



CANADA

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THE CANADIAN ECONOMY

(Excerpts from a speech by Mr. John H. English, Deputy Minister of Trade and Commerce, at the Eleventh Annual Conference of Provincial Governments' Trade and Industry Council, at Halifax, Nova Scotia, on September 30, 1959)

"...I propose to describe the present position of the Canadian economy and to examine some of the major influences determining present trends in the economy as a whole and in particular industries.

"As all of you are well aware, economic activity in Canada picked up markedly during the past year. This upward trend started gathering momentum in the closing months of 1958. By early 1959, the more comprehensive measures of general activity had surpassed previous maximum levels and subsequently the tempo of business activity has steadily strengthened. In the second quarter, Canada's Gross National Product reached a level 7.5 per cent above that for the same period of the preceding year. Much the greater part of this increase reflected higher physical output. The general level of prices appears to have increased by less than 2 per cent. By mid-year the index of industrial production was 7 per cent higher than a year ago and manufacturing output considered separately was up by about the same percentage.

"The labour market also has been strengthening. Total employment in August was nearly 3 per cent higher than in the same month last year and non-agricultural employment was up by 4 per cent. Since the labour force itself has shown renewed expansion in the summer months,

the decline in unemployment has not been fully commensurate with the increase in jobholders. Nevertheless, unemployment continues to run well below last year's level, and in August amounted to 3.7 per cent of the labour force, compared with 4.5 per cent in the same month of the previous year.

"The current expansion to date has been sparked largely by increased consumer buying, a high volume of housing and renewed accumulation of business inventories.

"Even during the recent business slowdown, the overall flow of incomes to individuals continued to move upward, supported in large part by higher government payments. Since late 1958, personal incomes have been further reinforced by a substantial pick-up in employee earnings, which have increased by 8 per cent during the past year. This growing volume of purchasing power at the disposal of individuals has provided the basis for the current strength in the consumer market. Durable goods in particular have forged ahead this year. Figures available to date show that sales of passenger cars are up by 15 per cent and major home appliances by a similar amount. In the first half of the year, total consumer outlays showed a substantial 6.5 per cent rise over the same period in 1958. With consumer prices up only 1 per cent, this represents the first

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significant advance in per capita spending in real terms since 1956.

"Meanwhile, house-building activity, though still at an unusually high level, has receded somewhat from the record volume of last autumn. With mortgage credit more difficult to obtain, housing starts have not maintained last year's rate. Nevertheless, the resumption of the small home loans programme, allowing for the advance of mortgage funds up to a maximum of fifteen loans for each builder, is providing a boost to housing in the closing months of the year.

"Other forms of private capital spending are now on the up-grade. Outlays for both non-residential construction and for machinery and equipment have been moving upward in recent months. In the industrial field in particular, new expansion projects are going forward at an increasing rate. On the basis of the mid-year survey of investment intentions, private capital outlays will be about the same in 1959 as in the preceding year. However, realization of these plans would involve a growing volume of capital expansion as the year goes on.

"The post-recession rebound in corporate profits has no doubt been an important factor contributing to new interest in expansion. By the second quarter, corporate earnings had increased by more than 20 per cent within the space of one year and were within a few per cent of the previous record level.

"As with investment, the level of total exports has tended to lag behind the improvement in business conditions generally. In 1958, the coming into prominence of new exports, such as uranium, and the exceptional level of shipments achieved for certain commodities, such as wheat, beef and aircraft, helped to sustain Canada's foreign sales despite a decline in world trade generally. The effects of these special factors had diminished by the end of the year. In addition, the prevalence of extensive new industrial capacity in major consuming countries, particularly the United States, tended for a time to delay the impact of world recovery as far as material requirements from Canada were concerned. Nevertheless, in the last few months exports have been moving ahead, and, for the year to date, are at record levels...."

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EXCHANGE OF ARCTIC INFORMATION

In an address on September 29 to the University of Saskatchewan, Saskatoon, on the occasion of its fiftieth anniversary, Prime Minister Diefenbaker said that the Canadian Government had officially proposed to the Soviet Government that Canada and the U.S.S.R. should embark on an exchange of Arctic information.

Mr. Diefenbaker said:

"The solution of the scientific problems posed in the polar regions is a matter of

common concern to the two countries which share most of the northern area of the world; a solution to which both have much to contribute and much to gain from a full exchange of information in this field....

"Mr. Khrushchev said in Washington that he was in favour of international co-operation in the field of northern development, which would imply that a positive response to the Canadian proposal for an exchange will be forthcoming from the Soviet Government.

"The U.S.S.R. has been advised that Canada would be glad to send a delegation on northern matters to begin contacts and discussions. Such a delegation would include specialists in the fields of northern research and administration, probably under the chairmanship of the Minister of Northern Affairs (Mr. Alvin Hamilton).

"I also want to make it clear that Canada would welcome a delegation from the U.S.S.R. There is scope for further and continuing exchanges of scientific information and of insights into the administrative and operational techniques which have proved effective in meeting problems in many fields of northern development. I believe that these exchanges and discussions regarding 'the frozen North' might well contribute in a constructive measure to bringing about a thaw in the cold war."

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RESIDENTIAL CONSTRUCTION

Starts of new dwelling units in Canada were fewer in number in the first half of this year than in the same period last year according to advance Dominion Bureau of Statistics figures. There was little change in the number of completions between the two periods; the small indicated decrease probably reflected the change this year to a new sample survey in the areas outside the centres with a population of 5,000 and over.

January-June starts for all Canada decreased to 59,074 from 73,201 units a year ago. Most of the decline was in the second quarter when starts fell to 42,709 from 55,413 units. For the first half of 1959, completions numbered 56,551 versus 58,308 units a year ago, of which 31,854 against 31,993 were reported in the second quarter. The number of units under construction at June 30 this year was 81,654; the corresponding total for June 30 last year is not strictly comparable due to the change to the new sample survey.

Half-year starts in centres with a population of 5,000 and over dropped to 45,234 from 52,882 units in the first half of 1958, while completions increased to 46,579 from 43,339 units. Units in various stages of construction at June 30 numbered 60,791 versus 59,373 a year ago. June starts in these centres fell to 11,319 from 12,923 units, but completions rose to 9,057 from 7,236 units.

MINERAL PRODUCTION

Production of asbestos, cement, clay products, gypsum, iron ore, lime, salt, and silver was greater in June and January-June this year than last, while output of coal, gold, and zinc was smaller in both periods. Production of copper and nickel was larger in the month but smaller in the six months, and the output of lead and uranium was down in the month but up in the half year.

Minerals reporting greater production in the January-June period were: asbestos, 472,097 tons (394,932 in the first half of 1958); cement, 2,568,083 tons (2,521,477); clay products, \$19,511,660 (\$17,687,167); gypsum, 2,462,362 tons (1,618,093); iron ore, 7,385,666 tons (4,314,062); lead, 98,448 tons (94,392); lime, 820,301 tons (782,651); salt, 1,474,508 tons (955,319); silver, 16,009,239 fine ounces (15,063,577); and uranium, 14,991,569 pounds (11,655,444).

Minerals recording smaller output in the half year: coal, 4,851,645 tons (5,767,079); copper, 186,843 tons (194,956); gold, 2,228,384 fine ounces (2,288,688); nickel, 84,299 tons (93,076); and zinc, 198,876 tons (214,092). January-May production of natural gas (latest data available) increased to 190,112,625 M cubic feet from 14,003,537 M a year earlier, and petroleum to 75,710,713 barrels from 68,858,689.

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TRAVEL EXPENDITURES

Expenditures in Canada by travellers from the United States and other countries were 4 per cent smaller in 1958 than the preceding year's all-time peak, but travel expenditures of Canadians in other countries climbed 3 per cent to a new high according to the Dominion Bureau of Statistics' annual report on travel between Canada and other countries. For the eighth successive year, Canadian travellers spent more in other countries than foreign travellers spent in Canada.

This report provides estimates of international travel expenditures arising from all types of movements across the frontiers. Many of the movements are short-term and local in character arising from close inter-relationships of communities lying near the border. Commuting, temporary migration for employment, business travel, and shopping visits, comprise parts of the movements as well as summer residents and vacation travellers usually associated with the "tourists" business.

No attempt has been made to isolate any group or "tourist traffic". The data, therefore, do not coincide with the movements and expenditures which for some purposes might be defined more specifically as relevant for the "tourist" industry. While the latter industry would comprise only part of the international business shown in this report, that industry

does on the other hand also include the large and growing domestic sector of tourism not covered in this publication.

Visitors to Canada from other countries spent an estimated \$349,000,000 in 1958 as compared with \$363,000,000 in the preceding year, while Canadian travel expenditures abroad totalled \$542,000,000 as compared with \$525,000,000. The resulting debit balance on travel account with all countries rose to \$193,000,000 from \$162,000,000 in 1957.

United States residents travelling in Canada reduced their spendings in this country in 1958 for the first time in seven years, the drop being 5 per cent to \$309,400,000 from the preceding year's record \$325,300,000. The decline was due mainly to non-automobile traffic where shorter visits and lower expenditures per visit were reported. Canadians travelling in the United States spend a record \$413,300,000 in 1958 versus \$403,100,000 in 1957. The resulting debit balance on travel account (seventh in a series), thus rose to \$103,900,000 from \$77,800,000 in 1957.

Visitors from overseas countries spent a record total of \$40,000,000 in Canada in 1958 as compared with \$38,000,000 in 1957, and Canadian overseas travel expenditures also rose to a new peak of \$129,000,000 versus \$122,000,000 in 1957. This resulted in a rise in the debit balance on travel account with these countries to a record \$89,000,000 as compared with \$84,000,000 in 1957.

There was little change from the previous year in the total number of entries into Canada by residents of other countries. When compared with 1957 there was a gain of about 3,000 entries direct from overseas countries to 39,700, while long-term entries from the United States declined about 1,000 to 4,450,400, leaving the aggregate for all countries about 4,000 less than the record established in 1957.

Volume of travel to other countries by Canadians continued to expand during the year, but again at a moderate rate. Long-term entries by residents of Canada were just over 1 per cent higher than the previous year, or a gain of approximately 64,700 visits. Long-term re-entries from the United States totalled 4,486,000 in 1958, an increase of 52,500 over 1957. In 1958 Canadians returning direct from overseas countries numbered 132,100, an increase of 12,200 re-entries over 1957.

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WORLD WHEAT SITUATION

Supplies of wheat remaining on or about August 1 this year in the four major wheat exporting countries for export and for carry-over at the end of their respective crop years amounted to 2,445,600,000 bushels, down slightly from the previous year's total of 2,450,300,000 bushels, according to the Dominion Bureau of Statistics. August 1 supplies,

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in million bushels, were (figures for the previous year in brackets): United States, 1,719.9 (1,686.1); Canada, 546.3 (639.5); Argentina, 76.0 (87.2); and Australia, 103.4 (37.5).

Total exports of wheat and wheat flour, in terms of wheat, from the four major wheat exporting countries in the August 1958 - July 1959 period (the Canadian crop year) increased 9 per cent to 934,700,000 bushels from 856,200,000 bushels in the preceding Canadian crop year. The year's shipments from the four countries, in million bushels, were (totals for the previous year in brackets): United States, 456.3 (396.4); Canada, 294.1 (320.3); Argentina, 106.2 (77.6); and Australia, 78.1 (61.9).

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DEFENCE RESEARCH ACTIVITIES

Defence Research Board scientists at Suffield Experimental Station (SES), near Medicine Hat, Alberta, are conducting a fundamental research programme to investigate shock and blast waves and their effects on model structural configurations. Explosive charges of TNT, ranging from eight to 200,000 pounds, will be detonated on three prairie ranges within the station's 1,000 square mile experimental area.

Scientists have been gathering data relative to nuclear explosions since the first atomic weapon was detonated in the United States. The Canadian effort, however, probably represents the first comprehensive investigation by a Western nation of the fundamental phenomena associated with shock and blast waves from explosive charges exceeding a few tons. Studies are also being undertaken to interpret associated laboratory investigations with the explosions carried out during the field experiments.

The data obtained will lead to a better understanding of the response to blast forces of field defences and shelters and other types of construction. The programme should permit the scientists to suggest design features leading to blast-resistant characteristics and methods of minimizing damage effects within shelters. Because there are no radiation or thermal effects from the explosives used at SES, the programme constitutes no danger to persons or animals in the Suffield locality.

The programme has arisen from the participation of SES scientists in conducting measurements of blast waves during the United Kingdom nuclear tests in Australia in 1956 and 1957. Close co-operation has continued with U.K. laboratories which are maintaining a keen interest in the SES experiments. Canadian and U.K. scientists co-operated in conducting shock measurements during the recent Ripple Rock demolition off Canada's West Coast.

United States scientists have also shown interest in the SES programme and have been

invited to make scientific observations at some of the forthcoming tests.

Planning for the programme began two years ago and outdoor ranges have been prepared at localities with such picturesque names as Dead Man Gulch, Watching Hill and Drowning Ford. By August 1958, an eight to 60 pound explosive range was completed and a second, capable of assessing the effects of charges up to 2,000 pounds, was finished this summer. It is expected that 100-ton or simulated sub-kiloton nuclear explosions will eventually be detonated.

High-speed photographic techniques have been developed to study in detail the shock and blast effects associated with explosions. Smoke rockets provide a background grid pattern to facilitate measurement of the movement and other actions of shock waves.

The first of a long series of medium explosions was successfully carried out in July when a 500-pound hemispherical ground burst charge of small TNT blocks was detonated. Associated air pressures and other related data were obtained.

The TNT charges, cast in the form of spheres and hemi-spheres, are produced at the station following the development of a new technique for building large hemispherical shapes.

Dr. Ross B. Harvey, a physical chemist and formerly of Moose Jaw, Saskatchewan, who led the SES group at the nuclear tests in Australia, is directing the shock and blast research programme at the prairie establishment.

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GOVERNMENT FINANCES

Mr. Donald M. Fleming, Minister of Finance, has released the regular monthly statement of the Government's financial operations for August, 1959, and the first five months of the current fiscal year.

For August, budgetary revenues were \$403.4 million, expenditures were \$507.1 million and there was a deficit of \$103.7 million. For August 1958, revenues were \$360.8 million, expenditures were \$368.9 million and there was a deficit of \$8.1 million.

For the first five months of the current fiscal year, budgetary revenues were \$2,068.5 million, expenditures were \$2,133.8 million and there was a deficit of \$65.3 million. For the same period last year, revenues were \$1,806.4 million, expenditures were \$1,790.4 million and there was a surplus of \$16 million.

Operations of the old age security fund, which are not included in budgetary transactions, resulted in a deficit of \$3.1 million for August, 1959, and an accumulated deficit of \$40.3 million for the five months to August 31, 1959. Last year for the five months to August 31, 1958, there was an accumulated deficit of \$73.3 million. These deficits were covered by temporary loans by the Minister under the terms of the Old Age Security Act.

THE CHANGING FACE OF MONTREAL

Among the many changes taking place in Montreal is the extensive reconstruction of Dorchester Street, where a number of large building undertakings will be completed in the early 1960's.

Prominent among these is the \$60 million Place Ville Marie, named to commemorate the original French settlement on the site of Montreal. The fulfilment of an earlier plan, this project will develop 23 acres of Canadian National Railways property which for thirty years resembled an abandoned quarry, known locally as the "Dorchester Street hole".

In the 1920's the C.N.R. had intended to build a large railway terminal and other buildings on this site. Work had begun in 1930 but as the depression deepened, the plan was abandoned. When the Second World War broke out, a new railway terminal in Montreal became essential; construction began again and the station was completed in 1943. But the unsightly "Dorchester Street hole" remained to mar the approach to the new station.

The more ambitious plan, however, had not been forgotten. Owing to the initiative of Mr. Donald Gordon, President of the C.N.R. and to improved economic conditions, the original idea was revived in 1956. The first building to be completed was the Queen Elizabeth Hotel which opened in April 1958.

The master plan of the Place Ville Marie includes office buildings, transportation and parking facilities, shops and restaurants, to be constructed over the tracks of the C.N.R. A cross-shaped metal and glass skyscraper, 570 feet high with 40 floors of office space, will be the dominating feature. Directly below a spacious plaza reserved for pedestrians, will be a concourse of small shops, arcades and indoor restaurants. The second and third levels will provide parking space for some 900 cars. The plaza will be connected with St. Catherine Street, a popular shopping centre, by a tree-lined mall.

The Place Ville Marie will provide a commercial centre of great importance and will carry to completion in a modern form the imaginative plans of the late Sir Henry Thornton, a former President of the C.N.R.

WINDSOR PLAZA

During July and August of this year, the old Windsor Hotel, a familiar landmark to several generations of Canadians, was torn down to make way for a 42-storey bank and office building, to be followed by a 22-storey office building. The more recent wing of the hotel, added 40 years ago, has been left standing. Completely renovated it will provide 300-room accommodation, and banqueting facilities. The three buildings will form the Windsor Plaza, at a cost of \$45 million.

The main building of the group is being constructed jointly by a real estate company

and the Canadian Bank of Commerce. The 565-foot structure will be finished in split green slate and green plate glass, framed in granite. The open space between the buildings will be landscaped with shrubbery and flagstones and ornamented with a fountain and sculpture. Plans have been made for the relocation of the "Royal Balcony" in a prominent position overlooking Dominion Square.

The Shawinigan Building, the home of the Shawinigan Water and Power Company, was one of the first post-war buildings on the widened Dorchester Street. C.I.L. House (Canadian Industries Limited) is another important building at present under construction which will be finished in the early 1960's.

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GEOLOGICAL RESEARCH GRANTS

Research workers in 13 Canadian universities are to receive grants in 1959 totalling \$50,000, for studies in the geological sciences. Similar in amount to those for 1958, the grants are awarded by the Geological Survey of Canada, on the recommendation of the National Advisory Committee on Research in the Geological Sciences. They will support 13 new projects and 16 continuing studies.

In making the announcement, the Minister of Mines and Technical Surveys, Mr. Paul Comtois, said the grants are being awarded after careful study of the 37 applications received from various Canadian universities. This year's awards will bring the total amount of money given for this purpose to \$285,000 since the grants were initiated in 1951.

Results show that the grants are achieving their purpose of stimulating geological research. They are providing vital research equipment in our universities which is enabling the most promising of our students to pursue their studies in Canada rather than in the United States. For this same reason, researchers among the professorial staff are encouraged to remain in the Universities instead of seeking positions in industry or at universities in the United States.

Moreover, the increased facilities for research provided by these Federal grants have drawn support from other sources. In the field of research on geochemical and biogeochemical prospecting, for instance, mining companies are providing additional financial help.

This year, the grants are being used for purposes ranging from the construction of a special piston-core apparatus that will gouge out samples of the sea-bed for studying submarine-geology by Ottawa's Carleton University, to research by the University of Alberta on the outflow of heat from the earth's interior by the measurement of the temperature gradients in abandoned oil-wells (knowledge of heat flow is necessary to discover if the earth is expanding or contracting and whether there are convection currents at moderate

depths below the crust). At McGill University, continuing experiments on the behaviour of silicates and sulphides at high pressures and temperatures are revealing more about the formation of ores and the metamorphism of rocks.

Research work, supported by past grants, has produced results of wide geological interest.

Five papers which are concerned with obtaining an absolute time scale from Cosmic time, around 4.5 billion years ago, to Historic time, 5,000 years ago, are being presented by the University of Alberta.

Experiments with scale-models, which have been carried out by the University of Western Ontario, aid the interpretation of electromagnetic field-surveys by studying the electromagnetic response of typical geological structures. These studies have resulted in three papers which will be of value to mining companies using airborne electromagnetic prospecting devices.

Special chemical techniques supplemented by spectroscopy have been developed by the University of British Columbia in its study of trace-element relationships. This knowledge should be useful in mineral exploration and prospecting.

NAVAL CADETS

One hundred and forty-nine young men from across Canada have been enrolled in the Royal Canadian Navy as cadets under terms of the Regular Officer Training Plan and College Training Plan.

This autumn eighty-four of the number will enter the three Canadian Services Colleges -- Royal Roads, near Victoria; the Royal Military College, Kingston, Ontario, and Collège Militaire Royal de Saint-Jean, Saint-Jean, Quebec. The other 65 successful ROTP applicants will be sponsored by the Navy at Canadian universities.

Under the terms of ROTP, cadets attend the Services Colleges and universities at government expense and upon graduation they join the services as regular force officers.

Twenty-nine of the selected naval cadets will go to Royal Roads, 13 to the Royal Military College and 42 to Collège Militaire Royal de Saint-Jean. The group includes two men who have been serving on the lower deck of the RCN and have qualified for officer training.

VISITOR FROM VENEZUELA

His Excellency, Dr. Ignacio Luis Arcaya, the Foreign Minister of Venezuela, who is leading his country's delegation at the General Assembly of the United Nations in New York, paid a brief visit to Canada during the first week of October. Accompanied by Mrs. Arcaya, he first visited Montreal, making a tour of the St. Lawrence Seaway en route to Ottawa.

After a few days in Ottawa where they were the guests of His Excellency, the Ambassador of Venezuela and Mrs. Manuel Egana; Dr. and Mrs. Arcaya visited Toronto before returning to New York.

SHIPMENTS OF IRON ORE

Shipments of iron ore from Canadian mines in June increased to 3,520,545 tons from 2,258,660 in last year's same month, boosting January-June shipments to 7,385,666 tons from 4,314,062 a year ago. End-of-June stocks dropped to 1,850,142 tons from 2,929,435 at the same date last year.

Ore shipped for export in June jumped to 3,217,734 tons from 2,046,096 a year earlier, raising the half-year total to 6,389,917 tons from 3,708,777. Ore shipped to Canadian consumers in the month advanced to 302,811 tons from 212,564, and in the six months to 995,749 tons from 605,285.

Total shipments in June from mines in Quebec climbed to 1,672,910 tons from 849,701 a year earlier, Ontario to 785,716 tons from 398,327, and Newfoundland and British Columbia to 1,061,919 tons from 1,010,632. January-June shipments: Quebec, 3,025,588 tons (1,366,137 a year ago); Ontario, 2,103,989 (917,951); and Newfoundland and British Columbia, 2,256,089 (2,029,974).