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Cost of living and inflation attacked by new Government counter measures

In a statement to the House of Commons on September 4 the Prime Minister announced further measures to deal with the rising cost of living, food prices in particular and the problem of inflation. Excerpts from his speech follow:

...I shall discuss, first, measures to conserve and increase the supply of food. The Government, on June 29 last, placed soya, rape and flax seeds and their by-products under the control of the Export and Import Permits Act to protect our protein feed situation after the United States imposed their export embargo. Similarly temporary export controls on beef and pork were imposed on August 13 to safeguard meat supplies for Canadians against a rush of Canadian exports to the United States caused by trading and price distortions brought on by price controls in that country. A good supply of meat continues to be available in Canadian towns and cities and prices have dropped substantially following the Government action because of increased marketings coupled with some consumer resistance. The conclusion of the rail strike will further serve to reduce pricing anomalies. Export controls will last only as long as they are necessary to protect the food supply of Canadians, and are not intended to be a permanent instrument for supply control.

On a more long-term basis, the provinces have been invited to a ministerial-level conference in September to agree on principles and policies to encourage increased food production at reasonable returns to farmers. Increased food production in Canada, encouraged by measures to bring more stability and security of prices to producers, strikes at the heart of high food prices now being faced by consumers. Therefore, the Government is prepared to put in place measures such as higher support payments for agricultural commodities, advance payments on a wide range of agricultural products, commodity-oriented government-producer financed income stabilization programs and such other measures as might evolve after the September conference. There is no shortage of food in Canada now,

Mr. Speaker, and the Government will see to it that there is no artificial creation of scarcities.

Manpower training

Adequate farm manpower at times of peak need is critical to food supply, and if we are to increase production we must increase the availability of manpower. The Manpower and Immigration Department is preparing new and more effective arrangements for the recruitment training, deployment and housing of seasonal farm-workers. Additionally, wherever labour market bottlenecks may be contributing to rising costs, the Minister of Manpower and Immigration will conduct major efforts to ensure there is sufficient supply of skilled workers to meet demand....

Consumer protection

Following my statement of August 14, the terms of reference of the Food Prices Review Board have been extended so that from now on, it can investigate price increases in such or such commodity. Its staff has been strengthened: some experienced civil servants attached to its investigation section, are already busy detecting unwarrantable price increases. In addition, the research division and the administration services have been enlarged. The Government, I can assure this House, is anxious for the Board to be in a position to detect unjustifiable increases as well as those responsible for them and to lay them to an unrelenting publicity. If the Board points out glaring abuses which those responsible do not eliminate, the Government will resort to its powers to take the necessary steps. If it needs other powers, it will not hesitate to call on Parliament.

On the other hand, the Minister of Consumer and Corporate Affairs will

introduce in the House a bill amending and widening the Combines Investigation Act in order, among other things, to define and provide penalties in the greater number of cases of misleading advertising and other unfair commercial practices....

Pensions tied to living costs

First, legislation has been introduced to escalate the pensions under the OAS and GIS plans every three months instead of every year. This will make these pensions much more responsive to price increases. The legislation will take effect in October 1973, when the basic pensions will increase from \$100 to \$105.30, reflecting the increases in the consumer price index for the ten-month period from October 1972 to July 1973; and the total pension, including the GIS supplement, will go from \$170.14 to \$179.16 for a single person.

Second, legislation will be introduced to remove the 2 percent ceiling on the annual escalation of pensions paid under the Canada Pension Plan. The provinces will be asked for their support of this change, as required by law. Paralleling this change in the CPP, legislation has been introduced today to remove the 2 percent ceiling on cost-of-living increases of pensions paid to retired employees of the Government of Canada.

As for private pensions, the Government proposes to remove the provision that only employee pension plans with a 2 percent maximum on the annual escalation of pensions being paid may be registered under the Income Tax Act. From now on, pension plans which provide for full escalation of pensions in response to cost-of-living increases will be registerable.

Third, the Government has already introduced a measure which will assist families with children to meet higher living costs: the virtual tripling of family allowances in January 1974, to an average of \$20 per month. To meet the higher prices which must be paid now, however, Parliament will be asked to approve an interim increase in family and youth allowances to \$12 per month starting in October next. The \$12 allowances would not be taxable.

As for the poorest families in Canadian society, the Federal Government shares 50 per cent of the cost of social assistance paid by the provinces to

families in need. The Government said in August, and repeats today, that it stands ready to pay 50 per cent of the costs of increasing these payments to compensate for higher prices. Certain provinces have already acted to do so, and others are undoubtedly considering taking such action soon....

Wheat and milk subsidies

We are completing discussions with the Canadian Wheat Board and the Ontario Wheat Producers Marketing Board to immediately reduce prices of wheat to millers and other users for human consumption in Canada. The reduction would be approximately to the level of the early August prices and would be part of a multi-year agreement which would provide guaranteed minimum and maximum prices to the Canadian farmer.

We would pay to the Wheat Board and other producers up to \$1.25 a bushel of wheat consumed by Canadians — bread, pasta and all other uses — as a consumer subsidy. The result will be that a further bread price increase of about 5 cents a loaf, which was inescapable in October, will not now occur.

The Federal Government wishes also to alleviate the burden of the price of milk for Canadian families and insists that any measure taken will benefit consumers. The Government is therefore willing to guarantee payment of a 5-cent subsidy per quart of milk to the provinces where marketing boards will agree to maintain or reduce the cost of milk for at least one year. At the same time, the Government will set up a program aiming at reducing by an equivalent amount the price of a package of powdered skimmed milk. In this respect, it will hold meetings with provincial representatives without delay....

Petroleum products

Turning from food prices, another area of concern to Canadians and the Government is the price of gasoline and heating oil. The world is going through a period of rapidly escalating petroleum prices and Canada is not immune to world conditions. The market in Eastern Ontario, Quebec and the Atlantic Provinces is dependent entirely on international crude oil supplies, mainly from Venezuela, Iran and

the Arab states. Crude oil from these sources has gone up in price by more than 30 per cent in the past year.

In the rest of Ontario and the Western provinces, which are supplied by Canadian production, the price has risen along with international prices. In part this is because about half of Canadian production is sold in the United States markets, where increasing reliance on foreign supplies has made the United States vulnerable to foreign prices. Canadian crude oil production has consequently been sold in the U.S. at the opportunity prices available, and the domestic Canadian consumer has seen this U.S. demand raise his prices too.

Prices of petroleum products, including gasoline and home heating oil, in Canada today have reached the point at which the Government believes immediate measures are required to stabilize the action of the market place in the interest of consumers and the rational development of Canadian industry. Accordingly, the following measures are now being announced:

Stabilization measures

(1) The oil industry will be asked to refrain from making further price increases affecting Canadian consumers before January 30, 1974. This price restraint would apply except where, to the satisfaction of the Minister of Energy, Mines and Resources, the increase in the cost of imported crude oil warrants a Canadian price increase.

(2) The Government intends to seek a control mechanism whereby higher prices in the U.S. market would not automatically increase prices at home in Canada. An export tax or a national oil-marketing board are two possible control mechanisms. Discussions will be held as soon as possible with provinces and industry prior to the introduction of legislation.

(3) The Government will also hold early consultations with provinces and industry on the extension of pipeline facilities so as to enable Canadian oil to be shipped into Montreal. At a time of rapidly-escalating international prices, this would put Canadian oil into competition with international oil and would give additional security against international disruption of supply....

St. Lawrence training cruise



Canadian Forces photo

HMCS Margaree carries a crew of 250 and a helicopter.

A Canadian Forces helicopter-destroyer, *HMCS Margaree*, sailed from Halifax, Nova Scotia on August 27 on a six-week training cruise up the St. Lawrence River to the Great Lakes to make six ports of call in Canada and one in the United States. She is open to the public at each port.

One of the highlights of the trip was the participation by the vessel in the tercentary celebrations at Kingston, Ontario, where she tied up from August 31 to September 4. The ship will also take part in centennial observances at Burlington, Ontario from September 29 to October 1.

The *Margaree* was at Chicago from September 12 to 17; will visit Hamilton, Ontario from September 20 to 24; Toronto, from September 24 to 27 and

Matane, Quebec from October 2 to 4. At each Canadian port she will pick up naval reservists for familiarization exercises; she will return to Halifax early in October.

The *Margaree*, a Maritime Command anti-submarine warfare ship commanded by Commander R.G. Campbell of Toronto, carries a crew of 250 officers and men, and a *Seaking* helicopter. Its four-man crew is also trained for rescue missions, airborne logistical support; pollution-control measures, surveillance of fishing fleets and commercial shipping.

For the first five months of this year, *HMCS Margaree*, and *HMCS Protecteur*, served in NATO's Standing Naval Force Atlantic, as Canada's contribution to the multi-nation naval force.

New law would require majority of Canadians on boards of directors

Under a proposed new law introduced recently in the House of Commons by Consumer and Corporate Affairs Minister Herb Gray, all chartered firms would be required to have a majority of resident Canadians on their boards of directors. Foreign-controlled corporations would not be allowed to count Canadian directors who are also employees to calculate the required percentage. Only "outside" Canadian directors count as "Canadian content". Where, however, a holding company,

earns less than 5 per cent of its gross revenues from all operations in Canada, it would need to have only one third resident Canadian directors.

(A resident Canadian is defined as a resident Canadian citizen or a landed immigrant who has been in the country less than six years and has not yet obtained Canadian citizenship. This permits landed immigrants to participate directly in the economic life of Canada.)

The Canada Business Corporation law

would update, reform and generally streamline federal corporation law to achieve uniformity with the most up-to-date provincial statutes and greater clarity, to eliminate empty or antiquated formalities, and to improve protection for minority shareholders.

The aim of the legislation is to create a practical, more equitable balance of interests among shareholders, creditors, management and the public — a balance that safeguards investors while allowing management as much flexibility as possible, consonant with the public interest.

Other changes

Other highlights, include the conception of incorporation as a matter of right, rather than privilege, simplification of incorporation procedures, and new definitions of the rights and duties of directors.

The bill does away with the existing requirement for the names of at least three proposed incorporators on applications for incorporation. One individual would be able to incorporate by completing simple, straightforward formalities and forwarding the required forms and fees. There would no longer be a need to state aims or objects of proposed corporations: the bill says corporate entities have all the capacity, rights, powers and privileges of an ordinary person and may pursue any lawful act, unless limited by restricting articles of incorporation.

The bill reduces the amount of administrative discretion in the present Act, substituting clearly-defined rules and standards and attempting to set out the rights of all parties involved in the business and affairs of federal corporations.

Directors are given unequivocal powers to manage the business of corporations, but the rights of shareholders are increased and new standards of fiduciary duty and care for directors set out. In certain cases, dissenting shareholders get the right to require corporations to buy back their shares.

Corporations, for their part, may acquire their own shares but usually only up to the value of any surpluses they may have.

The details of corporate formalities required under the new law — proxies, "insider trading", financial disclosure, take-over bids — are removed from the

body of the legislation itself and are to be specified by regulations that must be published at least 60 days before their effective date before they become final. This will enable the law to be kept up-to-date with current business conditions and makes possible on-going uniformity with provincial laws.

The new measure represents a complete recasting of the existing federal law relating to business corporations,

which was passed in 1934 and updated several times since then. It closely follows the recommendations of a task force appointed by the Government in 1967 to reconsider the philosophy, substance and administration of federal corporation law. The task force, under Vancouver lawyer and accountant Dr. R.W.V. Dickerson, published its report — *Proposals for a new Business Corporations Law for Canada* in June 1971.

the handwritten message from Larry G. Newman: "Our memories of J.F.K. include you importantly at Hyannis Port."

Of particular interest are covers and stamps from other nations which pay tribute to Canadian events and achievements.

The raising of Canada's new flag is recognized in two covers from the U.S. issued February 15, 1965. The covers bear Canada's maple leaf "Unity" stamps and the U.S. physical fitness commemorative which was issued the same day that the new flag was raised in Canada.

A number of countries honoured Canada's centennial in their commemorative issues for 1967. Examples found in the Pearson collection are commemorative stamps and covers issued by the U.S. from that country's pavilion at Expo '67; a cover with cancellation commemorating the dedication of the Canadian Centennial Forest in Israel; and complete printers' sheets of the two denominations of maple leaf centennial stamps issued by Ireland in honour of Canada.

Mr. Pearson's stamp collection donated to the Postal Museum

The August edition of *Communication '73*, a publication of the Post Office Department, reports that the private philatelic collection of former Prime Minister Lester Bowles Pearson was formally donated to the Canada Post Office in June.

The collection, which will be housed in the National Postal Museum in Ottawa, was presented by Mrs. Pearson to Postmaster General André Ouellet.

"Mr. Pearson's collection is a unique legacy to the people of Canada," said Mr. Ouellet. "It is an historic montage of the people and achievements that figured so prominently in the remarkable career of one of Canada's greatest statesmen. Many of the items were gifts from other countries and, by their nature, testify to the goodwill fostered by Mr. Pearson's integrity as a world leader."

The collection includes mint stamps, first day covers and commemorative albums from Canada and other nations, including personal messages and inscriptions by close associates of Mr. Pearson.

The collection also includes numerous photographs of Mr. Pearson and other world leaders with whom he was associated in the organizations and events represented by the commemorative material.

Unique value

Although Mr. Pearson was not a philatelist himself, many of the items in his collection are of unique value.

An example is the first day cover for the golden anniversary of flight in Canada. Mailed from Baddeck, Nova Scotia, on February 21, 1959, it bears the signature of J.A.D. McCurdy, who made the first powered flight of an aircraft in Canada.

Another cover and block of four stamps commemorating the twentieth anniversary of the founding of the United Nations was presented to Mr. Pearson by Trygve Lie, the United Nation's first Secretary-General. The cover is autographed by Mr. Lie.

Personal messages included with various commemorative items recall the high esteem accorded Mr. Pearson at home and abroad. A special cover, bearing the United States 5-cent commemorative of May 29, 1964, in memory of John F. Kennedy, includes



Mrs. Lester B. Pearson and Postmaster General André Ouellet examine a mounted display of items selected from former Prime Minister Pearson's philatelic collection. It will be on perman-

ent display in the National Postal Museum in Ottawa.

Selected pieces will also be shown across Canada in travelling exhibits from the Museum.

Canada-China academic exchanges

The Secretary of State for External Affairs, Mitchell Sharp, announced recently that the Governments of Canada and of the People's Republic of China had agreed to an exchange of students over a two-year period. The Canadian desire to conclude such an exchange was one of the matters discussed by Mr. Sharp in the course of his visit to Peking in August 1972.

Next month ten Chinese students will come to Canada to further their knowledge of the English or French language and ten more students will join the first group in September 1974 to pursue their studies as well as to conduct research in the natural and applied sciences. Twenty Canadian students will go to the People's Republic of China shortly where, during the first year, they will study Chinese at the Peking Language Institute. Of these, ten students will be sponsored by the Canadian Government and the remainder by three Canadian universities — York, Toronto and McGill.

The Canadian Government and the Government of the People's Republic of China are also negotiating an exchange of professors. A Chinese professor of language or literature will come to Canada this autumn for a period of three to four months; in exchange, a Canadian professor will proceed to China about the same time.

Panama orders Canadian telephones

Northern Electric Company Ltd of Montreal has been awarded major contracts for more than \$2-million worth of telephone sets and cable by IRHE, the Republic of Panama utility company. This is the first large sale of telephones in that country.

Panama is in a major program of development of its telephone system and Northern Electric, through these contracts, has become one of its main suppliers. The order, put out on public tender, was chosen from ten internationally-known telecommunications manufacturing companies.

Delivery of the first sets began in August and is expected to be completed by early 1975.

W.R. Johnston, executive vice-president, Apparatus and Cable, Division

commented: "There is every reason to believe this first sale can be followed by other substantial orders. We look upon it as an initial success and view Central America as a good market for such products as CONTEMPRA phones, key sets and Centurion coin telephones."

Visit of German Foreign Minister

The Vice-Chancellor and Minister of Foreign Affairs of the Federal Republic of Germany, Mr. Walter Scheel, will pay an official visit to Canada from September 27 to September 30. Continuing consultations will take place during the visit, which is in return for that paid by External Affairs Minister Mitchell Sharp to the Federal Republic in April 1970.

The last official visit to Canada of a German Foreign Minister, in April 1969, was that of Mr. Scheel's predecessor Mr. Willy Brandt, the present Chancellor.

In Ottawa, Mr. Scheel will hold discussions with the Prime Minister and other members of the Cabinet including Mr. Sharp, who will be his host. He will also address a meeting of the Empire Club in Toronto.

Mr. Scheel, who will be accompanied by his wife, will spend the weekend in the Laurentian Mountains, near Ottawa, prior to his departure.

Canada gets another sterilization plant

A third facility for the biological sterilization of disposable medical supplies has opened in Canada.

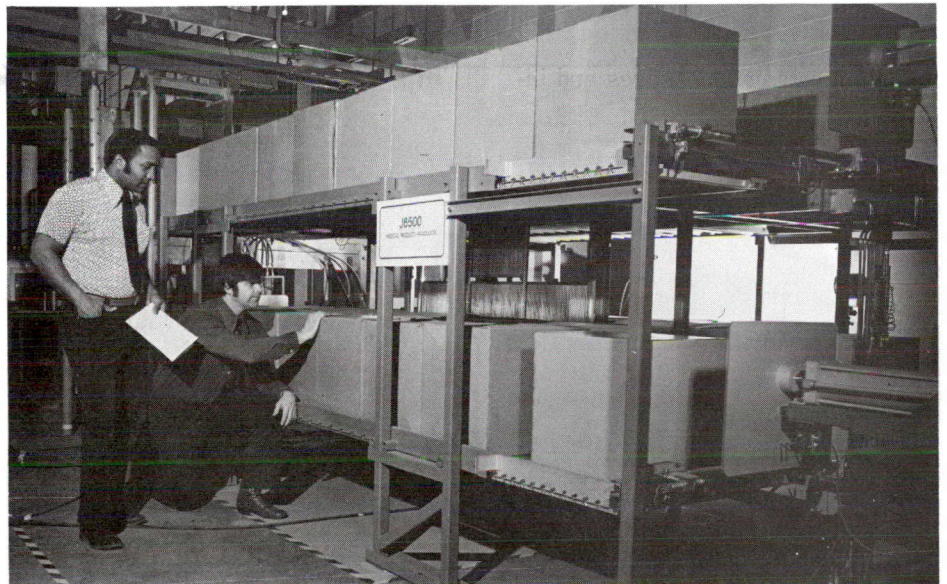
The new plant is owned and operated by Toronto Sterilized Products, Markham, Ontario. The facility, designed, built and installed by Commercial Products of Atomic Energy of Canada Limited, is operating with about 250,000 curies of cobalt 60.

The use of radiation to sterilize medical supplies is growing because of its efficiency and advantages to medical hygiene and many items commonly used in hospitals, clinics and doctors' offices are sterilized by this method. They include surgical gloves, sutures, bandages and packings, needles, syringes, scalpel blades, catheters and operating-room packs.

The items are sterilized by the manufacturer, used once and discarded; the use of special wrapping and packaging techniques guarantees the doctor and patient that items remain sterile until the moment they are used.

Commercial Products has designed a range of radiation-sterilization plants that can handle all types of disposable supplies. These plants operate automatically on a 24-hour-a-day basis.

Other radiation-sterilization plants in Canada are Isomedix at St. Hilaire, near Montreal, Quebec, and at Ethicon, near Peterborough, Ontario.



A high-capacity irradiator used for biological sterilization of medical supplies undergoes final tests at AECL's Commercial Products Division, Ottawa.

International trade — first half year

In the first six months of 1973 Canada's exports, after seasonal adjustment, were \$11.9 billion, a gain of almost \$1.6 billion, or more than 15 per cent over the amount exported in the latter half of 1972. At the same time imports increased more than \$1.4 billion, or 15 per cent, to \$11.1 billion. The trade balance widened to \$865 million from some \$705 million in the July-December period of 1972.

Canadian exports to the United States in the first half of 1973 grew sharply by 16 per cent to \$8.3 billion. This increase of some \$1.16 billion accounted for nearly three-quarters of the total gain. Sales to Japan rose about \$310 million and, apart from a small decline to Latin America, exports increased moderately to Britain, the old European Economic Community and other countries.

Most of the increase in imports, 72 per cent, was from the U.S. Purchases from that country increased \$1.0 billion to nearly \$7.8 billion. Imports from the EEC rose more than \$100 million; increases from Britain and Latin America exceeded \$50 million each; and imports from Japan rose \$20 million.

On an unadjusted basis, Canada's exports advanced 23 per cent to \$12.0 billion in the first six months of 1973 from \$9.8 billion in the same months of 1972. About 69 per cent of this gain was in trade with the U.S., with shipments increasing 23 per cent to \$8.5 billion from \$7.0 billion. Trade with Japan added another 15 per cent. Other areas, except Latin America, made smaller contributions to the increase. Canadian imports expanded 22 per cent to \$11.3 billion from \$9.2 billion, with 82 per cent of the increase originating with the U.S. The balance of the rise was distributed over other areas, except for a slight decline in imports from Japan.

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U.S. trade

Automotive and related products contributed almost \$350 million to the \$1.5-billion export increase to the U.S. Shipments of engines and parts accounted for over \$200 million. Exports of lumber rose \$245 million and crude petroleum \$213 million. Fairly large gains were recorded also in shipments of several other commodities: newsprint (up \$86 million), machinery (\$73 million), iron ore (\$37 million), steel materials (\$29 million), fish (\$24 million), and aircraft and parts (\$22 million). Among the commodities registering declines were nickel ores and metal, down some \$50 million, and aluminum and office machinery.

Imports from the U.S. increased 27 per cent to \$8.1 billion, led by a sharp rise in purchases of automotive and related products, machinery and aircraft, as delivery of numerous large commercial aircraft took place in 1973. These groups of commodities accounted for about \$1 billion of the total \$1.7-billion increase.

Imports of food, industrial materials and communication equipment increased more moderately.

Japan

In trade with Japan, exports increased 76 per cent to some \$750 million in 1973, making this country the second largest market for Canada's goods. Imports, on the other hand, dipped to \$522 million. The growth of Japanese demand has been concentrated on food and industrial materials. Exports of copper were higher by some \$80 million, and increases in the range of \$25 million to \$35 million were recorded each by wheat, oil seeds, coal and lumber. Price rises have also contributed to the enhanced values.

Deliveries of passenger cars from Japan declined some \$30 million in value in the first five months of 1973, despite an increase of 16 per cent in average prices. There were, however, partially offsetting increases in imports of machinery, trucks and communication equipment.

Britain and the EEC

Trade with Britain was little changed from that of 1972, with exports increasing 3 per cent to some \$695 million and imports at a slightly higher rate to \$515 million.

Exports to the original EEC group of countries were 12 per cent higher at about \$600 million, as shipments of iron and non-ferrous ores, asbestos, pulp (up to \$20 million), and copper increased. Grain exports were lower in 1973. Imports rose 22 per cent to \$660 million, with generally small increases covering a broad range of commodities, including machinery, motor vehicles, fabrics and apparel.

Commonwealth countries

Exports to Commonwealth and preferred countries, other than Britain, rose 30 per cent to nearly \$400 million, largely owing to higher wheat shipments (in particular to India). Smaller increases were recorded for oil seeds, forestry products, fertilizers, motor vehicle parts and communication equipment.

Imports from the Commonwealth and preferred group were 15 per cent higher at some \$400 million, with meat, sugar, and dairy products accounting for much of the rise, supplemented by a more moderate increase in crude petroleum. Imports of metal ores were lower.

Other countries

Exports to all other countries increased 32 per cent to some \$735 million. Grain shipments to the U.S.S.R. and the People's Republic of China, higher both in volume and average price, as well as larger exports of such commodities as nickel ores and metal, oil seeds, asbestos, pulp, steel materials and communication equipment contributed to the export growth. Exports of copper ores and trucks, however, declined in the first half of 1973. Increased purchases of crude petroleum, food, fabrics, chemicals, machinery, communication equipment and apparel led to a 19 per cent growth in imports to a level of about \$690 million. □