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CANADA'S USE OF FOREIGN CAPITAL

Trade and Commerce Minister Robert Winters recently told the Forty-second Canadian Purchasing Conference in Montreal that there was no evidence that foreign-owned subsidiaries acted against Canada's national interest.

Foreign capital had brought great benefits to Canada, Mr. Winters said. It was up to the Government to ensure that this continued to hold true.

"Foreign ownership is part and parcel of the growing trend toward the large multinational corporation," Mr. Winters declared. "This is a fact of life which, if accepted, and used properly can bring great benefits. Whether or not it is used wisely in the economic programme of the nation depends upon the extent to which the Government defines the rules of the game."

"In the final analysis, it does not matter very much who owns the capital - it is the use to which it is put that counts," the Trade Minister said, "and this is a field in which the Government can be the determining influence."

SIZE OF FOREIGN STAKE

According to Mr. Winters, Canada had always been heavily dependent on foreign capital for its rapid economic development, and foreign interests now had a total stake of \$33 billion in the country's economy. Half of this investment took the form of direct ownership of shares of Canadian enterprises, accounting for three-fifths of Canada's manufacturing and mining and three-quarters of our petroleum and natural gas industries, Mr. Winters added. More than three-quarters of this foreign ownership was in the hands of United States residents he said....

FOREIGN OWNERSHIP AS DEBT

Of the suggestion that this foreign ownership constituted an unmanageable debt, he said: "While recognizing that any inflow of capital creates a debt (and, in our case, it is substantial), I must point out that interest and dividends paid abroad amount to only about 2 per cent of our gross national product - a third of what it was during the 1930s. And, on a per capita basis, Canadians invest much more heavily in the United States than Americans do here."

POLITICAL CONTROL

Of the suggestion that multinational companies could be used as instruments of political control by a foreign government, Mr. Winters said: "...what foreign capital does in Canada is a matter for the Government to determine. It is up to us to state the rules of the game, and we have done so. But my examination of the situation has led me to believe that by and large, foreign subsidiaries in Canada conduct themselves as good corporate Canadian citizens."

CONFLICT OF INTERESTS

Regarding the suggestion that subsidiaries of foreign firms acted according to their own interests and against Canadian economic interests, Mr. Winters pointed to the results of a study by his Department, based on replies of foreign subsidiaries to letters spelling out the principles of good corporate citizenship and asking for further information on the operations of the larger foreign-owned companies. The survey had received a tremendous response, the Minister said, and revealed that the larger foreign-owned subsidiaries in Canada sold the same pro-

portion of their output abroad as the economy as a whole, and spent nearly \$11 billion — 80 per cent of their total expenditures — on Canadian wages and Canadian supplies.

"Nothing uncovered so far by the Department or by any independent researchers would indicate there is validity to the charge that foreign ownership, *per se*, acts against our national interests," Mr. Winters said. "Of course, it doesn't prove that every last foreign subsidiary is pure as the driven snow in every particular. But no matter how much work is done, no matter how many studies are produced, there will always be those who maintain that foreign-owned companies as a class are serious offenders against the national interest."

Mr. Winters emphasized that Canadians must seek greater domestic participation in the expansion of their economy, through more active participation in the creation and ownership of Canadian industry. But restrictions on foreign capital, by slowing the growth rate of the economy, would have the opposite effect, he said: "The surest way to achieve greater Canadian ownership is to foster, not impede, our economic development; and then to encourage the use of the proceeds from this growth in expanding our own capital resources and developing new enterprise."

OLD FORT HISTORIC SITE

On July 13, Her Majesty Queen Elizabeth the Queen Mother officially opened a new national historic site — the St. Andrews Blockhouse, the only building surviving of a series of blockhouses and batteries created by the townspeople of Halifax following the outbreak of the War of 1812. The building, which stands near the west end of the harbour of St. Andrews, New Brunswick, is similar in design to an earlier blockhouse at Fort Edward, Nova Scotia, but is somewhat lower.

HISTORY

Following the war, until about 1845, the blockhouse was used as an arms depot and its grounds were used as a parade and instruction area for units of the New Brunswick militia. After 1870, it was unoccupied but was maintained, apparently in good condition, by the Department of Militia and Defence. Sir Leonard Tilley, one of the Fathers of Confederation, at one time had a summer residence in St. Andrews, and in 1903 the blockhouse was reported as being rented to Lady Tilley. Because of its historic importance, the Department of Militia and Defence took a new interest in the blockhouse and, in 1917, leased it to the town of St. Andrews on the condition that it be kept in good repair.

In July 1964, the Department of Indian Affairs and Northern Development, then the Department of Northern Affairs and National Resources, entered into an agreement with St. Andrews for the care and preservation of the blockhouse and its lands. It has now been restored to its original condition and the Department is erecting a plaque to commemorate the site.

GOLD PRODUCTION DECLINING

The Department of Energy, Mines and Resources reported recently that gold production in Canada in 1966 declined for the sixth successive year. Production is estimated at 3,317,488 ounces, valued at \$125,102,472. In comparison to the 1965 production of 3,606,031 ounces, worth \$136,051,943, the 1966 production is down about 8 per cent in weight and in value. The highest production since the Second World War was achieved in 1960 when 4,628,911 ounces, valued at \$157,151,527, were produced.

The 1966 decrease is mainly attributable to the closure of auriferous-quartz or lode-gold mines. In 1966, the lode-gold mines produced 2,693,974 ounces compared to 2,958,874 ounces in 1965. Six lode mines closed in 1966, while only one lode mine began operating.

PROVINCIAL FIGURES

Ontario continued as the leading producing province in 1966 by a wide margin, producing 49.6 per cent of the total. Quebec was in second place with 28.4 per cent, while the Northwest Territories produced 12.7 per cent and British Columbia 3.6 per cent.

Canada has long been one of the world's leading producers of gold. Since production was first officially recorded in 1858, Canada has produced over 180.8 million ounces, worth about \$5,839 million to the end of 1966. Although most provinces have been contributors to the total, Ontario, Quebec, British Columbia, the Yukon Territory and the Northwest Territories, in that order, are the leaders.

DECLINE TO CONTINUE

The rapid closure of gold mines in 1965 and 1966 is due basically to the exhaustion of economic ore brought about by ever-increasing costs for supplies and higher wage scales. One or two of the mines that closed may have been able to continue production but the shortage of miners adversely affected operations to the point where the rate of production was uneconomical.

Production is expected to continue to decline since at least four more mines are slated for closure in 1967 and a further three are experiencing above-normal problems. Placer gold production will decrease substantially in 1967 as The Yukon Consolidated Gold Corporation, Limited, Canada's largest placer operator, ceased production at the end of the 1966 season.

WORLD POETRY CONFERENCE

Many internationally-known poets will visit Montreal for the World Poetry Conference from September 6 to 10. They will take part in the opening manifestation of the meeting, a three-day symposium entitled "Poetry and Man and His World", to be held on the Expo '67 site.

The World Poetry Conference was supported by grants from the Canada Council, Expo '67, Quebec's Cultural Affairs Department and UNESCO.

DEATH OF GUY FAVREAU

Mr. Guy Favreau, former President of the Privy Council and Registrar General of Canada, died in Montreal on July 13. He had been suffering from uremia.

A former leader of the Quebec wing of the Liberal Party, Mr. Favreau was first elected to Parliament in April 1963, and was appointed Minister of Citizenship and Immigration the same month. He became Minister of Justice and Attorney General in February 1964, and also House Leader.

In July 1965, Mr. Favreau was appointed President of the Privy Council and, in October 1966, he assumed the additional portfolio of Registrar General of Canada.

In a tribute to Mr. Favreau, Prime Minister Pearson declared that he himself had lost "a dear friend" and Canada "a great patriot". "In all my years in public service," said Mr. Pearson, "I have known no more dedicated public servant, no finer gentleman than Guy Favreau."

CANADA-FRANCE A-ENERGY STUDY

The first of proposed annual meetings of the French and Canadian national nuclear-energy organizations, the Commissariat a l'Energie Atomique (CEA) and Atomic Energy of Canada Limited (AECL), was held on July 10 in Montreal. The French delegation was led by Robert Hirsch, Administrator General, and Francis Perrin, High Commissioner of the CEA, the Canadian group by J. Lorne Gray, President of AECL.

Information and views were exchanged on the nuclear power programmes and it was agreed that the two countries would collaborate in work on heavy-water reactor systems and materials research. In implementation of the agreement, meetings between technical staffs of Canada and France will be held during the coming months. The next annual meeting is scheduled to be held in Paris in June 1968.

ROYAL SWANS FOR OTTAWA

A centennial gift of 12 swans from the River Thames was recently made to Canada's capital by Queen Elizabeth II. Flown to Canada in June and placed in quarantine in accordance with Canadian regulations, the elegant birds were released in the Rideau River shortly before the Queen's visit to Ottawa with Prince Philip.

A Buckingham Palace announcement concerning this gift said: "The Queen hopes that the swans and their progeny will give pleasure to the citizens of Canada's capital and their visitors for many years to come, and serve as a permanent reminder of the significance of the centenary."

ECONOMIC PHONE CALLS

The Federal Government saved approximately \$4 million in long-distance telephone charges during the past year by the integration of telephone facilities and using the most advanced commercial services offered by the trans-Canada telephone system. The saving is calculated by comparing costs with those of direct dialling at commercial rates.

The two-year-old Administrative Telecommunications Agency, established in the Department of Transport on the initiative of the Treasury Board and the Department of Transport as a result of Glassco Commission recommendations, set up the system in consultation with participating government departments and agencies. The system was used for some 2 million private calls, at a total cost of \$1.5 million, during the past year, the average call costing less than a business letter.

SAVING ON TRAVEL EXPENSES

In addition to dollars actually saved on long-distance calls, it is believed that substantially more has been saved on travelling expenses and in time spent writing letters. Although no studies have been made in Canada, statistics in the United States indicate that the amount saved on travel expenses as a result of cheaper, more efficient long-distance calls is considerably larger than the direct savings on calls.

While most of the calls were from Ottawa to other points in Canada, some were from Montreal, Toronto, and a few other locations that were beginning to get administrative private-line service. It is expected that, by 1970, direct private dialling will be available to all unrestricted Federal Government consolidated telephones.

ESKIMO CARVING FOR PARLIAMENT

Mr. Arthur Laing, the Minister of Indian Affairs and Northern Development, recently presented to Mr. Lucien Lamoureux, Speaker of the House of Commons, a carving by the Eskimo sculptor Alain Iyerak of Chesterfield Inlet. The presentation took place in the Commonwealth Room of the Parliament Buildings, where the carving will remain on display.

In presenting the gift, Mr. Laing thanked the Speaker for accepting the carving for this place of honour, and paid tribute to the artist and to the Eskimo people. "It is appropriate that we should honour an Eskimo artist in this centennial year," he said. "This carving is a lasting memorial to their traditional way of life - a way of life that is passing from the Canadian scene."

The sculpture, which is carved in grey soapstone, shows a woman kneeling, with a child on her back. It embodies the artist's early memories of home life, when his mother kept a constant vigil over the kudlik lamp, the only source of light and warmth in the igloo.

Alain Iyerak was born in Southhampton Island in 1920. He has always lived in the traditional way, supporting his family by his skills as a hunter and

trapper. Like many of the Eskimos of his generation, he has no formal education but he reads and writes the Eskimo syllabics of the Eastern Arctic.

Alain Iyerak is not a well-known sculptor. His remarkable talent was discovered for the first time when weather conditions delayed departmental officers in the remote settlement. The magnificent carving of the woman and child was on display in the local school house.

SEARCH FOR FRANKLIN GRAVE

A search in Canada's Far North for the grave and records of the ill-fated explorer, Sir John Franklin, will be undertaken in August as a centennial project by some 50 soldiers of the Canadian Army, supported by two helicopters.

From August 3 to 25, the 1st Canadian Infantry Brigade Group, using the latest armed forces survival equipment, and backed by CH 113A *Voyager* helicopters equipped with long-range fuel tanks, will search King William Island, the northeast corner of Victoria Island and part of Boothia Peninsula.

Sir John Franklin, who was born in England in April 1786, made three voyages of exploration in the Canadian Arctic and is recognized as the discoverer of the Northwest Passage. Franklin and all members of his third Arctic expedition perished. He himself is known to have died on June 11, 1847.

DIVORCE RATE UP

According to preliminary figures released recently by the Dominion Bureau of Statistics, a record number of divorces (10,215) were granted during 1966 by provincial and territorial divorce courts and the Parliament of Canada.

There were increases over the number in 1965 in all provinces except New Brunswick and Ontario. A large part of the increase is accounted for by those granted to Quebec residents by the Parliament of Canada during the first session of the twenty-seventh Parliament (1966), compared to the number granted during the previous session. Ontario, British Columbia and Alberta accounted for three out of four of the 1966 divorces.

The 1966 divorce rate was 51.0 (per 100,000 population), compared to 45.9 and 44.8 for the two preceding years. The rate has been rising steadily since 1961, when it stood at 36.0, the lowest since 1944.

Of the total of 10,215 divorces granted in 1966 in over 6,000, or in almost six out of every ten cases, the wife was the petitioner for divorce. Among the provinces, the proportions in which the wife was the plaintiff or applicant for divorce varied from 51 to 67 per cent.

NHA INTEREST RATE INCREASED

The President of Central Mortgage and Housing Corporation Mr. H.W. Hignett, announced recently that the maximum rate of interest that may be charged on National Housing Act insured mortgage loans had been increased to 7 1/4 per cent from 7 per cent, effective July 1. The new rate is applicable to all new insured mortgage loans on new and existing housing and housing in urban-renewal areas.

The new rate is based on a formula that permits the NHA interest rate to fluctuate in relation to changing yields on long-term Government of Canada bonds. Every three months, the rate is set at 1 1/2 per cent above that applicable to long-term Canadian bonds, adjusted to the nearest quarter of 1 per cent.

PROFIT FOR COTC

The seventeenth annual report of the Canadian Overseas Telecommunication Corporation, recently released in the House of Commons by the Minister of Transport, Mr. J.W. Pickersgill, showed a net profit of \$3,549,713 for 1967, compared to \$2,560,559 for 1966, an increase of 39 per cent.

In the report, Mr. Douglas F. Bowie, President of the Corporation, noted that the COTC was making substantial use of the satellite system for operations with Britain and continental Europe and that a contract for a new earth station would soon be placed with a Canadian supplier.

NEW PROJECTS

The report mentions the completion of the Southeast Asia Commonwealth cable, which will result in improved services with countries in that area and also with the East Caribbean islands.

A multichannel cable system between Canada and Bermuda, planned jointly by the Corporation and Cable and Wireless Limited and expected to be operating early in 1969, will provide facilities required to meet increasing traffic between Canada and other Commonwealth countries and Bermuda. Areas served by Bermuda would also benefit.

Installation of a fully automatic telegraph switching-centre in Montreal is undergoing final testing, which will provide automatic routing of messages in both directions. Additional equipment was also brought into service for telex operations to provide for the extension of automatic working with more and more countries and for subscriber-to-subscriber dialling, which is expected to be introduced soon.

Station-to-station telephone service was introduced between Canada and Britain and a number of European countries earlier this year and this brought about reductions in rates of up to 25 per cent. It is hoped that this service can be extended to other countries as more facilities are made available to accommodate the growth expected from the application of the lower rates.

CANADA STUDIES SATELLITES

Prime Minister Pearson recently announced the formation of an entity to be called the Task Force on Satellites to develop further Canada's future role in space. The Task Force will report to the Government and make recommendations on the nature and scope of Canada's future activities in the use of satellites, including their role in communications.

The Force, which is expected to submit its first report to the Government in a few months, will examine Canada's existing space programmes and commitments, and future needs and interests in outer space.

For the past year, the Government has been examining the Canadian space programme and several studies on various aspects of satellite communications have been conducted by the Department of Transport. The "Chapman Report", a special study on upper atmosphere and space programmes in Canada, was published in March under the auspices of the Science Secretariat, and the Science Council recently completed its own study of a space programme for Canada.

This work has now enabled the Government to turn its full attention to the manifold implications for Canada of satellite communications. The Board of Broadcast Governors recently held hearings on the broadcast of television programmes using communications satellites, and government departments have received briefs and proposals for the operation of domestic communications satellites in Canada.

INTERNATIONAL TIES

Canada takes part in many international undertakings relating to the exploration and use of outer space, including Intelsat (International Telecommunications by Satellite). Several successful joint programmes have been undertaken with the U.S. concerning scientific satellites, sounding rockets, weather satellites and military-communications satellites. Contacts have been established with experts from France, Britain and other space powers during the past year. Canadian observers recently attended joint meetings of three European space and satellite communications organizations. In discharging its mandate, the Task Force is expected to explore avenues for co-operation with European, American and other interests.

IJC REPORT ON CHAMPLAIN WATERWAY

Mr. Paul Martin, Secretary of State for External Affairs, has announced that Canada and the United States recently released the text of a report of the International Joint Commission dated April 7 regarding the improvement of the international Champlain Waterway for commercial navigation. The report was tabled in the House of Commons on July 7 by Mr. Martin.

DEVELOPMENT UNFEASIBLE

The two governments had requested the Commission to look into the feasibility and economic advantages of improving the existing waterway or developing any other routes for a waterway connecting the St. Lawrence River at or near Montreal, with the Hudson River at Albany in New York State. The Commission concluded that neither improvement of the existing waterway nor development of other routes for the purpose of commercial navigation was economically feasible.

The Commission noted the recreational developments that had taken place along the Champlain Waterway, as well as the recreational potential of the region, and recommended that the two governments pursue policies designed to preserve and enhance the natural beauty, water quality and recreational potential of the Champlain-Richelieu area. The Commission is willing to investigate these aspects, if the two governments think that such an investigation would be helpful. The IJC report is being studied by both Canada and the U.S.

PRINCE PHILIP COLONEL-IN-CHIEF

The Duke of Edinburgh was recently appointed colonel-in-chief of two militia regiments: the Cameron Highlanders of Ottawa, and the Queen's Own Cameron Highlanders of Canada, based in Winnipeg. The Prince is also colonel-in-chief of the Royal Canadian Regiment, the Seaforth Highlanders of Canada, based in Vancouver, and the Royal Canadian Army Cadets.

SCOUT SERVICE AT EXPO

A Boy Scout from Port Colborne, Ontario, recently received a set of gold cuff-links for completing the fifteen-thousandth hour of service for the Scout Service Corps at the World Exhibition in Montreal.

Seventeen-year-old Jerry Ormiston, who was pushing a wheelchair when officials found him and made the special presentation, is one of 120 boys who come each week to form the Scout Service Corps based at the International Scout Centre, the rallying point for the 75,000 International Boy Scouts who are expected to visit Expo '67.

DUTIES OF CORPS

Members of the Service Corps, dressed in shorts and berets with special red jackets and blue kerchiefs, which they buy themselves, act as guides for handicapped visitors to Expo. They raise the flags at the special national-day ceremonies at the Place des Nations and other pavilions, often accompanied by a visiting scout band.

At the Canadian pavilion, scouts count the visitors lining up for free concerts, helping to regulate the number of tickets issued. At the Pavilion of

Judaism they stand guard over the Dead Sea Scrolls to keep photographers with flash cameras from disturbing the delicately-controlled light around the precious documents. They also act as ushers at the pavilions of the Indians of Canada, Mauritius and the Organization for Economic Co-operation and Development.

The Service Corps programme was designed to give each scout a well-balanced week at Expo: a third of the day for service, a third to demonstrate scout skills at the centre and a third to see the Exhibition on his own time.

Scout activities at Expo will be climaxed by the observance of International Boy Scout Day on July 28, when between 20,000 and 30,000 Scouts are expected to attend ceremonies at the Place des Nations. The special guest will be Lady Baden-Powell, widow of the founder of the 11-million member scout movement.

CANADA PENSION PLAN FUNDS

Mr. Mitchell Sharp, the Minister of Finance, recently released details of the amounts that had become available to the provinces and to Canada during the second quarter of 1967 from the operations of the Canada Pension Plan.

Under the Plan, all funds received but not required to meet expenses and pay benefits during the following three months are transferred to the Canada Pension Plan Investment Fund for the purchase of provincial or federal securities. These are special non-marketable securities, with terms of up to 20 years, bearing interest based on the yields of comparable Government of Canada marketable bonds.

The allotment of funds to provinces is proportional to the cumulative total of contributions paid in each province. The amounts available to Quebec, which has its own pension plan, relate only to the contributions of some federal employees in that province, such as Armed Services personnel, who are not included in the Quebec Plan but were brought into the Canada Pension Plan by special legislation during 1966. Any balance not borrowed by the provinces, together with funds collected in the Yukon and Northwest Territories, must be taken up by the Federal Government.

The provinces used the whole of their allotment in the second quarter of 1967 and they, or their Crown agencies, issued their special securities to the Canada Pension Plan Investment Fund in exchange for the funds made available to them. The Government of Canada issued identical securities in exchange for the net amounts generated in the Yukon and the Northwest Territories.

DISTRIBUTION OF FUNDS

The distribution of funds to the provinces and the Federal Government by the Canada Pension Plan Investment Fund during the second quarter of 1967, was (in thousands of dollars): British Columbia, 26,965; Alberta, 16,311; Saskatchewan, 7,940; Manitoba, 11,185; Ontario, 105,571; Quebec, 495; New Brunswick, 5,379; Nova Scotia, 6,901; Prince Edward Island, 612; Newfoundland, 3,543; Canada, 594; for a total of \$185,496.

MAY FOREST FIRES

The Department of Forestry and Rural Development estimates that during May some 105,000 acres were attacked by 1,323 fires across Canada. Seven of these fires occurred in the Yukon and Northwest Territories but no damage was reported to have been caused by them. Last year's figures for the same month were much lower, with an estimated 19,000 acres affected by 1,008 fires, 19 of which occurred in the Yukon and Northwest Territories with no resultant damage.

YEAR TOTAL

This brings the 1967 total acreage affected by fire across Canada to the end of May to 106,000, caused by some 1,514 fires. Seven of these were in the Yukon and Northwest Territories but caused no damage.

Figures for the same period last year were 1,687 fires affecting 29,000 acres across Canada and 19 of these fires were reported from the Yukon and Northwest Territories where there was no acreage loss.

Last month, an estimated 1,500 acres were damaged by 191 fires across Canada, with no fires occurring in the Yukon and Northwest Territories.