

Bulletin

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MR. SHARP'S VISIT TO EUROPE

During his recent visit to Europe, Mr. Mitchell Sharp, Secretary of State for External Affairs, took part in discussions with Government leaders in Britain, Belgium and the Netherlands, talked to senior officers of the European Economic Community and participated in the NATO ministerial meeting in Brussels.

In a statement to the House of Commons on December 9, Mr. Sharp described his visit as follows:

...The six nations that today make up the Common Market are expected soon to become ten. Varying forms of association will bind other European countries to the Community. Preferential arrangements have been and will be made for a number of Mediterranean countries and some developing countries in Africa.

The mood in Europe is one of buoyancy and confidence. The horizons of the Common Market are broadening at a time when the will to bring about a deepening of the relationships within it is increasing.

The Government has been following these developments with the closest attention for some time. The Minister of Industry, Trade and Commerce has recently tabled in the House a paper outlining their

implications for Canada in the light of his own findings in European capitals. I made it the main purpose of my bilateral talks with the Governments I visited and with the Community to emphasize certain concerns that Canada has in the face of these developments. My first concern was with the disruption and shifts in Canada's trading patterns that would necessarily arise from Britain joining the Common Market. The second was to make the Community and individual members aware that Canada intends to take increasing advantage of the enlarged EEC as a major market not only for our raw and semi-processed materials but for the finished products of our secondary industries. My third purpose was to impress upon those I visited to the political as well as economic dangers inherent in any tendency towards trade polarization between the United States and the European Community.

It will be recalled that the formation of the European Economic Community was accomplished by the negotiation of the Kennedy Round. At that time, Europe and the world moved together in harmony in what was a most impressive advance towards freer trade. Today there is little evidence of this kind of harmonious relationship, indeed quite the contrary.

My discussions in Europe came as a logical consequence to the meetings we had in Ottawa two weeks ago with the senior members of the American Administration, led by Secretary Rogers. The same points were made to the United States representatives here in Ottawa, to the British Government in London and those I met on the Continent.

NATO MEETING

The timing of my visit to Europe was determined by the NATO December ministerial meeting. In the course of my statement there, I said that the developments in the last year suggest that we may have reached a turning point in East-West relations in Europe. The sterile confrontation that has characterized these relations since the end of the Second

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World War is beginning to give way to a real effort to solve many of the intractable problems presented by the division of Europe. Interlocking negotiations with the Soviet Union are taking place on a broad front.

There can be no doubt that the conclusion of the treaties between the Federal Republic of Germany and the Soviet Union and Poland constitutes progress. These are historic developments that could make a major contribution to a healthier situation in Central Europe. The resumption of intro-German talks is another encouraging move even though these talks are beset with difficulties. The question remains, however, whether the Moscow and Warsaw treaties – as yet unratified – in themselves constitute sufficient progress to justify moving toward a general conference on European security.

There was virtually unanimous agreement that the progress to date was insufficient, largely because no satisfactory arrangement for Berlin has yet been reached. Canada concurred in this view, but in my intervention I suggested the Alliance should not be negative about the conference idea. I proposed that in our communiqué we note the useful negotiations currently under way indicate our satisfaction that some progress had been achieved and express the hope for further progress in the near future.

You will note that in the communiqué the member governments confirmed their readiness as soon as talks on Berlin had reached a satisfactory conclusion, and in so far as other on-going talks were proceeding satisfactorily, to enter into multilateral talks to explore when it would be possible to convene a conference or series of conferences on security and co-operation in Europe.

The question of mutual and balanced force reductions is one NATO has been pursuing actively in recent years and is of particular interest to Canada. In Brussels, the NATO ministers renewed their earlier invitation to interested states to hold ex-



Mr. Mitchell Sharp, Secretary of State for External Affairs (right) and Prime Minister Edward Heath of Britain, in conversation at 10 Downing Street, London recently.

ploratory talks on the possibility of negotiations on force reductions and indicated a readiness within this framework to examine different aspects of the question, including the idea of foreign force reductions, which was publicly advanced by the Warsaw Pact countries last summer.

In the course of the foreign ministers' meeting I expressed Canada's satisfaction with the results of the recent NATO-sponsored colloquium on oil spills, which recommended that the governments should work through IMCO to eliminate by 1975, if possible, all intentional discharges of oil in the sea as well as to minimize accidental spills. This could be a breakthrough in one area of maritime pollution, particularly since the undertaking involves countries representing a high proportion of the world's oil carriers. It is an excellent example of NATO's ability to contribute in a practical way to the solution of problems of current concern to its members.

On the defence side, the decisions taken helped to place the respective roles of North America and Europe within the Alliance on a more equitable basis and to ensure that in the period of negotiation ahead, the Alliance will be able to proceed with confidence.

TALKS WITH EUROPEAN LEADERS

Turning to my bilateral discussions with European leaders, I was struck by their determination to make progress towards integration. I have already spoken about enlargement. Discussions are taking place about an economic and monetary union and, perhaps more remotely, a common foreign policy. These internal preoccupations have overshadowed the problems enlargement presents to third countries, and for multilateral trading arrangements.

I sensed, however, a growing recognition of the wider responsibilities that an enlarged Community must shoulder, resulting from its sheer size and wealth as the world's largest trading unit. I found as well an awareness of the dangerous deterioration in international trading relations which would arise from a confrontation between a protectionist United States and a Europe bent on consolidating its own economic progress.

EEC PRESIDENT TO VISIT

In my discussions I expressed the positive Canadian view of the movement toward greater European unity, while stressing that EEC enlargement should not and need not be brought about at the expense of third countries like Canada. I impressed upon my European colleagues the need for a renewed dialogue between the Community and North America to avert the very real danger of trade confrontation apprehended by qualified observers on both sides of the Atlantic. In this connection I am encouraged by the fact that Signor Malfatti, President of the European Economic Community, has accepted by invitation to come to Canada next spring....

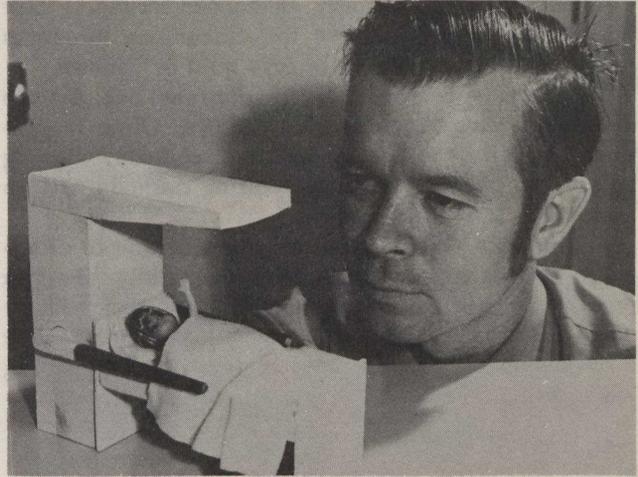
AIR BATH INVENTION

An Ottawa Defence Research Board chemist has invented a device called an "air bath", for use when a flow of clean air round an object or process is critical. The invention, a result of fuel-cell research, promises to be particularly useful in hospital operating rooms, for micro-electronics assembly procedures, in the packaging of convenience foods and for a variety of other activities requiring special preventive measures against contamination.

Ernest E. Criddle, of the Defence Research Establishment in Ottawa, explains that the air bath provides a steady stream of clean air flowing round and away from a "clean-work area" such as an operating table or an assembly bench. Clean air is provided by a blower and an air filter. The flow reduces the possibility of contamination, from people for example, from reaching and affecting a critical area. It provides also for the directed removal of odour or other contaminants emanating from the work being carried out. Because this device provides greatest protection in the critical area, costs associated with achieving clean conditions in a room should be substantially less than at present. Mr. Criddle points out that some clean rooms can cost up to \$16,000, whereas an air bath could provide equal protection for the critical area and improve conditions in the remainder of the room for as little as \$500 to \$2,000.

METHOD

The air bath forces clean air through the sides of two small, porous tubes which rest on opposite sides of the critical work area, such as a microscope or an operating table. The filtered air bathes the work gently and flows away from it. The velocity and flow



Defence Research Board chemist Ernest E. Criddle, of Ottawa, demonstrates a hospital application of his "air bath" invention.

pattern of the controlled air can also be varied to suit specific requirements.

As the device can be constructed to be both small and flexible, it can be designed to create less inconvenience for operators than conventional clean rooms. In addition to its increased effectiveness round many critical work areas it will provide immediate protection within seconds after being turned on.

The development arose from investigations by Mr. Criddle on electrocatalysis particularly related to batteries and fuel cells. Potential applications in the medical and electronics fields were quickly recognized and Canadian Patents and Developments Limited is responsible for proprietary rights.

**** SEASON'S GREETINGS AND A HAPPY NEW YEAR TO ALL OUR READERS ****

NEW NICKEL MINE

The development of a new nickel mine, known as Levack West, in the Sudbury district of Ontario, has been announced by The International Nickel Company of Canada, Limited.

The new mine, which is expected to come into production in 1975 at an estimated capital cost of \$21 million, will have a daily capacity of about 2,500 tons of ore. Site-clearing is under way and development work will begin by the end of the year.

This will be the first International Nickel mine to be developed exclusively from a ramp starting at the surface and providing access to all levels. No shaft will be sunk. Instead, a 9,000-foot ramp will be driven to carry personnel and supplies to the working areas. In order to facilitate the handling of ore, a one-and-a-half mile-long tunnel will be driven 1,600

feet below surface to connect Levack West with INCO's nearby Levack mine, to where the ore will be transferred for hoisting to surface and treatment at the Levack Mill.

At Levack West, surface buildings will include a dry-room, an office, service facilities and a sand-plant. The mine will be developed by mechanized cut-and-fill methods and will provide some 250 new jobs.

International Nickel is currently engaged in an expansion program to increase its production capability in Canada to 600 million pounds of nickel a year by the end of 1972. Levack West will compensate for reducing availability of ore from the present Levack mine and will help lift the company's production capacity beyond this goal by the middle of the decade.

TOY-SAFETY REGULATIONS

Mr. Ron Basford, the Minister of Consumer and Corporate Affairs, recently announced sweeping new regulations, issued under the Hazardous Products Act, governing the safety of toys sold in Canada.

Effective immediately, regulations ban a wide variety of dangerous features in toys. Other regulations requiring the use of new test methods, warning labels and changes in manufacturing methods will go into effect in November 1971.

The main object of the regulations was to eliminate "booby traps", the Minister said. "We can prohibit things which are known dangers but we can't eliminate all accidents unless parents use commonsense both in buying toys and providing supervision."

BABY TOYS

The rules single out baby toys for special attention. Toys that expose metal spikes or sharp wires when they are broken are banned, as are toys with loose eyes, or rattles with small parts which could choke a child. Straight pins used for attaching bows and decorations to dolls are prohibited. Toy arrows and other projectile toys will be required to have protective tips. Similarly, the shafts of "push-pull" toys will have to have protective fittings.

Detailed regulations control the use of any substance in a toy which might be poisonous. Paints must meet stringent standards limiting lead content or other hazardous ingredients. Effective immediately, dangerous substances, such as carbon tetrachloride, methyl alcohol, petroleum distillates, benzene, turpentine, boric acid or ethyl ether may not be used in toys. Also banned are other corrosive or irritating substances. Any material used in stuffing toys must be clean and free of dirty or noxious material. Drawing materials such as crayons and modelling clays must be non-toxic. (Chemistry sets are being dealt with under a separate regulation.)

Electrically-operated toys must meet safety standards set by the Canadian Standards Association. Provincial regulations now make such safety requirements mandatory but their inclusion in federal regulations permits strict enforcement on a national scale by the Department of Consumer and Corporate Affairs. Wet cell batteries used in electrical toys must be leak-proof when subject to rigorous shaking and dropping tests. Also, any toys with hot surfaces, such as stoves or irons, which could burn a child, are subject to regulations based on CSA standards of safety.

FIRE SAFETY

Toys made of celluloid, except table-tennis balls, are subject to immediate ban. The hair of dolls or the fur or manes of toy animals must not consist of dangerously flammable materials. Dolls' dresses and other fabrics must also meet the flammability standards, which will soon be set out in regulations

governing flammable fabrics in general.

Rigorous standards governing mechanical hazards associated with toys will go into effect in November 1971. Fasteners, glass panels, plastic, exposed nails, screws and bolts and spring-wound driving mechanisms will have to meet specified safety standards.

Other rules prohibit dangerous features in such things as noise-making toys, play trunks, finger paints, toy steam engines, kite strings and elastic used in prams and playpens.

A GRAIN OF SALT

Mr. Otto E. Lang, the Minister responsible for the Canadian Wheat Board, told the annual meeting of the Alberta Wheat Pool recently that this year's improved markets should be seen as a part of the cyclical swings in world grain trade. "The current sales upswing does not suggest that market troubles are over," he said. "Rather, it again demonstrates the extreme delicacy of grain exports in future as we push further into new markets."

Mr. Lang cautioned producers against relaxing their efforts to plan their production. "You must not think that recent good wheat sales indicate a return to huge wheat acreages. I believe that by the end of this crop year, grain carry-over will include about 650 million bushels of wheat. To make most effective use of the elevator system, almost 400 million bushels of wheat may still be on farms. The best estimates we can make indicate that any more than 20 million acres in wheat next year will add to carry-over. If we are fortunate in having larger sales next year, the 650-million bushel stocks at the beginning of the crop year will be more than enough to fill them," he said.

Mr. Lang discussed the grain-policy proposals at present under review by farm organizations. He told the meeting that program details should be completed by the end of the year in order that necessary legislation can be introduced in the spring session of Parliament. "It is important that the stabilization plan be in effect for this crop year to assist producers through what is still a very difficult time," he said. "The backlog of wheat in commercial storage has absorbed much of the sales increase for wheat. Farmers will market about 360 million bushels of wheat this year on the eight-bushel quota announced last spring. Increased cash receipts for the year will come mainly from barley and rapeseed. Even with the good markets for these crops, farmers this year will be short of cash. If the Stabilization Plan is implemented it will ensure that total cash receipts come up to the five-year average. "I expect this will require about \$100 million from the plan. Farmers need this cash soon, and I hope we will be able to have an acceptable plan in operation before the end of this crop year," Mr. Lang stated.

FAMILY PLANNING GRANT

Mr. Mitchell Sharp, Secretary of State for External Affairs, recently announced that the Canadian International Development Agency would provide support totalling \$4,250,000 (U.S.) during the next two years for two international agencies working with developing countries on population and family planning.

CIDA will contribute \$3 million to the United Nations Fund for Population Activities (\$1 million for 1970-71, \$2 million for 1971-72). The UNFPA, which is administered by the United Nations Development Program, was established in 1969 to enable the UN "family" to respond in a co-ordinated way to the needs of developing countries for assistance with their population and family-planning programs.

An amount of \$1,250,000 to the International Planned Parenthood Federation (\$500,000 for 1970-71, \$750,000 for 1971-72), is also being provided. The International Planned Parenthood Federation is an autonomous international agency composed of member family planning associations from 55 countries, including Canada, whose aim is to encourage the development of family planning throughout the world. The IPPF provides financial and technical assistance to voluntary family planning associations and qualified professional institutions in 71 countries.

The Canadian Government recently authorized CIDA to provide assistance in population and family planning and a balanced program is being developed. It will include contributions to multilateral organizations (both inter-governmental and private), support for organizations engaged in research, and assistance under Canada's bilateral program in response to specific requests from developing countries. The present contributions are an important step in the implementation of the multilateral component of CIDA's program.

MANIC GIANT NO. 3

Some 75 miles downstream from Manic 5, Hydro-Québec is building Manic 3, a 1,176,000-kilowatt station scheduled to begin operating in 1975 and to be completed the following year. The main elements are an 11-million cubic-yard earthfill dam 1,280 feet long and 353 feet high, a 500,000-cubic-yard concrete gravity dam incorporating the intake structure and spillway, and an underground powerhouse containing six units that will operate under a net head of 309 feet.

Rather than excavate alluvial deposits at the site of the main dam, Hydro-Québec will build a cut-off wall consisting of two rows of concrete piles and panels extending to a depth of about 400 feet below the river bed. This will be the deepest dam-site cut-off wall ever built.

To minimize the time and cost of building the main dam, Hydro-Québec is applying the results of the first comprehensive, computer simulation studies that have ever been made for a construction project. These studies have contributed greatly in the selection of machinery and construction methods, and have solved in advance many of the scheduling and dispatching problems that will be encountered during construction. When construction begins, the computer simulation model will be made an integral part of the production control system. (One of a series).



Circled area indicates the site of the Manic 3 station.

SPENDING SPREE FORESEEN

According to the Bank of Montreal, a resurgence in consumer spending appears likely during 1971.

In its November *Business Review*, the Bank examines factors which could end the cutback in the growth of personal spending evident in the first half of this year.

During most of the 1960s, says the Bank, the average annual increase in personal expenditures was 8 per cent but, in the first six months of 1970, growth in spending was only about half this rate.

The cutbacks have affected chiefly durable and semi-durable goods. Retail trade in general has been 2 per cent below comparable 1969 levels, while furniture and appliance dealers report a 4 per cent drop and automobile dealers a 10 per cent drop.

The Bank of Montreal says this can be traced largely to two factors: tight money and consumers' mood of caution. "As a result of the scarcity of funds and high interest rates, consumer credit balances outstanding increased by less than 6 per cent between mid-1969 and mid-1970, compared with

an average rate of growth of 12.7 per cent in the 1963-1969 period," the *Review* states. Since sales of automobiles, appliances and furniture often involve credit, these goods were hurt most. Consumers' confidence was also shaken by declines in the stock market and by warnings about the consequences of inflation.

But the *Review* observes that a number of facts point to a resurgence of consumer spending.

REASONS FOR CHANGE

Stock market prices have been rising and the increase in consumer prices has slowed markedly. In consequence, consumer confidence seems to have regained some strength. The tight money situation has eased, banks have been able to rebuild their liquidity and are once again promoting consumer loans.

"The financial position of consumers would also seem to have improved significantly. In the first two quarters of 1970, personal savings as a percentage of disposable income averaged 7.3 per cent, compared with an average rate of 5.8 per cent during the decade of the 1960s."

The level of current income is probably the most important factor determining what an individual will spend.

"During the period from February to July 1970, total labour income, on a seasonally-adjusted basis, increased at an annual rate of only about 1 per cent, the first serious slowdown in a decade that has been characterized by an average annual rate of growth of 9.4 per cent," the Bank of Montreal says. It suggests that a combination of poor employment growth, time lost in work stoppages, and a lower average number of hours worked a week was responsible.

With a resumption in exports, however, and investment demand — a probability in the coming year — an increase both in the number of people employed and in the length of the work week will almost certainly occur. With a light wage-negotiation calendar, strikes should be less frequent. Therefore, "1971 should witness a revival of growth in total labour income".

STRATFORD REPORT

During 1970, for the first time in its history, the Stratford Festival Canada spent \$3 million, and still showed a profit of \$13,745.

In his report to the annual general meeting, held at Stratford on November 30, the President of the Board of Governors, Dr. Ian Lindsay, termed the past year "the most industrious the Stratford Festival has ever undertaken". He reported an attendance of 88.1 per cent, compared to last year's 87.8 per cent.

The capital assets of the Festival had been transferred to a new company, the Stratford Shakespearean Festival Holding Foundation, with the operations of the Festival remaining with the Stratford Shakespearean Festival Foundation of Canada.

In the latter company, performance revenue was \$2,182,139, production expenses \$1,931,950, and other expenses totalled \$1,100,819. Grants from governments were \$660,000 and the annual campaign appeal netted \$204,375, resulting in a net profit for the year of \$13,745. Two deficit elimination grants had been received from the Province of Ontario of \$315,336 and from the Canada Council of \$59,250. The consolidated statement of the two companies showed a working capital surplus of \$63,391.

POPULATION ESTIMATES

Canada's population was estimated at 21,489,000 as of October 1, 1970, an increase of 83,000 in the third quarter of this year. This compares with increases of 64,000 in the first quarter and 82,000 in the second quarter of 1970. Since October 1, 1969, the growth of population in Canada has been 309,000, or 1.5 per cent and, since the census of June 1, 1966, 1,474,000.

The current estimate was based on a growth pattern for the third quarter of: one birth every 83 seconds; one new immigrant every 187 seconds; one death every 208 seconds; one emigrant every 437 seconds, giving a growth-rate of one person every 97 seconds.

On the basis of the elements of population growth prevailing in this quarterly period, the projected population on November 25 was 21,538,760.

PROVINCIAL FIGURES

The increase of 309,000 during the year October 1, 1969 to October 1, 1970 has not been shared very evenly by the provinces. Ontario has received 61 per cent (189,000); British Columbia, 23 per cent (72,000); Alberta, 13 per cent (41,000); Quebec, 7 per cent (21,000); Newfoundland, 1.6 per cent and Nova Scotia, 1 per cent. The other provinces either remained at their 1969 level (Prince Edward Island and Manitoba) or lost population (New Brunswick and Saskatchewan). The natural increase in Ontario contributed 60 per cent of the total gain of 189,000, net international migration contributed 32 per cent and the other 28 per cent was gained by migration from the other provinces of Canada. In British Columbia the largest contributing factor was migration from the other provinces of Canada, 50 per cent, natural increase accounted for 27 per cent and net international migration for 23 per cent. Alberta's growth was 54 per cent natural increase, 27 per cent migration from other provinces and 19 per cent net international migration. All the other provinces were on the losing side of the inter-provincial migration streams.

The starting-point of these estimates is the population count of the census of June 1, 1966. To these provincial counts are added births and immigrants; deaths and estimated emigrants are subtracted and an allowance made for inter-provincial migration. These estimates are subject to revision after the 1971 census of Canada.