special committee of the House of Commons established in 1964, recommended replacement of the older college buildings.

The cost includes the preliminary design of the complete, five-unit science and engineering complex, and the final design and construction of the first two modules.

Officials explain that the “modular”, or repetitive-grid, type of construction best provides for flexibility, consolidation of departments, and grouping of functions.

Some existing structures will be demolished to make way for the new buildings, with departments carrying on in temporary accommodation in the meantime.

The engineering division consists of civil, mechanical, electrical and chemical engineering, along with engineering physics and engineering and management. The science division includes the departments of physics and mathematics.

RMC, with a student body of about 500, is the oldest of three military colleges training officer cadets for the Canadian Armed Forces. It grants degrees in arts, science and engineering, and also has a small graduate school.

The two other military colleges are Royal Roads at Esquimalt, British Columbia, and Collège Militaire Royale de St. Jean, Quebec.

MONTHLY INDEX

(December 1971, Volume 26)

- Agriculture**
Development plan for small farms, No. 52, P. 3
- Arts** (*see also* Grants and Awards and Science)
Brief pushes Canadian plays, No. 50, P. 6
Stratford 1972, No. 48, P. 4
- Bilingualism**
Public service language-training, No. 50, P. 5
- Births** *see* Vital Statistics
- Britain** *see* External Affairs
- Canada Council**
Annual report, No. 51, P. 6
- Canadian National** *see* Transportation
- China** *see* Trade
- Colombia** *see* Trade
- Constitution and Government**
New female Senate appointment, No. 49, P. 5
- Construction**
Royal Military College to be modernized,
No. 52, P. 6
- Consumer Affairs**
Rules for sale of chemistry sets, No. 49, P. 2
- Deaths** *see* Vital Statistics
- Disarmament**
World conference proposed at UN, No. 49, P. 1
- Economy**
Job-creation essential for, No. 52, P. 5
- Education** (*see also* Bilingualism and Grants and Awards)
University enrolment, No. 51, P. 6
- External Affairs** (*see also* Trade and Visits)
Britain's proposals for Rhodesian settlement
(address by Mr. Sharp), No. 51, P. 1
Changing international scene (address by
Mr. Sharp, No. 48, P. 1
Insurance pact with Jamaica, No. 48, P. 5
New dimensions in foreign policy (address by
Mr. Trudeau), No. 49, P. 3
- External Aid**
Pakistani cyclone victims, No. 48, P. 4
Pakistani refugees, No. 49, P. 3
Research in Latin America, No. 48, P. 5
- Films** *see* Grants and Awards
- Forestry**
Quebec Christmas trees, No. 51, P. 4
- Grants and Awards**
Arctic Games, No. 52, P. 4
Public service award to film-maker, No. 51, P. 3
UBC hospital, No. 49, P. 2
- Health and Welfare** (*see also* Consumer Affairs and Grants and Awards)
No fallout from Amchitka, No. 51, P. 3
- Industry** (*see also* Forestry and Trade)
Capital spending estimates, No. 52, P. 3
Snow-truck manufacturing, No. 52, P. 5
- Jamaica** (*see* External Affairs)
- Labour** (*see also* Economy)
Women in the labour force, No. 50, P. 1
- Latin America** *see* External Aid
- Marriages** *see* Vital Statistics
- Mineralogy** *see* Museums
- Museums**
Mineral collection to, No. 48, P. 2
- National Defence** (*see also* Construction)
Armed Forces pay raise, No. 49, P. 5
- National Research Council** *see* Science
- Pakistan** *see* External Aid
- Post Office**
Commemorative stamps, No. 48, P. 6
Eight-cent stamp, No. 49, P. 6
Transportation services merge, No. 51, P. 5
- Rhodesia** *see* External Affairs
- Science** (*see also* Consumer Affairs, External Aid and Grants and Awards)
Computer aids design process, No. 49, P. 4
Switch to Atomic Time, No. 51, P. 5
- Sharp, Mitchell** *see* External Affairs
- Sport** *see* Grants and Awards
- Trade**
Canada-Colombia pact, No. 50, P. 5
Shirt import ceiling, No. 48, P. 6
Trade fair in Peking, No. 51, P. 2

Transportation (see also Post Office)

- CN's international branch, No. 52, P. 2
- End of the *Empress* era, No. 48, P. 3
- North Atlantic air-route charges, No. 48, P. 5

Trudeau, Pierre Elliott see External Affairs and Visits

United Nations see Disarmament

United States see Visits

Visits

Mr. Trudeau reports on visit to Washington, No. 52, P. 1

Vital Statistics

- Births and deaths, No. 52, P. 6
- Marriages in Quebec, No. 49, P. 6
- Population counts, No. 49, P. 4

Wildlife

Giant Canada goose, No. 50, P. 3

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