



INFORMATION DIVISION

DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

Vol. 3 No. 44

September 10, 1948

INDEX TO INSIDE PAGES

Bruges Celebration.....	2	Medical Fellowships.....	6
Feed Situation.....	3	Manufacturing Inventories.....	6
Wheat Flour Production.....	3	Commodore Dewolf Promoted.....	7
Death Of Dr. Benes.....	3	Civil Aviation.....	7
Carloadings.....	3	Canada Savings Bonds.....	7
Fruit Crop Estimates.....	4	Bread - Grain Harvest.....	7-8
Aboard H.M.C.S. "Magnificent".....	4	Canadian Delegation.....	8
Cost-Of-Living.....	4	Mr. Mitchell In Netherlands.....	8
Mr. Howe's Canadian National Exhibition Speech.....	5-6	R.C.A.F. Appointment.....	8
First Payments Of Health Plan.....	6	Bank of Canada Building.....	8
Montgomery Monument.....	6	Farm Cash Income.....	8

WEEK'S EVENTS IN REVIEW

MR. ST. LAURENT'S TORONTO SPEECH: The following is the text of the concluding portion of the speech delivered by the Secretary of State for External Affairs, Rt. Hon. Louis St. Laurent, at the Canadian National Exhibition in Toronto, on International Day, September 7:

"....Canada and the other democracies, while making no compromise over their fundamental freedoms, must try to find some basis of co-existence with totalitarian governments, if only on that of mutual toleration. The best way to do that, I suggest, is to broaden the areas of democratic freedom and deepen the sources of democratic strength. The human spirit cannot permanently be enslaved even by the most ruthless despotism. Freedom will be sought, even if it means jumping out of windows! Without intervening in the domestic affairs of any country, the democracies must, by precept and example, encourage freedom everywhere. The democracies must also stand firmly together against every Communist aggressive action or demand.

"We must do our best - as Canada has done along with other peace-loving states - to make the United Nations an effective agency for international co-operation and understanding; and prevent it becoming - as the communist states are trying to make it - an agency for bitter and aggressive political war-mongering. If there are those who are determined to debase the United Nations to these evil ends,

well - as Mr. Vishynski said at the recent Belgrade conference - 'They were free to come - they are free to go.'

"The United Nations is our present vehicle for universal and organized international co-operation. It embodies the hope for the solution of differences without resort to force. It would be a supreme tragedy if this hope were brutally destroyed by the actions of certain states who have suffered so terribly from war and who have so much to gain from the effective operation of an organization designed to prevent a recurrence of that suffering. We want, with all our hearts, to keep in that organization of the United Nations, all states who subscribe to the principles and purposes of its Charter. But better no United Nations at all than one permanently reduced to futility and worse, by the actions of some of its members.

"If the United Nations in present conditions cannot - and we know it cannot - guarantee the security of its members, that does not mean we need sit back and wait for tyranny and aggression to attack and destroy the democracies one by one.

"If co-operation to preserve the peace within the United Nations is impossible on a universal basis, it is possible for the free and peaceful democracies to organize their forces on a regional basis, to ensure collective resistance to and collective defeat of aggression, direct or indirect, from whatever

BRUGES CELEBRATION: Belgium's ancient city of Bruges will celebrate the fourth anniversary of its liberation on September 12, and 18 Canadians who took part in the fighting that ousted the Germans from the old Flemish town will be present to take part in the ceremonies. They will officially represent the Canadian Army, and Army Headquarters announced September 3 that they will leave Dorval airport by RCAF "North Star" Tuesday, September 7.

Heading the party will be Maj.-Gen. H.W. Foster, CBE, DSO, who commanded the 4 Canadian Armoured Division during the Canadian sweep through Belgium, and with him will go Col. R.W. Moncel, DSO, OBE, commander of the armoured brigade of the division at that time, and Brig. F.N. Cabeldu, DSO, ED, whose 4th Brigade of the 2 Canadian Infantry Division supported the armour in the Bruges attack.

(Gen. Foster is now General Officer Commanding Eastern Command with headquarters at Halifax. Brig. Cabeldu, now retired from the Army, is a well-known business man in Victoria, B.C. Col. Moncel is Director of Military Training at Army Headquarters, Ottawa).

UNITS AND NAMES

The remainder of the party, all members of the Canadian Army Reserve Force, are former officers and other ranks of units of the 4th and 2nd Divisions which fought at Bruges. Their units and names are:

18 Armoured Car Regiment (12 Manitoba Dragoons) -- Capt. H. Sinclair, SQMS R.V. Andrews, and RQMS B. Conroy, all of Virden, Man.

Lake Superior Regiment (Motor) -- Maj. H.G. Dawson, DSO, CSM (WO II) G. Halstead, and CSM (WO II) K. Morrison, all of Port Arthur, Ont.

Algonquin Regiment -- Maj. G.L. Cassidy, DSO, of Haileybury and Cobalt, Ont.; A/Sgt. H.H. Anderson, Kirkland Lake; and A/Sgt. A.G. Couture, Timmins.

Royal Regiment of Canada -- Maj. H.W. Caldwell, Sgt. N.N. Gough, and Cpl. L.E. Osler, all of Toronto.

Royal Hamilton Light Infantry -- Capt. T.W. MacDonald, MM (a sergeant at the time of the liberation), RQMS W.H. Monk, and Sgt. V.J. Bleakley, all of Hamilton.

Major C.C. McDougall of Ottawa, now in Northwest Europe taking photographs of Canadian graves, visited Bruges recently and reports that the Burgomeister, Victor Van Hecstenberghe, was delighted to hear that Gen. Foster and party will be able to attend the anniversary ceremonies -- the more so since Gen. Foster is an honorary citizen of the town, having been so honored at a special ceremony in the town hall in 1944 shortly after the liberation. Maj. McDougall continues:

"The celebration this year will take place on September 12 and will be marked by the unveiling of a memorial bridge by the Hon.

Victor Dore, CMG, Canadian Ambassador to Belgium. It will be named "Canada Bridge", and stands on the site of the old bridge over which troops and armour of the 4th Canadian Division entered the town four years ago.

"At one end of the bridge, two bronze buffaloes have been erected on large stone bases, one on each side of the roadway. One of the stone mounts bears the Belgian coat of arms and an inscription in Flemish, while the other bears the Canadian coat of arms and the same inscription in English: "This bridge was erected in memory of the Canadian Forces who liberated the City of Bruges on September 12, 1944".

"It is intended at a later date to have the roadway lined with Canadian maple trees.

TOWN HALL RECEPTION

"On the morning of the 12th, at 11 o'clock, a reception will be held by the City Council and the Town Hall, to be attended by the Canadian Ambassador and members of his staff, by Gen. Foster and his party, and Belgian state and civic officials. A procession formed from local societies and military organizations, and perhaps including the Canadian representatives, will march from the Town Hall to the bridge, a distance of some two and one-half kilometres, for the unveiling ceremony. After the unveiling, the national anthem of Belgium, "God Save the King" and "O Canada" will be sung, and flowers will be placed at the site.

"Luncheon at the Town Hall in the afternoon concludes the official activities".

COMMERCIAL FAILURES: Commercial failures in the first six months of this year totalled 425, a larger number than in the same period of any year since 1941, according to figures released by the Bureau of Statistics. The increase over the same period of last year was 60 per cent. Failures, however, were considerably lower than in the same period of pre-war years, comparing with 717 for the first half of 1939. Estimated current liabilities for the first six months aggregated \$7,123,000 compared with \$4,534,000 in the similar period of 1947, and \$7,782,000 for the first half of 1939.

During the first six months of this year, there were six failures in the Maritime Provinces compared with six last year. In Quebec and Ontario, the number rose from 212 to 323 in the former and from 32 to 67 in the latter. Twelve failures were shown in the Prairie Provinces, compared with six the preceding year, and an increase from 10 to 17 occurred in the Pacific Province.

In trade failures totalled 154, compared with 74 in the same period of last year. Failing manufacturing establishments increased from 77 to 92. Nine failures were reported in the primary industries where nine failures also occurred in the first half of the preceding year. Thirty-seven failures were reported in construction and 16 in transportation.

FEED SITUATION: In contrast with the fairly tight situation throughout the 1947-48 crop year, a relatively easy coarse grain supply situation is in sight for 1948-49, states the Bureau of Statistics in its quarterly review of coarse grains.

The first estimate of production released by the Bureau on August 17 placed probable outturn of oats at 338,000,000 bushels and barley at 146,000,000. Both these estimates represent increased production over last year's levels, amounting to 60,000,000 and 5,000,000 bushels, respectively. Carry-over stocks of oats in all positions at July 31 were 47,200,000 bushels, 22,400,000 lower than on July 31, 1947, while barley stocks of 31,000,000 bushels were up slightly over last year's carry-over of 29,100,000 bushels.

While potential supplies of oats and barley for 1948-49 are considerably below the abnormally high levels of the war years, they compare favourably with supplies in the pre-war period, and are also significantly greater than the quantities available during the crop year just completed. Of great importance, too, is the fact that production in 1948 is more evenly distributed between eastern and western Canada, with Ontario anticipating an oat crop of 76,000,000 bushels in comparison with last year's low outturn of 41,500,000. With production east of the Lakes improved this year, it is expected that requirements for western feed grains on the part of eastern feeders will be much less during 1948-49.

Live stock populations in Canada have declined sharply from the wartime peak. As a result, domestic requirements for feed grain have dropped accordingly and, should current 1948 crop prospects be fully realized, significant quantities of Canadian oats and barley will be available for export during 1948-49.

The August estimate of production places the 1948 rye crop at 26,000,000 bushels, almost double the 1947 outturn. A near-record Canadian flaxseed crop of 18,000,000 bushels is also expected. Last year's flaxseed production was 12,200,000 bushels, while the largest flaxseed crop ever harvested in Canada amounted to 26,400,000 bushels in 1912. Carry-over stocks of rye at 727,000 bushels were a little below last year's holdings but flaxseed stocks at 3,300,000 were up sharply from the July 31, 1947 level of 800,000.

WHEAT FLOUR PRODUCTION: Canadian wheat flour production in the 1947-48 crop year amounted to 24,244,000 barrels, a decline of 15 per cent from the record output of 28,588,000 barrels established in 1946-47, according to the Bureau of Statistics. Output for July was 1,814,000 barrels as against 2,251,000 in the corresponding month last year.

Wheat used in the manufacture of flour during the crop year was 110,206,000 bushels

compared with 127,775,000 in the preceding year. The figure for July was 8,337,000 bushels compared with 10,110,000 a year ago. Stocks of wheat in flour mills at the end of July amounted to 1,854,000 bushels.

DEATH OF DR. BENES: Mr. St. Laurent, the Secretary of State for External Affairs, on September 3 issued the following statement on learning of the death of Dr. Benes, former President of Czechoslovakia.

"The name of Eduard Benes is written large in the history of Europe and takes honourable place among those who, during our lifetime, have been foremost in the fight for freedom.

"A disciple and friend of Thomas Masaryk, whose successor he was in the presidency of his country, Eduard Benes was one of the principal architects of that free, democratic Czechoslovak republic to which he dedicated his whole life of public service.

"From the day when, as a young man of 34, he became Minister of Foreign Affairs; through long years of careful and constructive statecraft as President after the retirement and death of his beloved master, Masaryk; in exile after the humiliation of Munich; as President-in-Exile, and as President again of a restored Czechoslovakia - Eduard Benes worked tirelessly and with infinite resource for the best interests of his country.

"Twice in his lifetime, in 1918 and again in 1945, he led his countrymen out of the bondage of foreign oppression. Twice in his lifetime he was forced to witness the destruction of their freedom.

"Addressing both Houses of Parliament in Ottawa on June 3, 1943, Dr. Benes declared his allegiance, and that of his countrymen, "to the democratic way of life, to the principles of spiritual and religious freedom, and to the ideals of peace and peaceful international collaboration". Those were the noble principles that guided until the very end, the life of the great man whose death all Canadians lament. He was a patriot and a statesman, a fervent believer in national and individual freedom, a great European and a good citizen of the world."

CARLOADINGS: Carloadings on Canadian railways for the week ended August 28 rose to a new high for the year at 84,995 cars compared with 80,250 in the preceding week and 81,553 in the same week last year, according to the Bureau of Statistics. Increases in grain, live stock, coal, petroleum and mine products sparked the advance of 3,442 cars or 4.2 per cent over the 35th week of 1947. Grain rose from 8,297 to 9,640 cars, while live stock jumped from 1,926 cars in 1947 to 2,973 in response to American demand, and coal increased 907 cars to 6,630 for the week.

FRUIT CROP ESTIMATES: Estimates of production of fruit in Canada, based on conditions as of mid-August, show only slight changes from a month earlier, according to the Bureau of Statistics. The apple crop is now estimated at 15,468,000 bushels, down approximately 200,000 bushels from that anticipated in July, and one per cent lower than last year's harvest of 15,619,000 bushels. There was an improvement in the outlook for pears during the month, with the crop now set at 788,000 bushels. The crop, however, is 18 per cent smaller than that of a year ago when 966,000 bushels were produced.

Plums also showed an improvement during the month, being estimated at 618,000 bushels, an increase of 41,000 bushels since July. Peach prospects remain practically unchanged at 1,950,000 bushels. This year's crop is 16 per cent larger than that of a year ago when 1,681,000 bushels were harvested. The grape harvest is expected to amount to 74,297,000 pounds, one per cent above the 1947 figure of 73,803,000 pounds.

HUNT HARDY APPLE TREES: Canadian pomologists--experts in the cultivation of fruit trees--are growing new varieties of apple trees which they expect will help commercial growers battle winter kill in Canadian orchards and which will have, in the process, the added effect of pushing farther north the boundaries of Canada's apple-growing areas.

Commercial growers have good reason to dread the severity of Canadian winters. Damage done by the winter of 1933-34 to orchards in Ontario and Quebec resulted in a production drop of more than a million barrels. That meant a financial loss of over \$2,000,000.

Slow and painstaking, the search for better varieties has been going on in Canada for more than 25 years and the major research activity is being carried on by the Horticultural Division, Central Experimental Farm, Dominion Department of Agriculture, Ottawa.

In addition to the varieties of apple trees which have been growing in Canada for about 400 years, the search for hardy, frost-resistant stock was extended to include English and Russian varieties.

MOTOR VEHICLE REGISTRATIONS: Registrations of motor vehicles in Canada last year reached a record total of 1,834,989, showing an increase of 212,526 or 13 per cent over the 1946 total of 1,622,463, according to the Bureau of Statistics. The 1947 gain followed an increase of 125,382 or 7.8 per cent in 1946 over 1945, when registrations totalled 1,497,081, making a rise of 337,908 or over 22 per cent in two years.

ABOARD H.M.C.S. "MAGNIFICENT": Realistic aerial exercises in which H.M.C.S. "Magnificent" and her escorting destroyers, H.M.C. Ships "Nootka" and "Haida", acted alternately as an attacking force and as the target for air strikes, marked the passage through the Gulf of St. Lawrence and along the coast of Labrador of this northward-bound Royal Canadian Navy task force.

"Magnificent's" aircraft took full advantage of the consistently good flying weather that prevailed in the gulf to carry out a series of strikes on Grindstone Island, one of the isolated Magdalen group. The first strike took off at 4:30 a.m. and the last shortly before noon.

Each strike, on returning, reversed the procedure and constituted itself as an attack upon the task force. Despite the ships' ability to track the incoming planes by radar and to anticipate the assault, the Sea Furies and Fireflies closed in with such dash and skill that gunners on the carrier and the destroyers were hard put to contain them within their sights.

One group of Sea Furies came in almost at wave crest level, so low that their slipstreams left wakes on the water.

RETREAT BEFORE FOG

Off the Labrador coast, an exercise was carried out with landbased planes of the R.C.A.F., with aircraft from "Magnificent" flying continuous cover for the ships. In the latter part of the day, both attackers and defenders had to retreat before the common enemy -- fog.

The change in weather, to fog and chill rain, brought air operations to a temporary halt but did not interfere with other evolutions. Both destroyers have practiced fuelling from "Magnificent" and have carried out the evolution with marked precision.

An unanticipated exercise came when the "Haida's" seaboat rowed a stretcher patient to "Magnificent" for observation in the carrier's more extensive sick bay. The case was diagnosed as ordinary influenza.

Occasional breaks in the mist and rain have afforded views of huge icebergs, long lines of them floating southward in the Labrador current.

Off-duty hours in the ships have been lightened by the inventiveness and spirit of the 1,200 men making up the force. Foremost in this has been radio, "Magnificent" broadcasting not only to its own messdecks but to the accompanying ships as well. With the band from H.M.C.S. "Stadacona" along and with a wealth of local talent, there has been no difficulty in lining up programs.

COST-OF-LIVING: Showing the narrowest change since January, 1947, the cost-of-living index advanced 0.6 points from 156.9 to 157.5 between July 2 and August 2.

MR. HOWE'S CANADIAN NATIONAL EXHIBITION SPEECH

TRADE ANALYSIS: In an address at the Canadian National Exhibition, at Toronto, on Manufacturers' Day, September 4, the Minister of Trade and Commerce, Mr. Howe, spoke in part as follows:

"I am glad indeed to join with those present in giving recognition to Manufacturers' Day at the Canadian National Exhibition. I last attended a similar occasion in 1941, and on that day also opened a small display of Canadian munitions of war. At that time, Canada's industrial expansion was just getting under way. It has been continuing at an accelerating rate ever since. During the war, Canadian investment in plant and in equipment approximated 4.5 billion dollars. I am happy to say that over two-thirds of that investment has now been converted to peacetime production, most of it in the field of manufacture. Another 2 billion dollars was spent in the two years following the end of the war, for expansion and modernization. Out of this year's capital investment programme of well over 3 billion dollars, about one-third is in manufacturing industries. Compared with pre-war, we have doubled our output of manufacturing production, which is now running above wartime peaks. Last year, for the first time in peace, employment, in the manufacturing industries alone, exceeded employment in agriculture.

PRODUCTIVE CAPACITY

"There has been a tremendous increase in our productive capacity. This has been most notable in our major pre-war manufacturing industries -- motor vehicles, agricultural implements, railway equipment, textiles, and a wide variety of durable consumer and producer goods. Other pre-war industries, then of minor significance, have been expanded out of all proportion to pre-war capacity; examples being aluminum, chemicals, plastics, aircraft and machine tools. Entirely new industries have been created, of which synthetic rubber is an outstanding example. Although our primary iron and steel industry was expanded by 60% during the war, and its production was doubled, primary steel is now our major bottleneck on the materials side, as it is in all other countries.

"This expansion has resulted in a great increase in Canada's exports. Compared with pre-war, our exports last year had about trebled, having increased from 900 million dollars in 1939 to almost 2,800 million dollars in 1947. We are now the third exporting country in the world. Canada's \$220 per capita of exports last year was more than double the per capita of the United States and of the United Kingdom. Before the war, raw and semi-processed products of our farms, fisheries, forests and mines accounted for about 52% of total exports. In 1947, manufactured products had first place

and accounted for a little less than 60% of the total. Exports of fully manufactured goods, excluding agricultural, forest and mineral products, registered the greatest gain, having increased from 200 million dollars pre-war to about 690 million dollars in 1947.

"The degree of processing of Canada's primary products and raw materials has increased. In agriculture, for example, our exports of raw products are about two and half times the 1939 level, whereas agricultural manufactured products have expanded five times. Exports of semi-processed forest products have increased by 250 million dollars, whereas fully manufactured forest products have increased by about 400 million dollars. Mineral ore exports rose by 18 million dollars, whereas processed mineral products expanded by 122 million dollars....

"Our new industrial plant and equipment is of the best and the most modern obtainable. Today, Canada's industrial technology and productive efficiency is second to none in the world, a fact that should protect our position in the competitive days ahead....

"Corresponding to the high rate of investment, our national income and employment will reach their highest levels this year. Our gross national product for 1948 will be over 15 billion dollars; 15% higher than last year and three times higher than pre-war....

U. S. DOLLAR RESERVES

"Nearly one year has elapsed since the Government announced its emergency exchange programme. What have we been able to achieve so far? The drain on our United States dollar reserves has been stopped. There has been a modest increase in those reserves. This is in spite of an unprecedented capital investment programme for industrial development, which involves a substantial U.S. dollar content.

"How has this been accomplished? Comparing the first seven months' trade this year with last year, total exports of merchandise advanced from 1,585 million dollars to 1,670 million dollars, an increase of about 6%. As far as our U.S. dollar reserves are concerned, the important matter is the shift in our exports to the U.S. During this period, Canada's exports to the U.S. increased by 200 million dollars, while our exports to other countries decreased by 115 million dollars. On the import side, during the first seven months of this year our total imports increased from 1,485 million dollars to 1,505 million dollars. However, imports from the U.S. fell from 1,150 million dollars to 1,045 million dollars, a drop of about 5%. At the same time, our imports from other countries increased from 335 million dollars to 460 million dollars, an increase of 38% showing the good results of our efforts to obtain supplies that do not have to be paid

for in dollars. The figures speak for themselves. They reflect the immediate and successful response of industry to the challenge presented by our exchange problem...."

FIRST PAYMENTS OF HEALTH PLAN: Initiating the far-reaching national health program approved by Parliament at its last session, Hon. Paul Martin, Minister of National Health and Welfare announced September 7 that the first payment from Grants of more than \$30,000,000 voted to assist the Provinces in the field of health is being made to the Province of Ontario.

A cheque for \$29,485.50 is being forwarded to the Provincial Treasurer of Ontario. The payment constitutes fifteen per cent of a sum of \$196,570 allocated to Ontario under the health survey grants embraced in the over-all program.

Ontario's application for an initial payment on the health survey grant was the first received from a province under the scheme, but requests are coming in from other provinces as they complete preparations to make the surveys, for which the funds have been provided.

Health survey grants are to enable each province to carry out adequate studies of their health needs. Totalling \$625,000, these grants are basic to the whole program, as they assist the provinces in setting up machinery to ensure the most effective use of the other funds made available, to plan extension of hospital accommodation and the proper organization of hospital and medical care insurance. The health survey grant is divided on the basis of \$5,000 to each province and the remainder of the basis of population, with a proviso that no province will get less than \$15,000. While not a recurring grant, any moneys not spent in the current fiscal year may be made available for use in succeeding years.

MONTGOMERY MONUMENT: A monument erected in Prince Edward Island National Park in memory of the noted author Lucy Maud Montgomery will be unveiled with appropriate ceremony on the afternoon of Sunday, September 12. The monument was provided by the National Parks Service of the Department of Mines and Resources on the recommendation of the Historic Sites and Monuments Board of Canada.

Premier J. Walter Jones, of P.E.I., will accept the monument on behalf of his province. The Hon. Joseph A. Bernard, Lieutenant Governor, and the Hon. Thane A. Campbell, Chief Justice, will also take part in the ceremony. Professor D.C. Harvey, of Halifax, will represent the Department of Mines and Resources and the Historic Sites and Monuments Board.

A native of Prince Edward Island, Lucy Maud Montgomery is best known for her book

"Anne of Green Gables". This was the first in a series of novels which cast a romantic glow over her native province and gained for her international fame as the creator of "one of the immortal children of fiction".

BORDER TRAFFIC: The volume of highway traffic crossing the Canada-U.S. border in July 1948 established a new record for that month, exceeding the flow of traffic in July 1946 by eight per cent, according to the Bureau of Statistics. American traffic entering Canada in July was 12 per cent higher in 1948 than in 1947, and Canadian traffic returning from the United States was seven per cent lower.

MEDICAL FELLOWSHIPS: Medical Fellowships have been awarded by the National Research Council to 31 graduates in medicine to enable them to pursue post-graduate research during 1948-49. The grants represent ten different universities, including one in Australia and one in England. The fellowship holders will carry on their research investigations at eight universities. Six of these research centres are located in Canada, one in England, and one in Zurich, Switzerland. Distribution of the awards by the universities at which they will be held is as follows: McGill, 8; Montreal, 1; Queen's, 4; Toronto, 7; Western Ontario, 8; Manitoba, 1; Oxford, England, 1; Zurich, Switzerland, 1.

Medical Fellowships vary in amount from \$1500 to \$2500, depending on the previous training and experience of the candidates.

The Division of Medical Research of the National Research Council also makes Grants-in-Aid to Canadian universities for medical research studies on approved subjects. During the present year 118 such grants valued at \$264,173 are being held. Nominal value of the 31 medical fellowships awarded this year is \$64,600.

MANUFACTURING INVENTORIES: Taking into account advance knowledge of physical stocks, June manufacturing inventories are indicated as standing higher than the May index of 144.0, which, it may be noted, was 1.5 points above that for April, according to the Bureau of Statistics.

The food industry inventories again show a fairly large rise in value, due, as in May, to large seasonal increases in butter stocks over those at the end of the previous month. Semi-finished non-durable consumers' goods inventories show indications of a continued slight fall in value, due to seasonal declines in the value of pulpwood inventories and those held in the feed and flour industry. Inventories in the latter industry show signs of being at the lowest point in the post-war period.

quarter it comes. Such collective action, even if at the beginning only on a regional basis, is urgent and necessary. The threat of aggressive and expansionist communism, harnessed to the ambitions of a very great power, is too great, too direct, and too immediate for us to do nothing until all the freedom-loving nations reach agreement to act together.

SECURITY SYSTEM

"That is why the Canadian Government has been urging at home and abroad, in public statements, and through diplomatic channels and discussions the immediate establishment of a North Atlantic Security system comprised of the United Kingdom, the United States, Canada and the free countries of Western Europe. We think such a system could create and maintain the necessary preponderance of defensive force over any possible adversary or combination of aggressive adversaries.

"Now a collective arrangement of this kind has positive as well as negative values. It can make for prosperity as well as security. It has in it the ultimate hope - and the possibility - of establishing freedom, order and welfare over a wide area. Under present conditions that seems to be our best formula for peace; the concentration of an overwhelming superiority of moral, economic and physical force on the side of those who do not wish to use force, but are resolved to do so together, if the necessity is forced on them.

"If we can bring this about, it may then come to pass that the forces of aggression, respecting our power for war and convinced of our will for peace, will abandon their mad designs, dismiss their unjustified suspicions, and begin to co-operate with others without requiring that they become mere satellites. "Any political association on other than a universal basis in this shrinking world cannot be an end in itself, but only a means to an end. The end is that set out in the Charter we have all signed, the erection of a structure of international co-operation and understanding, in which all men, of every creed and race and colour, may exist together in peace and prosperity.

"Canada will, I know, play a worthy part in the achievement of that high objective."

COMMODORE DEWOLF PROMOTED: The promotion of Commodore Henry G. DeWolf, C.B.E., D.S.O., D.S.C., R.C.N., of Bedford, N.S., to the rank of Rear-Admiral was announced September 9 by the Hon. Brooke Claxton, Minister of National Defence. Commodore DeWolf's promotion is effective September 8, the date on which he became Flag Officer Pacific Coast, succeeding Rear-Admiral E. Rollo Mainguy, O.B.E., R.C.N., Duncan, B.C. who will transfer to the R.C.N.'s eastern command on October 1, as previously announced, to become Flag Officer Atlantic Coast.

CIVIL AVIATION: Canadian scheduled air carriers earned \$1,925,000 in March as compared with \$1,727,000 in the corresponding month last year, according to the Bureau of Statistics. This was not sufficient to meet operating expenses which increased from \$2,090,000 to \$2,200,000 making the loss from operations, \$275,000 as against a loss of \$363,000 in March last year. These losses, which for the first quarter amounted to \$1,112,000 in 1948 and \$1,442,000 in 1947, do not include interest on debt or capital.

CANADA SAVINGS BONDS: It was announced September 8 by the Hon. Douglas Abbott, Minister of Finance, that the Third Series of Canada Savings Bonds will be placed on sale on October 12th. The new savings instrument will be dated November 1st, 1948 and will bear interest at the rate of 2½% each year for ten years. The bonds may be redeemed at any time at any bank in Canada for full face value plus interest and will be registered in the owner's name - affording complete protection against loss. Because of these favourable terms not more than \$1,000 of this series may be registered in any one name. Bonds, however, may be bought in the name of each member of a family, whether adult or child, up to this limit.

Arrangements for the sale of the Third Series will be made by the Bank of Canada as in the past. It is estimated that the national sales force will include nearly 8,000 representatives of more than 300 investment firms. The bonds will also be made available through more than 3,000 branch banks and other savings institutions. Some 12,000 payroll establishments will be provided with information and material to promote the Payroll Savings Plan, which proved such a popular feature of the first two series.

BREAD-GRAIN HARVESTS: Almost without exception the wheat and rye producing countries in the Northern Hemisphere report favourably upon the current harvest, states the Bureau of Statistics in its monthly review of the wheat situation. The most reliable estimates available indicate the 1948 overall bread-grain crop in these areas may be about 10 per cent above the outturn in 1947 and should approach the pre-war, 1935-39 level.

In North America it is anticipated that the combined outturn of wheat and rye will come within two per cent of last year's record crop. Production in Continental Europe will be substantially above last year's poor crop but will still fall below average. The bread grain crop in the Soviet Union is also expected to be above 1947, but much below pre-war.

Better-than-average wheat crops are indicated for most of the principal producing countries of Asia, with China's crop placed at 25 per cent above average and Turkey expecting

yields 20 per cent in excess of average. India's crop, although slightly below average should be 20 per cent larger than in 1947. In North Africa the wheat crop is expected to be below average but will exceed the 1947 outturn.

In the Southern Hemisphere where harvest will not begin until near the end of the year, reports from Australia indicate reduced wheat seedings but crop conditions to date have been quite good. Argentine farmers have apparently again seeded a relatively low acreage of wheat and late reports indicate that some of the more important wheat areas are in need of rain.

Despite increased bread-grain production this year in most importing countries, there are many indications that import requirements will remain at high levels during the current crop year. This view is substantiated by reports from member governments of the International Emergency Food Committee. These reports indicate a desire on the part of importing countries to improve bread rations, reduce extraction rates, rebuild working stocks from the very low levels reached during the past two critical food years and to slacken the rigid grain collection programs in effect in some countries since the beginning of the war. Many countries are still giving wheat and rye top priority on their import list even though their domestic crops are much better this year.

CANADIAN DELEGATION: The Secretary of State for External Affairs announced September 10 that the Canadian Delegation to the forthcoming Extraordinary Session of the General Conference of the United Nations Educational, Scientific and Cultural Organization will be composed of Mr. Victor Dore, C.M.G., Canadian Ambassador in Belgium as Delegate and Mr. Paul Beaulieu, Second Secretary in the Canadian Embassy in Paris, as Alternate Delegate. The Conference will take place in Paris on September 15.

At the Mexico City Conference of UNESCO, which met in November and December 1947, it was decided that the Third Session should be held in Beirut, Lebanon, in October of this year. Owing to unsettled conditions in the Middle East it has become necessary to convene an Extraordinary Session to reconsider this decision.

MR. MITCHELL IN NETHERLANDS: Hon. Humphrey Mitchell, Minister of Labour, is now in the Netherlands conferring with labour officials on matters of mutual interest to Canada and the Netherlands; his office in Ottawa announced September 9.

On Wednesday, Mr. Mitchell discussed labour conditions in the Netherlands with Dr. A.M. Joekes, Dutch Minister of Social Affairs at The Hague, Holland. Previous to this Mr. Mitchell visited Brussels for discussions with Leon Elie Troclet, Belgian Labour Minister.

Following his talks in the Netherlands, Mr. Mitchell will make a tour of the Displaced Persons Camps in Germany, where officials of his Department are assisting in the selection of immigrants to Canada.

R.C.A.F. APPOINTMENT: The appointment of Group Captain H.M. Carscallen, DFC, of Hamilton, Ont., as Chief Staff Officer, North West Air Command, with the rank of Air Commodore, was announced September 9 by the Hon. Brooke Claxton, Minister of National Defence. He replaces Air Commodore J.L. Hurley, CBE, whose appointment as Senior Liaison Officer for the RCAF in London was announced several months ago.

BANK OF CANADA BUILDING: The Bank of Canada announced September 8 plans for the construction of a five-storey building in Montreal on Victoria Square at the corner of Craig Street. Excavation and the laying of foundations will begin immediately to allow construction of the building above street level to get under way as soon as possible.

The new building will serve as a permanent home for the Bank of Canada which, since 1935, has been operating in rented premises at 200 St. James Street West. The Bank was not able to extend the lease of these premises beyond the spring of 1950, and the target date for completion of the new building has accordingly been set for the early months of that year. The structure, which will occupy a frontage of 180 feet on Victoria Square, to a depth of 73 feet, will be built entirely of Canadian material except for a very small percentage which is not available in this country. The new building will also house the Industrial Development Bank and the Foreign Exchange Control Board office, both of which organizations are now occupying rented space in Montreal.

FARM CASH INCOME: Canadian farmers realized a cash return from the sale of farm products of approximately \$974,212,000 during the first six months of this year, according to a preliminary estimate by the Bureau of Statistics. This amount compares with \$732,704,000 in the similar period of 1947 and \$620,193,000 in 1946. With the inclusion of supplementary cash payments under the provisions of the Prairie Farm Assistance Act, the Wheat Acreage Reduction Act, and the Prairie Farm Income Act, cash receipts for the half year aggregated \$989,572,000, as against \$742,626,000 in the like period of 1947.

A large share of the increase in total farm cash income in 1948 over that of 1947 can be attributed to substantial sums paid out in Western Canada by the Canadian Wheat Board in connection with adjusting, participation and final equalization payments on wheat, flaxseed and oats.