



CANADA

CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION • DEPARTMENT OF EXTERNAL AFFAIRS • OTTAWA, CANADA

Vol. 13 No. 40

October 1, 1958

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AIR DEFENCE REVISED

Prime Minister John Diefenbaker announced September 23 that the Government has concluded that missiles should be introduced into the Canadian Air Defence System and that the number of supersonic interceptor aircraft required for the R.C.A.F. Air Defence Command will be substantially less than could have been foreseen a few years ago. The Canadian supersonic interceptor aircraft, the CF-105 or the "Arrow" will not be available for effective use in squadrons until late in 1961. The preponderance of expert opinion is that by the 1960's manned aircraft, however outstanding, will be less effective in meeting the threat than previously expected.

It has been decided to introduce the BOMARC guided missile into the Canadian Air Defence System. This is a long range, anti-aircraft missile guided from the ground with the aid of the same radar system as that used in guiding interceptor aircraft. It can be used with either a conventional high explosive warhead or a nuclear warhead. Two Canadian bases for firing such missiles will be established in Northern Ontario and Quebec. The use of this missile will be in accord with the approved policy of NORAD for the air defence of the North American Continent. Other BOMARC bases may be located in Canada in the later development of the programme. Most of the industrial areas in Canada will be within the defensive range of the two projected BOMARC bases or others under NORAD

control and located in the Northern United States.

Negotiations are under way with the United States to work out arrangements for obtaining these BOMARC missiles and the necessary equipment for maintaining, testing and launching them. Discussions will also be held on the best way for Canadian industry to share in the production of the missiles.

The Government has also approved the extension and strengthening of the Pinetree Radar Control System. Several additional large radar stations will be constructed and these and the existing stations will be supplemented by small intervening stations.

The Government has decided to install the "SAGE" electronic control and computing equipment in the Canadian Air Defence System to deal more effectively with the increased numbers of aircraft and the BOMARC guided missiles. This will be integrated as a part of the North American SAGE system under NORAD. Discussions are being initiated with the U.S. authorities to determine the number of large electronic computers needed and to arrange for the participation of Canadian industry in the expansion programme.

Because of the introduction of missiles into the Canadian Air Defence System, the Government has decided that it would not be advisable at this time to put the CF-105 into production. The Government believes, however, that to discontinue abruptly the

development of this aircraft and its engine, with its consequent effects upon the industry, would not be prudent with the international outlook so uncertain. The Government has decided that the development programme for the Arrow aircraft and Iroquois engine should be continued until next March, when the situation will be reviewed again.

Although both the Arrow aircraft and the Iroquois engine appear to be better than any alternatives expected by 1961, it is questionable whether their margin of superiority is worth the very high cost of producing them because of the small numbers likely to be required.

Consequently, the Government had decided that it would be unwise to proceed with the development of a special flight and fire control system for the CF-105 aircraft known as the ASTRA and of a special air-to-air missile to be used as its armament known as the SPARROW. The contracts for the development of the ASTRA fire control system and of the SPARROW missile are now being terminated. In the meantime, modifications of the CF-105 will be made during its development to permit the use of a fire control system and weapon already in production for use in U.S. aircraft. The important savings achieved by cancelling the ASTRA and SPARROW programmes and substituting these alternatives now in production would amount to roughly \$330 million for a completed programme of 100 aircraft.

The total cost to the Canadian Government of developing the Arrow aircraft up to the beginning of September has been \$303 million. To finish this development of the CF-105 and its components, including ASTRA and SPARROW, and to produce enough to have about 100 aircraft for squadron use would cost about another billion and a quarter dollars, approximately 12.5 million per aircraft. By substituting the alternative fire control system and missile for the ASTRA and SPARROW the cost could be reduced to about \$9 million each.

Commenting on these announcements, Mr. Diefenbaker said that the Government has been compelled to make difficult decisions on the basis of the best judgment as to probabilities in matters of uncertainty and importance. Ensuring peace by the maintenance of an effective deterrent against aggression must clearly have priority over other considerations including cost but in working out a defence programme consideration must be given to the best means of achieving the essential objective.

While Canada's role in the coming age of missiles is entirely a defensive one, it will clearly involve this country in considerable disruption from time to time in production as well as in changes of the role of the defence forces. The Government regrets the difficulties of such changes but finds them inescapable if we are to keep pace with the rapid evolution in weapons.

It now seems evident that in the larger weapon systems now required for air forces, Canadian work in the design, development and production of defence equipment will have to be closely integrated with the major programmes of the United States. The United States Government recognizes this and they are now prepared to work out production sharing arrangements with us.

"Canadians are proud of what the Canadian aircraft industry has accomplished for defence", Mr. Diefenbaker stated. "The Arrow supersonic plane has already thrilled us with its performance, its promise and its proof of ability in design and technology. The Iroquois engine too is a fine technical achievement and its development has led to many industrial advances. Excellent scientific and technical teams had been created for these projects. However, it will be recognized, I believe, that as the age of missiles appears certain to lead to a major reduction in the need for fighter aircraft, Canada cannot expect to support a large industry developing and producing aircraft solely for diminishing Canadian defence requirements."

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PARLIAMENTARY PRAYER ROOM

Prime Minister Diefenbaker said in a speech September 19 that he would like to see the establishment of a Prayer room in the Parliament Buildings similar to the one created by the United States Congress in April 1955. Mr. Diefenbaker was addressing the General Council of the United Church at its biennial meeting in Ottawa's Chalmers United Church.

Mr. Diefenbaker stated that there is a special need today for a renewed sense of a national spiritual dedication, and a realization that -

'except the Lord build the house they labour in vain that build it'.

The Prime Minister told delegates that the Prayer room in Washington is a small room-seventeen feet by eighteen feet. He said, "Its emphasis is on simplicity. It is undenominational and was brought into being following consideration by Protestant, Catholic and Jewish representatives. Its overall concept is 'This Nation under God' resting for its greatness on the open massive Bible; It signifies the need of Divine Guidance and blessing".

Referring to the world scene, Mr. Diefenbaker said, "World problems are almost overwhelming. The free world has tried many expedients. It must now try God's will to a greater extent than ever before. The striking words that were placed by the architect in the Rockefeller Plaza in New York summarize man's need in this age as in all ages,

'Man's ultimate destiny depends not upon whether he can learn new lessons or make new discoveries and conquests, but on his acceptance of the lessons taught him 2,000 years ago'.

GROSS NATIONAL PRODUCT

Value of Canada's total output of goods and services, after seasonal adjustment, showed a modest gain between the first and second quarters of 1958, following the weakness which had developed earlier according to the Dominion Bureau of Statistics. In value terms, production of goods and services in the non-farm sector rose by about 1 per cent. However, it is estimated that the greater part of this value increase reflects a further rise in final product prices, so that the volume of output showed little change.

As in the first quarter, major elements of strength in the second quarter of 1958 were rising outlays by governments for goods and services, and higher expenditures for new housing construction (both series seasonally adjusted). Personal expenditure on consumer goods and services, which was a strong supporting element in the first quarter, was virtually unchanged in the second quarter. However, exports of goods and services, which eased a little in the fourth quarter of 1957 and declined the first quarter of this year, advanced moderately, mainly reflecting higher sales of grain, uranium, and aircraft. The rate of business inventory liquidation moderated slightly in the second quarter, in contrast to the earlier declining trend, while imports of goods and services were further reduced.

The flow of income to the personal sector continued upward in the second quarter, after allowing for seasonal variation. Labour income showed a gain of 2 per cent, reflecting for the most part increases in average weekly earnings; this is the first significant advance in this component since the third quarter of 1957. At the same time, net income of farm operators was higher in the quarter, mainly reflecting higher production of livestock. Personal income also continued to reflect the rising trend of transfer payments from government (which were more than 30 per cent above a year ago in the first half of this year), and disposable income was further bolstered by a decline in direct personal tax collections. With disposable income continuing to move strongly upward, accompanied by little change in the level of personal expenditures, the rate of personal saving rose sharply, from \$1.7 billion in the first quarter to \$2.5 billion. Other elements on the income side were less buoyant in the second quarter, but corporation profits (before deduction of dividends paid abroad), which had shown a declining trend since the end of 1956, held steady.

At \$32.0 billion, the annual rate of gross national product in the first half of 1958 has averaged about 2 per cent above the average for the first half of the year 1957. This comparison includes an estimate of the value of crop production in Canada for the year

1958, which is estimated to be approximately the same as that of a year ago. With final product prices also higher than last year, by about 2 per cent, the volume of total Canadian farm and non-farm production in the first half of this year has been little changed from the same period a year ago.

Outlays for plant and equipment have shown substantial declines, and these have been accompanied by a shift in business inventories from accumulation a year ago to liquidation in the current year, the turn-around being the equivalent of about \$0.8 billion in terms of new production. However, imports of goods and services have borne a substantial part of the impact of easing demand, and were 9 per cent below 1957 levels in the first half of this year.

Although, personal expenditure on consumer goods and services has been an important sustaining force in the economy during the recent levelling off in economic activity, the over-the-year increase in this component has been considerably less than the increase in personal disposable income. The rate of personal saving has thus shown a very sharp advance over the course of the period under review. At the same time, the increases in national income and personal income have shown a marked divergence, reflecting the very striking rise in transfer payments from government flowing to the personal sector, as well as the fact that the national income has been adversely affected by a decline in corporation profits at a time when dividend payments to persons were being well maintained.

While the total volume of output has shown little change compared with the first half of last year, there have been some notable shifts in its composition by industry of origin. Production in manufacturing was running 5 per cent below a year ago in the first half of this year, though the trend for this group has been upward since April. Durable goods output was down by 8 per cent, with non-durable production off by 3 per cent; however, both of these components of the index of manufacturing production have been rising in recent months, on a seasonally adjusted basis. Production in the forestry industry is estimated to be down from last year by close to 20 per cent, while output in transportation, storage and communication was off by 4 per cent. On the other hand, construction and some of the services industries showed significant gains of 2 per cent or 3 per cent over a year ago in the first half of 1958. Output of mining, quarrying and oil wells was also higher, but to a lesser extent.

Accompanying these developments on the production side, the total number of persons with jobs in the first half of 1958 has averaged slightly below the same period one year ago.

HOME ECONOMICS EDUCATION

The demand for university-trained home economists continues to exceed the supply in Canada, despite the fact that increasing numbers of young women are making home economics their career according to Dr. Helen Abell of the Department of Agriculture.

In 1957, more than 1,100 women were enrolled in university courses in home economics. Most graduates become teachers or dietitians, but more and more of them are entering other fields of employment through which home economics is being applied to the improvement of home and family living.

Many graduates, though by no means all, become members of either the Canadian Home Economics Association or the Canadian Dietetics Association, which serve the professional interests of women in these fields. Of the approximately 900 members of the C.H.E.A. in 1958-57, some 55 per cent were teaching; 11 per cent were homemakers; 10 per cent were in business occupations, including journalism; and another 15 per cent were nutritionists or in food service. Of the approximately 1,000 members of the C.D.A., on the other hand, about 55 per cent were employed in hospitals; 15 per cent in business; 13 per cent by government; and 13 per cent by universities and schools.

Education in home economics dates back many years in Canada. A school established in 1882 by the Ursuline Sisters at Roberval, Que., is thought to have been the first in Canada to offer a course in household science. Courses in needlework and other household subjects were made optional in the public school curriculum in Ontario for the first time in 1894 but progress was slow because of the lack of trained teachers.

The efforts of Mrs. Adelaide Hoodless, founder of the Canadian Women's Institute, led to the establishment of centres for the teaching of home economics, the first of which was the Ontario Normal School of Domestic Science and Art opened in 1900 in Hamilton. In 1902 the University of Toronto established the first course in Canada leading to a bachelor's degree in Household Science, and in 1903 a division of home economics was set up at the Ontario Agricultural College. By 1957, some 17 Canadian institutions were offering courses leading to a bachelor's degree in home economics.

In the early days of home economics, when Canada was still primarily an agricultural country and women were mainly employed as homemakers, the emphasis in teaching was on household skills. Since then the widespread economic and social changes that have occurred have pointed up the necessity for a change from the "skill-centred" to the "family-centred" teaching of home economics.

The consensus now is that home economics should be taught within the framework of

family relationships rather than concentrated on a few household skills. In the past few years, the Family Life Committee of the C.H.E.A. has been studying the teaching of home economics in Canada with a view to promoting "family-centred" teaching throughout the country. This method is currently being practised in Nova Scotia.

The need to expand facilities for post-graduate training and research in this country is also being recognized. A current report of the Education Committee of the C.H.E.A. recommends that "a concentrated effort be made to obtain awards at the post-graduate level that would stimulate interest in research and further professional studies and thus increase the supply of teachers at both the university and highschool levels".

Quite apart from formal instruction, Canadians nowadays are kept informed of advances in home economics through the various mass media. Interest in better nutrition and better homemaking became keen during the war under the stress of wartime restrictions. Since then, this interest has been kept alive by voluntary women's organizations such as the National Council of Women and the Canadian Association of Consumers, the Women's Institutes, Homemaking clubs and Parent-Teacher associations.

ONTARIO INDUSTRIES

Ontario's manufacturing industries reported \$10,655,099,000 as the selling value of factory shipments in 1956, an increase of close to 11 per cent over the preceding year's \$9,617,643,000, the Dominion Bureau of Statistics reports. This is the first time that shipments passed the ten-billion dollar mark and accordingly are the highest on record.

Accompanying the increase in the value of shipments were increases of 4.5 per cent in the number of employees to 641,190 from 613,872 and 10.6 per cent in salaries and wages to \$2,310,634,000 from \$2,088,906,000. Cost at plant of materials and supplies used rose to \$5,683,753,000 from \$5,015,225,000, and the value added by manufacture, which is the calculated value of production, less the cost of materials used, including the cost of fuel and electricity, advanced to \$4,868,570,000 from \$4,426,655,000.

Ontario, which is now recognized as one of the world's major industrial areas, accounts for approximately half of Canada's manufacturing production, and it has the greatest diversification of any province. Certain industries, such as the manufacture of motor vehicles, motor vehicle parts, heavy electrical machinery, agricultural implements, machine tools, starch and glucose, bicycles and the processing of raw tobacco are carried on practically in this province alone.

Factory shipments of Ontario's top ten manufacturing industries in 1956 were valued as follows, in thousands: motor vehicles, \$976,396 (\$897,044 in 1955); non-ferrous smelting and refining, \$554,056 (\$492,930); primary iron and steel, \$531,684 (\$412,014); pulp and paper, \$441,629 (\$401,749); petroleum products, \$357,663 (\$305,588); slaughtering and meat packing, \$332,271 (\$321,452); motor vehicle parts, \$314,359 (\$274,069); rubber goods, including footwear, \$289,917 (\$262,158); heavy electrical machinery, \$234,826 (\$180,541); and aircraft and parts, \$206,142 (\$229,943).

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PULP AND PAPER INDUSTRY

The following article is reprinted in part from the Bank of Nova Scotia's Monthly Review.

The postwar years have seen a remarkable increase in North American use of pulp and paper products, from the daily newspaper to milk bottle cartons, from multiwall sacks for packaging such products as cement to disposal diapers. In response to this growing demand, Canadian productive capacity in pulp, newsprint and other paper products has been greatly enlarged. The first wave of expansion immediately following the war began to slacken off in the early 1950's. Then in 1955 a sudden sharp upswing in demand in all the principal markets set in motion another and more pronounced wave, which is only now subsiding.

Between 1946 and the current year, Canadian newsprint capacity has been increased by well over 50 per cent and the capacity for making chemical pulp has more than doubled. In large part, particularly in the earlier years, the additional capacity came through enlargement of existing mills and through the improvement and speeding-up of existing machines. A trend has also been evident toward closer integration of pulp production with the manufacture of paper and board while in British Columbia there has been a notable linking together of lumber and pulp and paper operations. Still another important postwar development has been the building of special facilities to recover by-products.

Of the 2.1 million tons of newsprint capacity added in the period 1946 to 1957, no less than 70 per cent came from improvements made to existing equipment. In the rapid growth since 1955 the proportion has been considerably less, but the limits to expansion in this way have by no means yet been reached. The emphasis on speeding-up existing machines reflects both the technical advances which have been made and the fact that this has proved to be the most economical and fastest method of increasing capacity. Some new machines have been added at existing mills, but in the period from the end of the war to the present, only four new newsprint mills have been built, two of which were additions to

existing plants which had not been producing newsprint.

In wood pulp, close to two-thirds of the increase in capacity since the war has come from either improvements or additions to existing mills. Much of this expansion has, of course, been in groundwood pulp and unbleached sulphite for conversion into newsprint, though it has included other types of pulp as well. Of the capacity added through new mills, meanwhile, most has been kraft pulp, reflecting both the rising demand for packaging materials in general and the inroads made by paper products on wood, jute, glass and other packaging materials. Exports of kraft pulp, mainly to the United States, have increased fivefold in the postwar years, compared with a gain of around 85 per cent in bleached sulphite and little growth or a declining trend in other types of pulp.

Since it takes time for new capacity to be brought into operation, the wave of expansion which began in 1955 has been adding markedly to both newsprint and pulp capacity in 1957 and 1958, at a time when demand for both products has fallen off a little. Despite moves to postpone or cut back capital programmes, it would appear that Canadian newsprint capacity for the year 1959 will exceed 7.4 million tons, compared with just over 6 million tons in 1955. The growth in wood pulp capacity has also been of large proportions. By the end of this year, however, most of the currently scheduled additions to capacity for both products will be completed.

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ASSISTANCE FOR WEST INDIES

Prime Minister Diefenbaker announced September 23 that following an exchange of letters with the Prime Minister of the West Indies, Sir Grantley Adams, the Canadian Government proposed to recommend to Parliament that \$10 million be made available to the West Indies over the next five years as economic assistance from Canada; and that a sister ship be built under this programme as a partner to the first Canadian ship, which Canada has already agreed to provide for the West-Indian inter-island shipping service.

It will be recalled that last March the gift of the first ship for the West Indies shipping Service was announced; it was the first major capital aid project under the Canadian Aid Programme for the West Indies. The programme was initiated early in January by the setting up of technical assistance arrangements. Funds for a broader programme of technical assistance and for preliminary work in connection with the first ship were voted by Parliament in the last session. The two ships and existing technical assistance would form part of the \$10 million programme.

It is intended to put these arrangements on a firmer basis, in order to facilitate long-

term planning. To that end, it has been proposed that Canada and the West Indies should enter into an understanding setting out the principles to be followed in the implementation of the programme.

This announcement follows the statement by Mr. Donald Fleming, Minister of Finance on September 22 at the Commonwealth Trade and Economic Conference in Montreal that Canada will set aside more than \$500,000,000 for under-developed countries. Included in the amount are increased commitments to both Commonwealth and non-Commonwealth agencies.

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AMBASSADOR APPOINTMENTS

The Secretary of State for External Affairs announced September 23 the appointment of Mr. Leon Mayrand, at present Ambassador to Spain, as Ambassador to Italy to succeed Mr. Pierre Dupuy, whose appointment as Ambassador to France was announced earlier, the appointment of Mr. Mayrand's successor will be announced later.

Mr. Sydney Pierce, who is at present Deputy High Commissioner to the United Kingdom, has been appointed Ambassador to Belgium and Minister to Luxembourg to succeed Mr. Charles-Pierre Hebert whose appointment as Ambassador to the Netherlands was announced earlier.

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MARKED RISE IN WAGES

Since 1945, the percentage rise in hourly and weekly wages in manufacturing in Canada has been particularly marked, and notably so in the production of non-durable goods, the Dominion Bureau of Statistics reports in a Review of Man-Hours and Hourly Earnings, 1946-1957.

Above-average expansion in recent years in employment in the relatively highly-paid components of the division, such as oil refining, pulp and paper and printing and publishing, with a levelling in several of the relatively low-pay industries and successive wage increases were important factors in narrowing the percentage differences between earnings in plants producing durable and non-durable manufactured goods.

Large increases in employment in the 13 years were also reported by several industries within the durable goods group, notably by the non-ferrous metal products and electrical apparatus industries; but the earnings in them were closer to the divisional average, so that the higher employment has had less effect on the gain in the group as a whole.

Within the non-durable goods division, hourly earnings in major groups have risen since 1945 by proportions varying from 98 per cent in clothing to 194 per cent in tobacco processing.

In the durable goods division, the range has been from 109 per cent in transportation equipment to 148 per cent in non-ferrous metal products. Because of reduced hours, the percentage gains in average weekly wages has been somewhat less.

Average hours of work have fallen since 1945 in all main industries except construction, which in that year had been adversely affected by wartime shortages of labour and materials. In addition, this industry has enjoyed a particularly marked expansion in recent years, accompanied by much overtime work on many important projects.

Hourly earnings of factory workers in the larger metropolitan areas have shown gains ranging from 104 per cent in Windsor and 106 per cent in both Quebec and Winnipeg, to 142 per cent in London and 157 per cent in Hamilton.

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CANADIAN DELEGATION TO UN

The Secretary of State for External Affairs of Canada has announced in Ottawa the names of the representatives and alternate representatives of the Canadian Delegation to the Thirteenth Session of the General Assembly of the United Nations. The Delegation is as follows:

Representatives:

The Hon. Sidney E. Smith, P.C., Q.C., - Secretary of State for External Affairs, Chairman of the Delegation; The Hon. W.J. Browne, M.P., Q.C., - Minister without Portfolio, Vice-Chairman of the Delegation; The Hon. G.S. Thorvaldson, - Senator, Winnipeg, Manitoba; Dr. R.P. Vivian, M.D., M.P., - Member of Parliament, Port Hope, Ontario; Mr. C.S.A. Ritchie, - Permanent Representative of Canada to the United Nations.

Alternate Representatives

Mr. H.N. Macquarrie, M.P., - Member of Parliament, Victoria, P.E.I.; Mr. J.N. Tremblay, M.P., - Member of Parliament, Roberval, P.Q.; Mrs. W.T. Hayden, - Halifax, N.S.; Mr. J. Morin, Q.C., - Montreal, P.Q.; Mr. J.W. Holmes, - Assistant Under-Secretary of State for External Affairs.

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UN OBSERVER GROUP

The Prime Minister announced September 21 that following a request from the Secretary-General of the United Nations, the Government has agreed to supply an additional 50 officers and 6 Warrant Officers and NCO's, to fill positions on the United Nations Observer Group in Lebanon.

"This prompt action taken by the Canadian Government and the Canadian Army is further indication of Canada's willingness and ability to undertake commitments under the United Nations wherever possible," Mr. Diefenbaker said.