

# Canada Weekly

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## Canada's monetary policy and the exchange rate

*The following passages are from a statement prepared for the appearance of the Governor of the Bank of Canada, Gerald K. Bouey, before the House of Commons Standing Committee on Finance, Trade and Economic Affairs, on February 6:*

The basic view on which the Bank of Canada has been operating is that any lasting improvement in the functioning of the domestic economy and in Canada's external financial position will require much greater stability in the value of money — that is, much lower rates of inflation — than Canada has experienced in recent years.

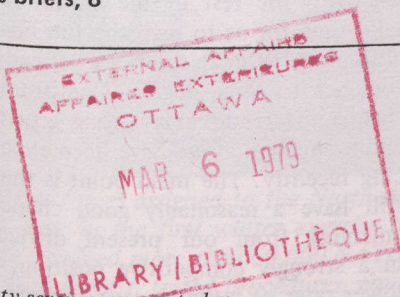
In order to help gear down inflation in Canada the Bank has for some time now been gradually moderating the trend rate of monetary expansion. Within this medium-term policy framework, the actions taken by the Bank of Canada during the course of the past 12 months gave special weight to the concern it felt about the potential inflationary impact of the movement of the foreign exchange value of the Canadian dollar. In acting as it did, the Bank was prepared to run the risk that its bank rate increases might cause the rate of monetary growth to fall somewhat below its current target range for a while — though not so far below, nor for so long a time, as to prejudice seriously either its medium-term objectives for monetary expansion or Canada's prospects for continuing economic growth. This risk has not yet materialized, although it still remains a possibility. In terms of the main indicator of money supply growth that the Bank uses — currency and demand deposits, or M1 — monetary expansion in Canada, after a temporary bulge late last year, is now running well within our current target range of 6 to 10 per cent a year, measured from a June 1978 base.

## Competitive position held

The reason for concern about the speed and magnitude of the exchange-rate movement is the degree of upward pressure it is putting on Canadian costs and prices. A substantial decline in the value

of the Canadian dollar relative to the United States dollar had become inevitable because of the higher rate of price and cost inflation in Canada than in the United States earlier in the 1980s. In the circumstances, a considerable exchange-rate adjustment was both necessary and desirable to help restore Canada's international competitive position. The substantial depreciation of the Canadian dollar that has now occurred, together with an improved performance to date in controlling our domestic costs, has re-established Canada's competitive position at least for the time being.

It must be a major objective to safeguard our newly-won competitive position. I need hardly point out how much there is to be gained by being strongly competitive: more exports, more import replacement, a lower current-account deficit, less dependence on foreign capital, more output, more jobs, even higher government revenues and lower government deficits than we would otherwise have. I cannot think of a more attractive way to move our economy forward. However, if we are to reap the benefits from the maintenance of this competitive position we have to be careful about putting further upward pressure on Canadian costs and prices at this time. Our costs and prices are already under unusual pressure from food prices, from catch-up attempts following the termination of Anti-Inflation Board controls and from the exchange depreciation that has already occurred. We must not allow this pressure to become intolerable and thereby set off a renewed acceleration of inflation with leap-frogging price increases and wage settlements. We must not follow the example of countries that have fallen into a vicious circle of inflation, then depreciation, then more inflation and so on. It is to avoid this danger and to keep the rate of price



Twenty-seven years ago today...

Charles Vincent Massey was sworn in as the Governor General of Canada — the first native-born Canadian to hold that office. He was also the first Governor General to fly over the North Pole.

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and cost inflation declining in Canada that the Bank of Canada has been concerned about the exchange rate.

### Interest rates

Many factors go into the determination of the exchange rate, one of which is the level of interest rates in Canada relative to interest rates in the United States. When Canada has, as it now has, a large deficit in its international trade in goods and services, and when therefore foreign capital must flow into Canada to finance that deficit, it is very important to maintain a level of interest rates in Canada high enough to attract funds from foreign sources and high enough to encourage Canadians to keep money here. Otherwise the impact of the interest-rate differential on capital flows puts downward pressure on the exchange rate.

During 1978, interest rates in the United States rose rapidly. If interest rates in Canada had risen less rapidly, interest-rate incentives would have emerged that added to the downward pressure on the Canadian exchange rate. That is the state of affairs that the Bank of Canada has wanted to avoid. At the same time, because of our concern for the disadvantages in other respects of rising interest rates in Canada at this time, the Bank of Canada has not gone beyond preventing the interest-rate situation from becoming a strong independent source of downward pressure on the exchange rate. In the event, for many months now the increase in interest rates in Canada has barely kept pace with that in the United States. When assessed in that perspective our interest-rate actions have been moderate, and not in any sense extreme. Had we not taken those initiatives the exchange rate would unquestionably have fallen faster and further than it has....

### Intervention policy

Another way of influencing the movement of a floating exchange rate is for the authorities to intervene in the country's foreign-exchange market. The usual way this is done is for the authorities to respond to movements in the rate, satisfying in part any excess demand for the national currency by selling it in return for foreign exchange, or satisfying in part any excess demand for foreign exchange by selling it in return for the national currency. Such intervention moderates the movement of the exchange rate from hour to hour, and if the movement of the

rate in either direction continues, such intervention will cumulate as it moderates the speed of the movement. The degree to which exchange-rate changes are moderated by such intervention varies with the scale of the intervention.

Exchange-market intervention of this kind has been carried out in Canada during all of the time that Canada has had a floating exchange rate....

I believe that the intervention policy followed has been reasonable in the circumstances. I am certain that it has resulted in an appreciably less steep decline in the exchange value of the Canadian dollar than would have occurred over the last couple of years had there been no intervention. I am well aware that the announcement on occasion of the use of a rather large quantity of reserves in satisfying the demand for foreign currency can have adverse psychological effects that tend to offset some of the benefit gained. It would be a mistake, however, to suppose that the effect on expectations of a "hands-off" policy would not be more serious, since such a policy would create the impression that the authorities do not care about the exchange rate and this in turn would arouse widespread fear and concern. My judgment is that on balance, intervention has had a worthwhile stabilizing effect on the exchange market.... The same basic principle of using monetary policy and intervention policy together to moderate exchange-rate movements is employed, for example by Germany, Switzerland, Japan and the United States, as well as other countries. The first three countries have intervened very heavily to resist too rapid an appreciation of their currencies. In 1977 and 1978, Germany accumulated \$19 billion (U.S.) in reserves, Switzerland \$8.5 billion (U.S.) and Japan almost \$17 billion (U.S.) in the pursuit of this objective. The fact that they continue to use this approach even though their currencies have strengthened a good deal is clear evidence that they regard it as worthwhile. These three countries have, of course, also used interest-rate policy. The United States has used both intervention policy and interest-rate policy to resist the decline in the exchange value of the U.S. dollar. Moreover, in recent months the United States Government has taken action, just as we have in Canada, to acquire additional reserves by borrowing abroad. It has been selling Deutschmark-denominated securities in Germany, Swiss

franc-denominated securities in Switzerland and has indicated that it will enter the Japanese-yen market later. The Federal Reserve has also, of course, pushed up interest rates in the United States to very high levels.

It is not just the example of other countries that lends support to the approach followed in Canada in order to moderate the movement of its exchange rate. One can also look at the possible alternatives, all of which seem to me to have their own difficulties.

\* \* \* \*

It is my judgment that the monetary and intervention policies followed have considerably moderated the decline in the exchange value of the Canadian dollar. There is no point in saying that they have been ineffective solely because the exchange rate has not turned around and has declined somewhat further in recent weeks. What has to be taken into account is what would have happened if these policies had not been used. As we have seen, it takes considerable time for trade flows to change and in the meantime how would a deficit of close to \$5 billion have been financed except with a really drastic fall in the exchange rate? I am somewhat disappointed that the Canadian dollar has come down as far as it has and I regret its effect on our prices and costs. It is true that firmer action could have been taken. Interest rates could have been pushed up higher. That option continues to be available; it can be used if necessary....

### Promising signs

I would like to conclude by saying that although the Canadian dollar has come down somewhat further than many of us hoped it would, we should not exaggerate the difficulties or be frightened of the future. There is much to reassure us. The Canadian economy is now very competitive with the rest of the world. It will take time for us to reap the full benefits although I think they are already in evidence to some degree. One promising sign is the remarkably strong growth in employment that we have been experiencing recently. The main point is that we still have a reasonably good chance of emerging from our present difficulties in a strongly competitive position, with lower rates of inflation, and in time with lower interest rates. Will we fail to take advantage of this opportunity? I do not think so. I think it unwise to sell Canada short.

## Appeal for life of Mr. Bhutto

Clemency for former Prime Minister Bhutto was urged by Canadian Prime Minister Trudeau in the following message to President Zia of Pakistan on February 7:

"I understand that the appeal of Mr. Bhutto's against his death sentence has not been accepted by the supreme court in Pakistan. I would like to express the strong hope that the President of Pakistan will exercise clemency and commute the death sentence passed on former Prime Minister Bhutto and his associates. I am venturing to make this appeal on behalf of the Canadian Government in the belief that such an act of mercy would be much appreciated by countries which have long admired Pakistan and supported its fight for the development of a better life for its people.

"The views of the friends of Pakistan were exemplified in a unanimous motion of the Canadian House of Commons on March 21, 1978 which urged that 'the Government of Pakistan choose the option of mercy and commute the death sentence'. I wish respectfully to commend this motion to you."

## Mr. Léger's medals to Archives

Former Governor-General Jules Léger, who has just retired, has donated his collection of commemorative medals to the national medal collection at the Public Archives of Canada.

The 85 pieces, acquired during his diplomatic career and as Governor General, include many from Europe. Notable among those from Canada are the medal for the centennial of the Supreme Court of Canada, 1975; an unusually-cast medal by Dora de Pédery-Hunt for the Toronto Central Hospital, and the medal for the centennial of the University of Manitoba in 1977. Outstanding European items are a large portrait medal of Vincent Auriol, when he was President of France; an interesting architectural design from the Senate of Belgium, and a portrait medal of the poet Camoes, celebrating the Portuguese communities of the world in 1977. There are also a number of fine Papal medals.

The National Medal Collection already houses similar collections from other outstanding Canadians, including the non-military medals of Governor-General Georges Vanier.

## Canada/EC asbestos co-operation

Representatives of the European Community and Canadian government and industry met in Brussels recently to plan further co-operation on the use of asbestos.

The meeting was part of the program of the Canada-EC minerals and metals working group, set up under the 1976 Canada-EC Framework Agreement.

Information was exchanged on medical and scientific studies, existing and proposed control measures and regulations, and the development of new and safe products. To improve safety to both employees and the public, the Community is currently considering a tightening-up of controls on the use of asbestos.

Twelve areas of further research and co-operation were identified by the participants: industrial co-operation for further processing; identification and measurement of fibre levels in the atmosphere; epidemiological research; harmonization of labelling and transportation practices; setting up of research reference catalogues; and the sharing of further information through the exchange of scientists and the organization of workshops.

## Troops take part in NATO winter exercise



Canada's forces assigned to the North Atlantic Treaty Organization in Europe recently took part in the first winter exercise in Germany in four years. "Certain Sentinel", which involved more than 60,000 NATO troops in 12,000 wheeled and tracked vehicles and 600 aircraft, tested procedures, equipment, communications and logistics in winter conditions. (Above) a new Leopard C-1 main battle tank of The Royal Canadian Dragoons moves through a German village during the exercise. The recently-acquired 47-ton tanks considered the most up-to-date in NATO, were being used for the first time in a major exercise.

## Wave power

Ocean waves as a source for generating electrical power is the subject of an international study this year, conducted by Canada, Japan, Britain, the Republic of Ireland and the United States. A prototype system has been installed in a ship-like vessel moored 3.5 km from the coast in the Sea of Japan. The massive buoy, 80 metres by 12 metres, named the *Kaimei*, uses wave power to compress air driving turbines coupled to AC generators. The *Kaimei* generates 375 kilowatts, which is expected to be upgraded to 1,250 kilowatts.

The international group will study the possibility of employing the method to provide power to island communities in the respective countries. In Canada, the National Research Council's Hydraulics Laboratory will provide Canadian manufactured instruments for measurements of the water levels inside and outside the *Kaimei* and will calculate the power available in the waves encountered on the sites. The laboratory will also work on an information storage and retrieval system.

Canadian Forces photo by Sgt. J. J. Rodger

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## Falcons gobble gulls, clear airports

Three Toronto fish and wildlife technicians have suggested a novel approach to ridding airports of bird strikes (collisions between birds and aircraft). According to *Globe and Mail* reporter Ron Truman, the men have trained falcons to hunt birds who rest and feed near airports.

Doug Wilson, one of the falconers, explained: "The falcons are effective on birds such as gulls who socialize. After gulls have been taken by a falcon, the rest of the flock soon learns the appearance of the falcon means danger.

"Attempts to scare the birds with noise, even to fool them with a model plane disguised as a falcon have failed. When none of the birds were taken, the flock ignored the devices," he said.

"Getting native birds of prey to stay in the area won't work either. These raptors will pursue easier game — blackbirds or pigeons. There's no reason for a small hawk to take on a three-pound herring gull. You have to use a raptor that is trained specifically to hunt gulls."

"Part of the myth about falcons is that they're 100 percent killers. The fact is that they miss their prey as often as they get it," conceded Mr. Wilson.

John FitzGibbon, manager of airfield operations for Transport Canada, commented on a demonstration of the birds' skill at Canadian Forces Base in Trenton, Ontario: "Falconry is expensive, but so are repairs to aircraft after a birdstrike. From what we've seen, the falcons are effective. There's been a 70 percent reduction in birdstrikes in some areas we've studied."

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## Federal funds for ice arenas

The Federal Government has offered a total of \$18.15 million to help Hamilton, Winnipeg, Edmonton and Quebec City pay for arenas the same size as used by the National Hockey League, in a move that Fitness and Amateur Sport Minister Iona Campagnolo said raises the possibility "of an all-Canadian division in the league".

Edmonton, similar to Winnipeg and Quebec City, a member of the World Hockey Association, already has a "big-league" arena with a seating capacity of over 15,000. Both Winnipeg (with 10,151

seats in the Arena) and Quebec City (10,004 seats in the Coliseum) have discussed plans to enlarge their buildings.

Under the federal proposal, Hamilton, Winnipeg and Quebec City would each get \$5 million and Edmonton would get \$3.15 million. That city received \$1.85 million earlier for the Edmonton Coliseum, as part of the financing for the Commonwealth Games.

Among the conditions attached to Mrs. Campagnolo's announcement was the requirement that in each case, the province must match the federal contribution.

The cities involved must also get an NHL franchise to qualify and the arenas must be made available to amateur groups.

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## Controversial bill proposed

The Government believes penalties for marijuana possession are too harsh, but Justice Minister Marc Lalonde said recently he did not expect Parliament to lighten the punishment before it dissolved for an election campaign.

"I am somewhat leery of bringing in a bill that would have no chance of being passed," Mr. Lalonde said in an interview. "I am not saying that it won't be brought in, but I don't want to raise expectations."

Although the Government's position is to oppose the "legalization" of marijuana, it would like to take cannabis-related offences out of the Criminal Code.

"The criminal character of the act of possession has led to tens of thousands of Canadians, young Canadians in particular, having criminal records for offences which have been in many instances mistakes which could be attributed to their young age," said Mr. Lalonde.

"We feel it is a matter which should be corrected. While keeping possession as an offence, we don't think a criminal record should be carried on by young people."

The Government has promised to remove marijuana and hashish offences from the Narcotics Control Act, which provides a maximum seven-year prison term for simple possession of cannabis, the generic term for hashish and marijuana.

So-called "soft" drugs would be brought under the Food and Drugs Act, which now covers amphetamines, commonly known as speed, and hallucinogenic drugs such as LSD.

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## Tourism publications tops

The *Travel Advisor*, based in Washington, D.C., has chosen Canada as the world's leading producer of tourism literature.

In announcing the winners, the magazine said, "Canada overwhelms you with beautiful, well-prepared materials — enough to plan a complete vacation almost anywhere in Canada".

Publications singled out for distinction were the Ontario-produced *Traveller's Encyclopaedia of Ontario/Canada, Heritage Highways, Tours of Ontario and Quebec* and the Canadian Government Office of Tourism's (CGOT) *Touring Canada*, which suggests 54 tours and supplies mileage figures. Other booklets produced by the CGOT which received honourable mention were *Canada Travel Information* and *Events and Attractions*.

"After digesting all the excellent travel literature, you really want to accept the invitation," said the *Travel Advisor's* editorial.

The Canadian literature was judged best in the world based on submissions from 140 sources of free travel information.

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## Ukrainian week at Archives

An exhibition, *Ukrainian Canadians, Reflections on the Formative Years*, opened at the Public Archives of Canada recently, in recognition of Ukrainian Week. It displays various documents held by the Public Archives and includes private manuscripts, photographs, maps, films, newspapers and government documents, dating from 1891 to 1926.

While the first generation of Ukrainian Canadians was concerned chiefly with becoming established on homesteads, the settlers also established churches, schools, social and cultural organizations and newspapers. Many entered politics and business at an early date. "Their industrious character, organizational ability and community spirit transformed the bleak prairie landscape into a granary which supplied the British and Allied armies during World War I," said Oksana Migus, archivist responsible for the exhibition.

Today, Canadians of Ukrainian background number about 600,000, of whom more than 500,000 are Canadian-born, many of them third or fourth generation.

## National Research Council goes into the junk business

Time, and the Canadian climate, have created havoc on once shiny, sleek cars now gathering dust in junkyards across the country.

Useless? Well, not quite. Indeed, a whole industry has been built around the profitable recycling of the large amounts of valuable materials that can be recovered from discarded automobiles. In the 1960s, heavy-duty shredders capable of processing an entire discarded automobile were developed to extract desirable scrap steel for the steel industry. The steel and iron were picked up by powerful magnets and recycled as feed for the steelmaking furnaces, while the non-magnetic portion of the metal — roughly 45 kg for the average car — was simply trucked to landfill sites and buried as garbage. No practical process existed in Canada to extract the zinc, copper, aluminum and stainless steel it still contained.

With the support of a National Research Council grant, Intermetco, a Hamilton, Ontario, metal recycling company, has developed a new process for recovering non-ferrous metals from obsolete automobiles.

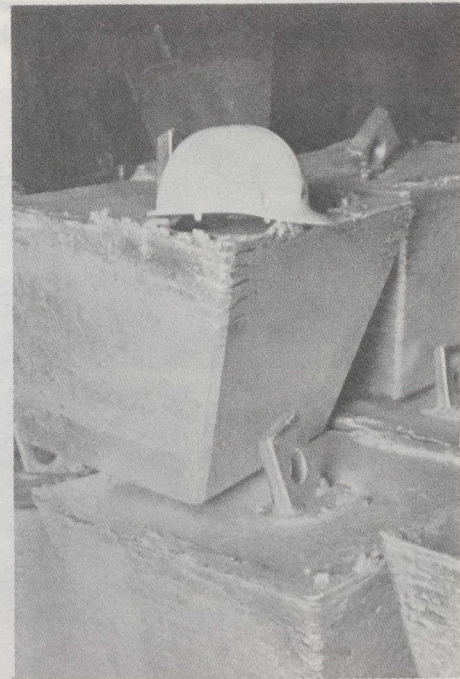
Says metallurgist Satinder Vig: "Like butchers who claim to use everything in a pig but the squeal, companies like Intermetco in the metal recycling business are always looking for more ways to recover useful materials from junked automobiles. With the tremendous increase in the cost

of energy and the growing scarcity of many non-renewable materials, this makes good business sense and it benefits the environment. Indeed, in the case of aluminum, the energy cost of recycled metal is one-thirtieth that of metal extracted from ore.

"Most of our laboratory experiments on the reclamation of non-ferrous metals were performed in our Hamilton, Ontario, laboratories. To many people, the word 'experiment' might conjure up images of tiny samples in test tubes, but one has to realize that scrap metal chemistry is performed on an entirely different scale of magnitude. An average sample of weight for an experiment is a ton of material, rather than a few grams, since the original material from a car is so heterogeneous."

### A thousand cars a day

"As things now stand," says Mr. Vig, "our pilot plant, [in Laprairie, Quebec], which has been in operation since September 1977, processes non-magnetic material generated by shredding up to 1,000 cars in an eight-hour shift every day. Every 45 seconds a whole car, with its engine block and everything but the gas tank (which might explode if left in place) is fed into our shredder. This machine is a hammer mill that chews the car up in a few seconds and breaks everything into small pieces. What comes out is a



*Aluminum ingots await shipment to users. These valuable materials were previously discarded as landfill.*

mixture of steel, various non-ferrous metals, plus diverse non-metallic debris such as glass, plastic, textile and rubber, sand, etc. The shredded material varies in size from fist-sized chunks to fingernail-sized fragments.

"The first processing step is an air separation system on the shredder itself. This is simply a strong blast of air that removes most light material, such as plastic and textile. Next, a series of strong magnets pick up the steel, which is the main target of our operation since it represents up to 80 per cent of a car's weight."

According to Mr. Vig, the company's new reclamation system begins at this stage. The starting material represents what is left when the steel is removed, the non-ferrous metals along with non-metallic junk. This is first pre-cleaned in a "rising current separator", a big tank with a controlled upwards flow of water that carries most light materials away while the metals and heavy solids sink to the bottom.

The plant not only recovers valuable, non-renewable resources, but contributes to the production of the environment as well, removing unsightly junk yards that mar the landscape.

*(The preceding excerpts are from an article by Michel Brochu for Science Dimension, 1978/4.)*



*Powerful claws pick up a junked car and lift it to the mouth of a car shredder. On the right is the pneumatic sorter, which removes light debris from shredded car material.*

Photos by Michel Brochu

## Snow problem 'sno problem at Quebec winter carnival



Quebec City is the scene of winter fun and games at carnival time in February. For ten days, residents and tourists – many from the United States – take part in the activities. Prizes are given for the best snow sculptures and events include “pee wee” hockey competitions; the North American Olympic Carnival Hockey Tournament; a motor-cycle derby on ice; international dog-sled races; a soap-box derby; roller skating; snow-shoe races; a curling bonspiel; a tug o’war; speed skating; cross-country ski races; broom-ball; a lumberjack competition; and (above) a canoe race across the icy St. Lawrence River. (Below) Governor-General Edward Schreyer, who opened this year’s carnival – the twenty-fifth – congratulates Carnival Queen Christine Cantin. Mrs. Schreyer and “Bonhomme Carnaval” look on.



Quebec Government Office of Tourism

## Deep-sea shipping policy ready to protect Canadian interests

Canada is prepared to enact legislation to protect its international shipping interests, Transport Minister Otto Lang announced recently. In addition, the Government will encourage the use of Canadian ships in the transportation of Arctic resources.

In a letter to four leading shipping associations which submitted a brief on shipping policy matters to him last year, Mr. Lang stated the following policies:

- there will be a continued reliance on the international shipping market to supply most Canadian deep-sea requirements;
- while no new financial or tax incentives for a Canadian-registered fleet are proposed at this time, Canadian flag vessels, where available at reasonable cost, are to be used as a condition of export of processed or partly processed resources from the Arctic;
- the Government is prepared to consider requests for assistance in the use of Canadian-built and registered vessels related to Arctic development;
- the Government will introduce legislation allowing it to act where national interests are threatened by foreign governments or carriers, to permit the designation of “Canadian” shipping lines, and to provide for agreements enabling Canadian companies to trade in areas where they might otherwise be precluded.

## Academic exchange with Finland

Twelve staff and students from Montreal’s McGill University will spend six weeks this summer studying subarctic conditions in Utsjoki in northern Finland. They will be guests of the Turku (Finland) University’s Kevo Subarctic Research Institute.

The trip is part of an exchange agreement between Turku University and McGill. Last summer, McGill’s Centre for Northern Studies and Research hosted 11 Finnish scientists at the McGill Subarctic Research Station in Schefferville in northern Quebec.

The Canadians will concentrate their research on climatology, pollution and the socio-economic change in high subarctic regions among native populations caused by modernization and, in particular, by tourism.

CP

# News of the arts

## Toronto's "Tut mania" includes invitation to President Sadat

Although the *Treasures of Tutankhamun* exhibit is not scheduled to open at the Art Gallery of Ontario (AGO) until November 1, Toronto is already preparing for the show that has caused a cultural sensation across North America.

Officials at the gallery have invited Egyptian President Anwar Sadat to open the exhibition of artifacts which British archaeologist Howard Carter discovered in 1922. The display contains 55 objects from the tomb of King Tutankhamun, a teen-aged pharaoh who ruled Egypt some 3,000 years ago.

The exhibition has already travelled to New York, Los Angeles and New Orleans and is currently drawing huge crowds in Seattle.

The AGO has asked for 1,500 volunteers to help during the exhibit, which runs to December 31.

Toronto hotels are setting aside blocks of rooms to accommodate package deals that travel operators are putting together for out-of-town-viewers.

Restaurants are researching Egyptian recipes and a Toronto designer has created a wedding gown inspired by the Tutankhamun period.

Jewellery stores are busy acquiring copies of the necklaces, brooches and rings found in the tomb.

The art gallery, in conjunction with the Society for the Study of Egyptian Antiquities, is organizing lectures to acquaint the public with the Tutankhamun period (from 1361 to 1343 B.C.).

## The \$7-million invisible painting

The world's smallest painting, one-eighty-fifth of an inch in diameter, is worth \$7 million, claims its creator, Dimitri Farkavec of Winnipeg.

*Our Beautiful Canada* was painted with a single hair and the aid of a microscope. To the naked eye, the work is smaller than a pinhead. "Its secret," says Farkavec, "unfolds only when you have equipped yourself (with a microscope)."

The artist is now negotiating for the sale of the work (which is unlikely to command the asking price) to the Guinness Museum of World Records in Niagara Falls.

## Season of firsts for Canadian Opera Company

Six grand operas including five company *premières* will highlight the Canadian Opera Company's (COC) eight-month opera season from September 1979 to May 1980.

The COC will present its first productions of Verdi's *Simon Boccanegra* in Italian; Wagner's *Tristan und Isolde* in German; Donizetti's *L'Elisir d'Amore* in Italian; Massenet's *Werther* in French; Britten's *Peter Grimes* in English and a new production of one of the company's most popular operas, Puccini's *Madama Butterfly* in Italian.

The company's extended season is the fulfilment of long-awaited ambition of artistic director Lotfi Mansouri to present a year-round program of major opera productions in Toronto.

## Music for animals highlights children's cause



Members of the chamber music ensemble *Camerata* recently visited Toronto's Metro Zoo, whose furry residents helped to publicize a concert series celebrating the International Year of the Child. The concerts, co-sponsored by the Young People's Theatre Centre, featured works about animals, including Prokofiev's *Peter and the Wolf*, *Saint-Saens' Carnival of the Animals*, and *Rimsky-Korsakov's Flight of the Bumble Bee*.

## Award for film on mountaineering

The Quebec Mountain Federation has awarded film-maker Marc Hébert a medal of honour, in recognition of his promotion of mountaineering activities, at the federation's tenth anniversary congress, following a preview of Mr. Hébert's new film, *Le Pilier de cristal*.

The film (shot by photographer and mountaineer Roger Rochat) depicts a mid-winter climb up the natural ice formations flanking Montmorency Falls near Quebec City.

Marc Hébert's first film on mountaineering in Quebec, *Les Rochassiers (Sheer Sport)*, has received a number of awards since its production in 1970: the Selection Committee Cup at the International Mountain Festival in Allos, Haute Provence, France in 1970, the Diable d'or (documentary category) at the International Alpine Film Festival in Les Diablerets, Switzerland in 1970, the Prix scultura "Tederfo" at the International Festival of Sports Films in Cortina d'Ampezzo, Italy in 1971 and an honourable mention at the International Mountain Film Festival in Trento, Italy in 1971. Both *Les Rochassiers* and *Le Pilier de cristal* are productions of the National Film Board of Canada.

## Master engraver honoured

The Royal Canadian Academy of Arts medal for the year 1978 has been awarded posthumously to engraver and painter Albert Dumouchel (1916-1971) in recognition of his professional contribution to the graphic arts in Canada.

Mr. Dumouchel, who taught at the School of Graphic Arts in Montreal and was director of graphics at the School of Fine Arts of the University of Quebec at Montreal, earned Quebec engraving an international reputation when he represented Canada at several exhibitions abroad. He trained most of Quebec's internationally-renowned engravers.

The medal is awarded from time to time as a tribute to those who have made an outstanding contribution to artistic life in Canada. Among interpreters of the plastic and graphic arts, the only previous recipients have been the members of the Group of Seven and sculptor Henry Moore.

## Drilling regulations approved

Energy Minister Alastair Gillespie and Northern Affairs Minister Hugh Faulkner recently announced the approval of new regulations to govern the drilling for oil and gas on lands under federal jurisdiction. *Canada Oil and Gas Drilling Regulations* specify the standards for such diverse items as electrical and firefighting equipment, alarm systems, communications, standby craft, casing design and blowout-prevention equipment.

In the case of offshore drilling units the regulations set out safety and life-saving equipment requirements including survival craft, life rafts and life-jackets and the mandatory procedures for operation of diving equipment.

The provisions have been used as conditions of approval for current drilling programs and for the most part, are already being followed by oil companies in their operations.

The resource management and conservation branch of Energy, Mines and Resources and the northern non-renewable resources branch of the Department of Indian and Northern Affairs are the two agencies responsible for administering the regulations, which will be published in the *Canada Gazette*.

## News briefs

Canada has recognized the provisional government of Iran. Secretary of State for External Affairs Don Jamieson, who made the announcement on February 16, also expressed confidence that the good relations Canada enjoys with Iran would continue to develop.

China has awarded a contract worth \$69 million to Control Data Canada Ltd. of Mississauga for 12 Canadian-designed Cyber 170 series computer systems.

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*Cette publication existe également en français sous le titre Hebdo Canada.*

*Algunos números de esta publicación aparecen también en español bajo el título Noticiero de Canadá.*

Canada has agreed to import oil from Mexico, aiming at shipments of about 100,000 barrels a day by the latter part of 1980 at a total cost of about \$500 million a year, Energy Minister Gillespie has announced.

Fisheries and Oceans Minister Roméo LeBlanc may establish one or more mutual insurance companies run by fishermen, either on a national or regional basis, to replace the Fishing Vessel Insurance Plan, run by his department.

The Queen Mother has accepted an invitation to visit Nova Scotia this summer. Although few details of the trip are known at the moment, Premier John Buchanan said the Queen Mother would take part in the opening of the International Gathering of the Clans on June 28, the first time the gathering has been held in Canada.

Premier Peter Lougheed of Alberta has called an election for March 14. At dissolution, the Progressive Conservatives held 69 of the 75 seats in the provincial legislature, the Social Credit Party four, the New Democrats one, and one seat was held by an Independent. There will be 79 seats in the new House.

The Canadian dollar closed at 83.77 cents (U.S.) on February 14, in moderate trading in the North American inter-bank wholesale market.

Toronto Stock Exchange prices rose to the second highest levels in history on February 14, as a rally continued for a fifth successive session. Oil and gas led the way with gains ranging up to \$2.75 a share, with hopes for increased crude oil shipments to the U.S.

British Columbia Telephone Co. of Burnaby, B.C., plans to spend more than \$284 million this year on capital construction projects to maintain and improve its telephone system.

A bill establishing an independent commissioner with wide powers to investigate air accidents, as well as mishaps on railways, pipelines and other areas of federal jurisdiction, was introduced in the House of Commons on February 14.

The target for Alaska gas to begin moving through Canada to the lower 48 states has been put back until middle or late 1984 from a previous estimate of late 1983 or early 1984, according to the chairman of Northwest Alaskan Pipeline Company. During the delay, costs will increase at a rate of \$3 million a day.

Macao and Thailand have agreed to limit exports of clothing to Canada for

three years retroactive to January 1, Industry, Trade and Commerce has announced.

Canada's seasonally-adjusted unemployment rate remained at 8.1 per cent in January, unchanged from the December figure. The rate in January 1978 was 8.3 per cent. The employment/population ratio reached a new high at 58.3 per cent, up from 57.9 per cent in December.

The National Energy Board has approved shipments of about 1 million barrels of crude oil to the U.S. under an exchange arrangement to reduce Canadian east coast dependency on Iranian oil.

The British Columbia government will end the current fiscal year with a surplus of about \$145 million.

Current projections in Manitoba indicate a combined provincial deficit at the end of the fiscal year of \$129.8 million, down \$1.4 million from last autumn's projection, but more than \$9.5 million above the original projected deficit of \$120.1 million.

According to an executive recruiting company, there has been a declining trend over the past three years in the percentage of job searches for new management jobs, compared with replacement positions.

Wage settlements in major collective agreements in private industry grew to an average annual rate of 8.5 per cent in the fourth quarter of last year. The rate for civil servants was 7 per cent.

Canada will need 23,000 fewer high school teachers by 1990, according to a federal study released on February 14. It shows that 72,400 secondary teachers will be needed in 1990 to maintain an average ratio of 17.7 students to one teacher — the same pupil-teacher ration that required 95,300 teachers in 1977.

Manitoba Health Minister Sherman has announced new welfare regulations which will reduce payments to the elderly by as much as \$114 per month. Under the new rules, welfare payments to the elderly will increase the same as general increases for all welfare recipients.

An 18-year-old deaf speed skater, Farley Kellett, from Saskatoon, and 16-year-old Sylvie Daigle of Sherbrooke, Quebec, were the first gold medal winners at the Canada Winter Games in Brandon, Manitoba on February 13. Kellett, who followed up with victory in the men's 500-metre final, watches the smoke from the starter's gun as his cue to start racing.