



CANADA

CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION · DEPARTMENT OF EXTERNAL AFFAIRS · OTTAWA, CANADA

Vol. 20 No. 11

March 17, 1965

CONTENTS

Changes in Canada's Public Service	1
Industrial Production	2
Ships and Men of the RCN	2

Moving Airport Sidewalks	2
Balance of International Payments	3
Canadians in Nicosia	3

CHANGES IN CANADA'S PUBLIC SERVICE

The following passages are from a recent address by Prime Minister L.B. Pearson to the Professional Institute of the Public Service of Canada in Ottawa on March 11:

...We are now in the midst of important Civil Service innovations affecting both internal organization and service to the public:

- A Department of Industry has been created; an Economic Council has been set up; a Scientific Secretariat has been established to co-ordinate all scientific endeavours in the public service, and ensure that they are administered as effectively as possible; the National Employment Service is being reconstituted; purchasing and supply functions are being reorganized;
- the defence establishment is undergoing a very dramatic series of reforms;
- careful and searching examinations of the administrative machinery of departments such as Northern Affairs, Transport, Post Office, External Affairs, and Citizenship and Immigration have either been completed or are under way.

ADMINISTRATIVE MODERNIZATION

This wave of modernization is also affecting the central machinery and the fundamental techniques of administration:

- The Treasury Board is being given a new status; its functions and those of the Civil Service Commission are being re-examined and re-defined; the relation between the central agencies and the operating departments is being modified;

- there is a general move towards a greater degree of administrative decentralization and a new emphasis on managerial responsibility;
- new principles and techniques of financial administration and control are being tested and introduced;
- a comprehensive revision of the public service systems of classification and pay is being carried out;
- preparations are being made for the introduction of a system of collective bargaining and arbitration.

Taken together, these developments constitute if not an administrative revolution at least a radical change in the administrative arrangements of our public service — a change, I hope, which will enable the service to serve Canadians in the future even more effectively than in the past.

CHANGES IN STAFF RELATIONS

A number of these administrative changes, while warranted in their own right, have clearly been precipitated by the very real pressures of the reforms needed, and now contemplated, in staff relations. As the main lines of the proposed new regime have emerged from the deliberations of the Preparatory Committee on Collective Bargaining, it has become clear that traditional lines of authority and responsibility will require adjustment if the official side is to meet the demands to be made upon it, both at the bargaining table and in the administration of collective agreements.

(Continued on P. 4)

INDUSTRIAL PRODUCTION

Canada's seasonally-adjusted index of industrial production (1949 = 100) advanced by 0.8 per cent in December last, to close out the year at a record level of 221.5. This advance meant that the total 1964 index was higher by 8.6 per cent than in 1963, with the gain being considerably in excess of the long-term growth rate. In December, the total increase was composed of gains of about 1 per cent and 6 per cent in manufacturing and electric-power and gas utilities, respectively, with a decline of about 1 per cent in mining production.

NON-DURABLES

There were some unusually large increases in non-durables in December, which brought this aggregate up by 1.8 per cent. For example, foods and beverages, influenced by large gains in both meat products and distilleries, rose by 4 per cent. Both clothing and rubber products recorded increases in excess of 5 per cent. Smaller gains occurred in leather, paper and chemical products, the latter two apparently, at least in part, owing to the winter-housing bonus scheme and the pending imposition of the final stage of the building-materials sales tax at the end of 1964, which affected roofing paper and paint production. Elsewhere, there were production declines in textiles, printing and publishing, and petroleum refining.

DURABLES

A decline of 0.9 per cent in durables was registered in December, the larger influence being a sharp drop in motor-vehicle and parts production, which reflected a major labour disturbance in the industry. January's level will be substantially higher than this strike-affected December low in motor vehicles. Wood products also showed a large decline in December, reflecting lower sawmilling output, mostly, it seems, owing to severe weather conditions on the West Coast. All other major groups in durables showed relatively large gains in December - in particular iron and steel (+3 per cent) and non-metallic mineral products (+12 per cent); primary iron and steel, with one of its largest gains (+6 per cent) in several months, broke new ground, to lead the former while, in the latter, gains were large and widespread in most components, reflecting the high level of construction activity in the fourth quarter. Non-ferrous metal products and electrical apparatus and supplies were up by 3 per cent and 1 per cent respectively.

The large gain in utilities in December was reflected in both its components and again can, in large part, be traced to unusually severe weather conditions.

SHIPS AND MEN OF THE RCN

The Royal Canadian Navy's 46 warships range from an aircraft carrier through helicopter-destroyers, destroyer escorts, ocean escorts, a submarine and supporting ships. One or two Royal Navy submarines are generally in service with the Atlantic Command under the operational control of the RCN. Four small ships are on loan to other government departments.

There are more than 100 auxiliaries, from research vessels down to small passenger ferries.

The 20,000-ton aircraft carrier "Bonaventure" leads the anti-submarine warfare (ASW) team. She has an angled deck, mirror landing aid and steam catapult, and carries twin-engine CS2F-2 "Tracker" anti-submarine planes and CHSS-2 "Sea King" all-weather ASW helicopters.

ESCORT STRENGTH

There are 23 helicopter-destroyers and destroyer escorts in the fleet, 20 of them built in the past ten years. Two had a hangar and flight deck included in their initial construction to accommodate the heavy "Sea King" helicopter, and this year the sixth of the seven original destroyer escorts of the "St. Laurent" class will have been similarly converted. All the helicopter-destroyers have Canadian variable-depth sonar.

The first of three conventional submarines of the "Oberon" class will be commissioned at the naval dockyard at Chatham, England, in the autumn; these will be followed by the other two in 1967 and 1968.

The RCN has two first-line air squadrons, one armed with "Trackers", the other with "Sea Kings". Four other squadrons are for training, evaluation and utility services. Fixed-wing and rotary-wing aircraft of four of the squadrons have a carrier-operating capability.

PERSONNEL

The strength of the regular Navy, as of January 1, 1965, was 20,133 officers, men, Wrens and cadets. That of the Royal Canadian Naval Reserve was 2,393 officers, men, Wrens and cadets of the University Naval Training Divisions.

Two thirds of the Navy's strength is concentrated on the east coast, and five of its six air squadrons operate from the RCN air station, HMCS "Shearwater", near Dartmouth, Nova Scotia. Detachments operate from the deck of HMCS "Bonaventure".

The fleet underwent a re-organization of ships and personnel during December and January; ships are now arranged in phases of operational availability and their manning conforms to a cyclic system. As a result, at least half the fleet will always be available for operational requirements and other elements can be brought forward readily in emergencies.

MOVING AIRPORT SIDEWALKS

Montreal International Airport is to have moving sidewalks, the Department of Transport has announced. The walks, which were included in the original plans as an optional feature, to be added if and when traffic warranted, will be installed in the tunnels connecting the main terminal with the aeroquay.

The Montreal Airport installations will be equipped with all the latest safety devices recommended in the safety code of the American Standards Association. For instance, all sidewalks will have double balustrades with moving handrails similar to those on escalators. The walks will operate at a safe speed, convenient for people of all ages.

BALANCE OF INTERNATIONAL PAYMENTS

Canada's current deficit from transactions in goods and services with other countries was reduced to a preliminary estimate of \$453 million in 1964, from \$557 million in 1963, with the export balance from merchandise trade rising from \$503 million to \$700 million, a record size for a peace-time year. At the same time, the deficit from non-merchandise transactions, mainly because of the re-emergence of a deficit on travel account, rose by 9 per cent, to \$1,153 million, a level only exceeded in 1961. The reduction in the current deficit occurred in the second and third quarters, with the larger balances on merchandise trade in these periods, when receipts from grain sales to the U.S.S.R. were still substantial.

COMMODITIES AND DESTINATIONS

The impressive rise in merchandise exports of 16 per cent was widely distributed as to commodities and destinations. Massive sales of wheat, particularly to the U.S.S.R. and other Communist countries, constituted a special element in both the totals in 1963 and 1964 but also in further increases in these shipments in 1964. Large expansions also occurred in most of the major export staples produced by the forest and mineral industries, both to United States and overseas destinations. Again highly significant elements of the increases were in the sector of manufactured goods. While imports also rose rapidly in 1964, the rate of increase, over 14 per cent, has been less than with exports, even though Canadian incomes were also expanding, as was business investment in fixed capital and in inventories.

During much of 1964, the external environment was favourable to Canadian exports, with rising activity in the United States and in other leading markets. But before the end of the year there were interruptions to rising trends in some overseas economies. In the same period, a change in the position of sterling was a new factor leading to a less favourable background. And the passage of the

Interest Equalization Tax legislation in the United States in the summer, with the granting of exemptions for Canadian new issues, affected the timing of capital flows. Interruptions of activity in the automobile industry, arising initially from industrial disputes in the United States, also affected the balance of payments in the final quarter.

CURRENT-TRANSACTIONS DEFICIT

The deficit in Canada's current transactions on goods and services with foreign countries declined nearly 19 per cent, from \$557 million in 1963 to \$453 million in 1964. This was the smallest deficit since that of 1954, which was estimated at \$432 million. As in several preceding years, the reduction in the deficit originated in merchandise trade. Since the emergence of an export balance of \$173 million in 1961, the annual surpluses increased to \$503 million in 1963 and to \$700 million in 1964, the extraordinary sale of wheat and flour to the U.S.S.R. being a major contributor in the two most recent years. The 1964 deficit on non-merchandise transactions stood a shade below the peak imbalance of \$1,155 million in 1961. The improvement in the current-account balance in 1964 occurred entirely in transactions with overseas countries, the surplus nearly doubling during the year to \$1,206 million, the highest in the postwar years. On the other hand, the deficit on current transactions with the United States widened 40 per cent, to \$1,659 million, a shade above the earlier peak in 1956.

The totals for Canada's trade have been adjusted for balance-of-payments use, thereby reducing the size of the export balance shown in the trade of Canada by \$111 million in 1964. This has mainly been through the deduction from exports of receipts for wheat and military aircraft shown in the balance-of-payments series in the previous year, and from additions to recorded imports to account for pre-payments for military equipment.

* * * * *

CANADIANS IN NICOSIA

In the 1,150-man Canadian contingent to the United Nations Peace-Keeping Force in Cyprus is a small group of officers and men with a big job. They form headquarters, Nicosia Zone commanded by Brigadier Norman G. Wilson-Smith of Winnipeg, and exercise operational control over a 3,100-man multi-national force keeping the peace over 840 square miles of mountain and plain.

Canadians, Austrians, Finns and Danes are poised between dissident Greek and Turkish Cypriot factions. Their task is to prevent an outbreak of fighting and assist in a return to normal conditions. Every effort is made to settle disputes on the spot at the local level but, if this fails Brigadier Wilson-Smith and his staff step in to attempt an acceptable solution. The problems often have larger implications

and are then referred to the United Nations headquarters in Cyprus for action at the highest military and diplomatic level.

Every incident involving Greek and Turkish Cypriots is filtered through the operations room, where a round-the-clock watch ensures prompt response to every situation.

NEW CHALLENGE TO WARRIORS

Peace keeping presents new challenges to soldiers trained for war. "Economics" is a new phase of operations within the headquarters, and a special staff deals with relief supplies, planting and harvesting of crops, mosquito control and immunization of cattle. Twenty additional Canadian, Finnish, Danish and British representatives have joined the staff to assist with economics, administration and additional liaison responsibilities.

CHANGES IN CANADA'S PUBLIC SERVICE

(Continued from P. 1)

Beyond structural adjustment, there lies a less predictable but equally necessary set of changes in staff relations. The official side cannot be paternalistic or in any way insensitive in its dealings with employee organizations. On the other hand, employee organizations will have to be selective in formulating their demands and precise in developing their supporting arguments. This kind of approach on both sides must be directed by a feeling of genuine equality, joint responsibility and mutual respect. This is implicit in the contemplated system.

The idea of managerial responsibility must of course, be given great emphasis if the system of collective bargaining in the public service is to be more than a pale shadow of the genuine article. None of you is better aware than I am of the problems we shall all face in trying to separate what someone has called, rather inelegantly, the "employee sheep" from "management goats". But, for purposes of collective bargaining, as well as for a great many other good reasons, related to efficiency and good administration, that line must and will be drawn.

Most of you here tonight probably are familiar with the criticism, directed at the public service in recent years over its traditional failure to give sufficient responsibility to a clearly identified management group. Some of this criticism has been ill-informed but some, I think, has been justified. In this regard, I believe that the requirements of improved efficiency and of effective collective bargaining cannot help but support one another.

MAINTENANCE OF CO-OPERATIVE TRADITIONS

I should not, however, like my emphasis tonight on the need for a greater sense of managerial responsibility to be taken as a suggestion that the public service should move away from its co-operative traditions towards any narrow employer-employee relation that would emphasize conflict of interests. My own experience in many areas of public service and human relations has led me to believe that those relations that are rooted in a feeling of equality and mutual respect are most likely to engender co-operation.

There are many outstanding examples in the private sector of the positive contribution collective bargaining can make to the increased efficiency of an organization and the welfare of its members. I have no hesitation in saying that, when we have made our adjustments, we shall not only realize both these positive achievements but our public service and the Government of Canada will also better serve our ultimate masters, the Canadian people....

BILINGUAL PROBLEM

We in Canada have become increasingly aware in the last two or three years of the need to provide more adequately for the French-speaking people of our country to participate in full in their own language in all aspects of our national life. We whose mother-tongue is English have not, I think, been previously conscious of the extent to which we have failed adequately to provide for the use of the French language. Surely we can agree that French-speaking Canadians should rightly expect to be able to use their language in participating in the national life of a country which recognizes two official languages.

This does not mean that every Canadian must learn or must speak two languages for everyday use. Whether he learns the two or not is, in any event, primarily a matter for decision, not by the federal, but by the provincial governments, for they have sole responsibility for education, including the teaching of language to the young - the time to learn two languages.

But, as a Canadian, I hope that every Canadian will have the opportunity to learn Canada's two languages - especially as there are large areas of Canada where such knowledge is essential.

Having said this, however -- that it is reasonable that French-speaking people should be able to use their own language, especially in dealing with the Government of their country, or in participating in the work of the Government of their country -, does not mean that every employee of the public service must become bilingual. Any such standard or expectation would be unrealistic and unreasonable. In a country of the nature and size of Canada, we cannot expect that all people are going to be bilingual; and, equally, we cannot contemplate a situation where a person who is not bilingual has no place in the public service.

What we must contemplate is that the services of government should be available to citizens in their own language. We should also contemplate that, ultimately, it will be possible for any officer of the public service to deal with at least some of his superiors in his own language, that he will not be in a position where he must always use the language with which he is less familiar than his own. We hope that, ultimately, the most senior officers in all branches of the public service will be able to handle the public business competently and effectively in both languages.

In working toward that objective, in moving to make the services of government available in both languages and open to both English and French-speaking employees, we must guard against prejudicing the position of people already in the service. We must take great care that no injustice or injury is done to the prospects of advancement by people now in the public service who came here to provide the best service that they can to Canada, but who speak only one language....

Corrigendum to C.W.B., Volume 20, No. 5

Page 2, Column 1, second sentence:

The statement that an immigration office has been opened in the Philippines is incorrect; no such office has been established.