

Canada Weekly

Volume 6, No. 41

October 11, 1978



Ottawa, Canada

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Canada's monetary policy and its posture for the future

Addressing the Swiss-Canadian Chamber of Commerce in Montreal on September 21, R.W. Lawson, Senior Deputy Governor of the Bank of Canada attributed some validity to the view that the extraordinary successes of industrial societies in recent decades had contributed to their own economic problems by generating unrealistic expectations about the future.

Mr. Lawson explained as follows, then went on to speak about inflation, stability and Canada's monetary policy and its posture for the future:

* * * *

The thing that I find to be most unrealistic about economic expectations is that they count on a continuing rapid increase in real income without giving anything like adequate attention to what is required to achieve the increase in production that makes an increase in real income possible. They count on the goose to lay larger and larger golden eggs without looking to the care of the goose. Rapid and sustained growth in real income cannot be achieved by assuming it; it must be earned by efficient effort in a highly competitive world.

I am here touching on the question of economic incentives in our societies. With due regard to the world's environmental problems I do not see any serious impediment to substantial further economic growth in our societies if the structure of incentives encourages it....

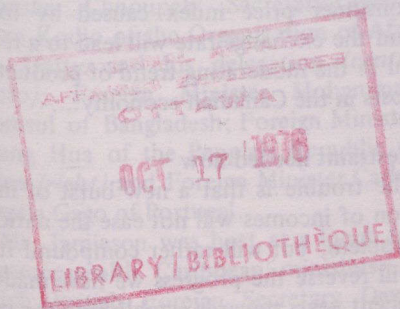
How, one might ask, can it be that some of our societies seem to expect to reap what they are not willing to sow? I suppose that the answer to that lies mainly in the complexity of our modern societies. From the point of view of an individual the link between sowing and reaping has become somewhat attenuated. You will have no trouble in thinking of a variety of contemporary social practices that work in this direction. These practices undoubtedly have many advantages but they also have the disadvantage that, if more needs to be sown, it is easier for each of us to comfort himself that it is somebody else's responsibility to do it. We thus have a problem of incentives in our societies.

I believe that the problem of incentives has been exacerbated by the inflation of recent years because the inflationary process has further attenuated the link between economic contribution and economic reward.

* * * *

...Some of our societies have been dazzled by their post-Second World War economic successes and have grown casual about the requirements for further economic success. In this country at least, that state of affairs seems to me to have been a contributing factor to the surge of inflation that we had in the first half of the 1970s because it encouraged the belief — widely held for a time, and even now still flourishing in some quarters — that if we in Canada would only keep on expanding money incomes and expenditures fast enough the goose could be relied on to do her bit — a high and rapidly rising flow of Canadian output (in real terms) would pour forth. Whatever the merits of that view of economic dynamics, it was pushed too hard at that time. The incentives to produce were not strong enough to give rise to the desired increase in production and we got unwanted inflation instead. We have been living with the debilitating consequences of that ever since.

A good example of how inflation has recently been complicating Canada's economic life is to be found in our international trade. In the last two years or so we have continued to run a large deficit in our international trade in goods and services despite the fact that we have had a significant amount of unemployed re-



Twenty-one years ago tomorrow...

The late Lester B. Pearson, Prime Minister from 1963 to 1968, was named winner of the Nobel Peace Prize for his role of intermediary in the Suez crisis. He was the first Canadian to be awarded a Nobel Prize.

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sources in our economy. The basic reason for this is that the costs of Canadian production have risen too much relative to foreign production to permit Canadian production to be sufficiently competitive in international markets.

Foreign exchange

That situation had consequences for the foreign-exchange value of the Canadian dollar. Although there were other important contributing factors, the main reason that the Canadian dollar has declined so much in exchange markets over the past two years is that Canadian production has not been sufficiently competitive with foreign production to avoid a substantial change. One should note, however, in this context that the exchange rate for the Canadian dollar has been much weakened in recent weeks by the appearance in two consecutive months of figures on Canada's international trade that were very much weaker than had been expected. These figures recorded for the two months no significant surplus in our international trade in goods, whereas Canada needs to have large net exports of goods to offset our large net imports of services, including business and travel services and interest and dividends on our large external indebtedness. The unexpectedly weak trade figures naturally raised the question of whether Canada's competitive position in international trade was not much weaker than had been supposed, and the exchange market reacted accordingly. I myself have no doubt that when it becomes possible to assess these figures in perspective they will be found to have been quite misleading as indicators of Canada's competitive position. The situation is not nearly as bad as those figures suggest, and when in due course that emerges the exchange market will presumably react in the opposite direction.

Stability impossible with inflation

It was, in my opinion, a happy event when in the course of 1975 public policy in Canada swung from trying to learn to live with inflation to trying to learn to live without it. I have also welcomed the subsequent initiatives of the federal and provincial governments that are directed to the same end.

I would like to be as clear as possible about why I am in favour of learning to live without inflation, and opposed to trying to live with it. The reason does not

lie in some arcane central banking belief in monetary stability as an end in itself but in the basic economic proposition that market societies do not and cannot function well under continuing inflationary conditions. In such circumstances they do not and cannot produce what their citizens want from them, namely, stable prosperity. If a society wants stability and prosperity it should avoid inflation like the plague. I do not claim that this proposition is self-evident but I am sure that it is true. Its truth is now strongly supported by a large and rapidly growing body of economic experience around the world.

* * * *

Monetary expansion reduction

It is, I take it, a truism that price inflation cannot continue unless it is financed by monetary expansion. That is why the Bank of Canada is following its present policy of reducing over time the rate of monetary expansion in Canada. As you know, we are doing this gradually rather than precipitately, and the reason for the gradualism is to avoid the intense economic disruption, and the social reaction, that would inevitably be involved in a deliberate precipitate change in the financial environment.

As you know, we in the Bank of Canada have been pursuing this policy of moderating gradually the rate of monetary expansion in Canada by the practice of publishing a target range for the future growth of the money supply narrowly defined (M1), and then each year or so lowering the target range. Last week we published the fourth target range in this series. The new target range is from 6 to 10 per cent annually, and it replaces a range of 7 to 11 per cent chosen last year, 8 to 12 per cent the year before and 10 to less than 15 per cent announced in the fall of 1975. We are thus making progress in reducing our target range.

Having targets is of course of limited value if one does not have some success in hitting them. I should therefore add that for each of the three periods for which we have had them we have come well within our target ranges.

That, briefly, is the story of monetary policy in Canada in the last three years and its posture for the future. We have so far managed to follow much the path for monetary expansion that we wanted to follow, and we intend to press on. We have been much encouraged by the sup-

port that our policy has received, and we hope for the continuation of that support.

* * * *

Over the past three years the path of price inflation in Canada as measured by the various price indexes has been rather erratic. The main reason for this has been the volatile course traced out by food prices both here and in the United States....

One can of course not ignore food prices or the effect of the exchange rate on prices, but if one makes allowance for them in analysis he finds that the upward pressure on prices in Canada from all other sources has moderated substantially and more or less continually over the past three years. This has arisen fundamentally from the moderation that has occurred in the rate of upward movement of labour costs. This development is cheering, for a reduced rate of inflation of Canadian costs is exactly what the country needs to strengthen the base for its future prosperity. In my opinion there is at present far too little recognition both at home and abroad of the extent and importance of the moderation that has been achieved in the underlying trend of Canadian costs. The main reason for this probably is that this favourable underlying development has been obscured for some time in the price indexes by the rising food prices and the declining exchange rate. There is, however, now a good prospect that it will soon emerge as the main determinant of the trend of Canadian prices.

The big danger in the present situation is that the recent upward surge in the consumer price index caused by foods and the exchange rate will lead to a reversal in the moderating trend of production costs in the Canadian economy....

Restraint needed now

The trouble is that a new burst of inflation of incomes will not ease the national problem, but will rather compound it. It will reverse the progress we have made in recent years towards establishing the basis for stable prosperity. Another outburst of wage and salary inflation will mean that we shall have to go through the painful sobering-up process from the beginning all over again. One must therefore devoutly hope that Canadians will find it possible to show sufficient restraint in the months ahead to avoid an acceleration of cost inflation. One must hope that they

(Continued on P. 8)

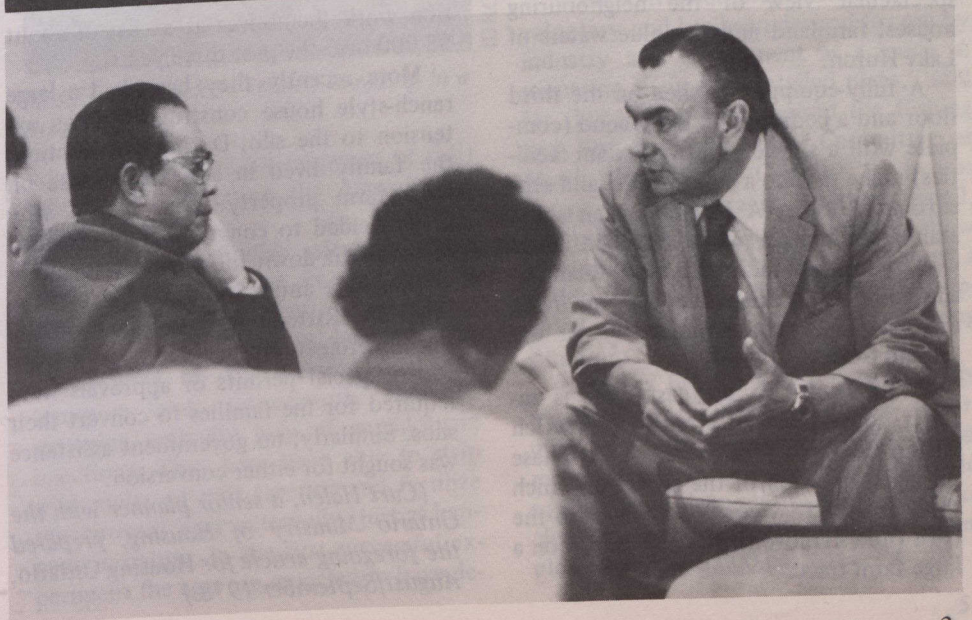
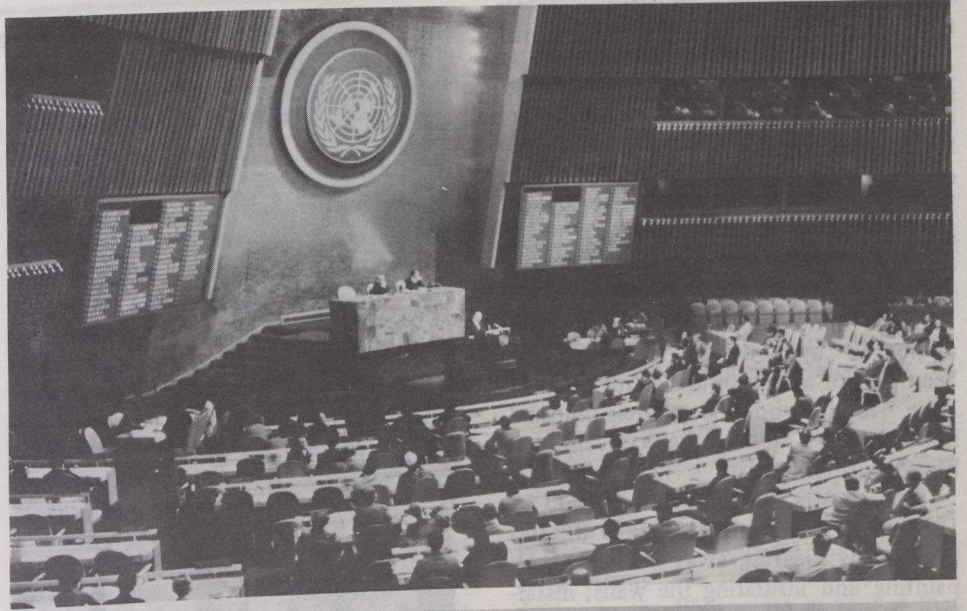
Mr. Jamieson in New York



While he was in New York to address the United Nations General Assembly September 26 (see *Canada Weekly* dated October 4), Secretary of State for External Affairs Don Jamieson also met, during the next few days, many foreign dignitaries including U.S. State Secretary Cyrus Vance; Czechoslovakian Foreign Minister Bohuslav Chnoupek; Secretary-General Edem Kodjo of the Organization of African Unity and his delegation (*centre photo*); Foreign Minister Mohammad Shamsul of Bangladesh; Foreign Minister Huang Hua of the People's Republic of China (*right*) and Foreign Minister Carlos Correia Gago of Portugal.

Mr. Jamieson was host at a lunch for Commonwealth Caribbean ministers, at which British Foreign Secretary David Owen was also present.

The Secretary of State for External Affairs addressed the Security Council on the question of Namibia on September 29, reiterating his call for a change in the method of elections in Namibia and stating that Canada was "prepared to consider carefully how we might co-operate most effectively with the Secretary-General in our joint efforts to bring peace and independence to Namibia".



Converted silos — living in the round

Mrs. John Vogel of Bright's Grove, Ontario, came originally from the Netherlands, where for years she saw people convert windmills to unique and attractive homes. So in 1963, when she and her husband were house-hunting and came across an unused silo, the conversion idea came naturally.

They found the silo on a 12- by 30-metre (40- by 100-foot) lot which had been part of a farm on the south shore of Lake Huron, and today their unusual home towers above the conventional houses surrounding it.

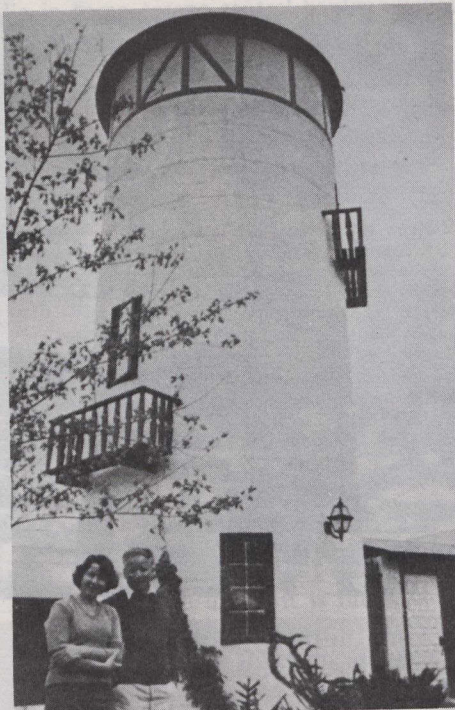
It cost Mrs. Vogel about \$9,000 in 1964 to have a contractor make the silo liveable by clearing away rotten wood; painting and insulating the walls; installing floors supported by wood beams; piercing the walls for windows; installing plumbing and electricity; erecting a spiral staircase along one side of the inside wall; adding a circular set of windows at the top of the silo covered by a peaked roof; and installing a heater fuelled by natural gas on the main floor.

Three years ago the Vogels decided to renovate and expand. The outside of the 14-metre (45-foot) high silo was covered in attractive bricks to match those used in parts of the one-storey house they had built as an attachment to the silo.

Thermal double windows were installed mainly for aesthetic reasons. Warm air from the main floor space heater rises to heat the three living areas above. There is a living room on the fourth floor surrounded with windows which offer a spectacular view of the neighbouring houses, farmland and the blue waters of Lake Huron.

A fully-equipped kitchen on the third floor and a bedroom on the second (complete with a shower and washroom facilities) make the silo a comfortable and self-sufficient home. A black wooden spiral staircase along the white stuccoed inside wall of the four-metre (13 foot) diameter silo joins the eating, sleeping and living areas with the study and entry on the ground floor.

A few miles to the east there is another converted silo. Mr. and Mrs. Rich Ritter have just finished the latest phase of the conversion of the structure which they bought 15 years ago along with the barn (now removed) that adjoined it on a large farm tract.



The Ritters stand in front of their silo.

The second floor is already finished and used as an occasional bedroom, especially by guests. The two top floors are joined by a steel ladder along the wall. The main floor entry level has a wooden staircase curving along the wall up to the second floor. The floors are supported by steel beams; there is one window for ventilation and light on each floor augmented by several small opaque glass squares embedded in the walls on the upper floors. All the walls are insulated and heating is by means of one small electric unit on the ground level.

The Ritters have done all the renovation work themselves at a cost of about \$5,000 over the past three years.

More recently they have had a large ranch-style house constructed as an extension to the silo. During construction, the family lived in a nearby house on their farm property. When asked why they decided to convert the silo instead of tearing it down the answer was simply "it was here and it was different". At the time the Ritters were unaware of the Vogels' project not far away.

No special permits or approvals were required for the families to convert their silos. Similarly, no government assistance was sought for either conversion.

(Curt Halen, a senior planner with the Ontario Ministry of Housing, prepared the foregoing article for Housing Ontario, August/September 1978.)

Canada/Malawi bilateral investment protection pact

Canada's economic and trade links with Malawi were strengthened recently with the signature of a bilateral investment protection agreement in Malawi. The agreement, which is tied directly to the Canadian Foreign Investment Insurance Program administered by the Export Development Corporation (EDC), is designed to foster increased trade and investment to the mutual benefit of the two Commonwealth nations.

Malawi's signature to the accord indicates to Canadian businessmen that this southeast African nation is keen to develop its industrial base and trade links with Canada. The EDC program insures Canadian investors in other countries against the risk of loss by reason of political actions in the host country.

Canada has signed similar agreements of interest to the business community with 22 countries: Antigua, Barbados, Belize, Dominica, Fiji, Gambia, Ghana, Grenada, Guinea, Jamaica, Indonesia, Israel, Liberia, Malaysia, Montserrat, Morocco, Pakistan, St. Kitts, St. Lucia, St. Vincent, Singapore, and Trinidad and Tobago.

EDC recently approved loans, export credits and surety insurance as well as foreign investment guarantees totalling \$146.392 million to support prospective export sales of \$166.07 million to Algeria, Argentina, Cuba, Haiti, Iran, Mexico, Portugal, South Africa, Venezuela and Yugoslavia.

The expected sales will create or maintain some 6,000 man-years of employment in Canada and will involve 11 suppliers and at least 40 sub-suppliers across the country.

The transactions involve such goods and services as aircraft, locomotives, airport projects, dump trucks and a pelletizing plant.

EDC is the federally-owned commercial enterprise that provides loans to support export sales, export credits and surety insurance, foreign investment guarantees and other financial facilities to Canadian exporters to enable them to compete internationally.

Federal beef grading has been carried out in Canada since 1929. The last change in the grading system was made in 1972.

A fisheries "first" for Canadian expertise in the Philippines

Canadian expertise and sex hormones from Pacific salmon have helped scientists of the aquaculture department of the Southeast Asian Fisheries Development Centre (SEAFDEC) make a significant breakthrough in their milkfish research program set up less than three years ago.

It is now demonstrated as feasible to breed milkfish, *Chanos chanos*, in captivity. When the breeding system is standardized it should be possible to use it on a vast scale, particularly as the infrastructure for rearing literally billions of fish already exists.

...Today the milkfish provides up to half the protein intake of some 200 million people, and is an important food for about twice that number; but the sea fishery for milkfish is very small and almost all fish are cultured. The life-cycle of the milkfish is still as much a mystery as was the salmon's a century ago.

* * * *

Nervous creatures

...No milkfish has ever spawned in captivity. No wild adult has been kept alive for long enough to provide eggs or sperm. These large nervous creatures are so jumpy when caught or handled that they fatally injure themselves or die of heart failure. The entire milkfish farming business, consequently, has always depended exclusively on fry caught from the sea.

They are caught seasonally as they float in close to land from spawning grounds at sea. They are swept up in garlands of leaves, captured with drag-seines made of nets, or trapped in a variety of other ways. Then they are transported to nurseries (where they grow to the fingerling stage), and after to the specially prepared ponds. The process is tedious and the single most expensive part of the farming. Mortality is high. Up to 70 per cent of the fry die before they are ready for market — mostly before they get to the pond-stage. The catch itself is uncertain and variable.

* * * *

Canada's role

...When the aquaculture department launched the milkfish research program in 1975, Canadian participation was soon offered and accepted.

The International Development Research Centre (IDRC), which is financed

by the Canadian Government, added \$826,000 to the \$2.2 million set aside for the program by SEAFDEC. The IDRC grant was to cover equipment and supplies for the new facilities then being set up on Panay Island in the Philippines, as well as sea-going equipment, floating enclosures, short-term training of Filipino scientists, the salaries of two foreign experts and four consultants.

Independent of this and, arguably, no less important are two fruits, so to speak, of Canadian research into salmon — a chemical called 2-phenoxyethanol and gonadotropin, the hormonal extract of the pituitary. The former was developed to treat fungus diseases in salmon. The latter, an extract from the pituitary glands of spawning salmon, has proved capable of accelerating the sexual maturity of



Milkfish researchers induce breeding in a captive fish.

young salmon (and other species of fish) as well as facilitating the spawning of captive adults.

In Asia, the milkfish researchers have used 2-phenoxyethanol in very diluted concentrations as an effective tranquilizer. They have succeeded in keeping wild adults alive by tranquilizing them for transport and, subsequently, induced spawning with the help of gonadotropin injections. They have been able to strip wild males of milt (sperm) and fertilize the buoyant eggs externally, just as happens in nature. In the first successful experiment the eggs are reported to have de-

veloped into fry after 36 hours in a hatching system.

More than 25 fish weighing over a pound each are now held in the ponds of SEAFDEC and are the living result of this first artificial spawning which has since been repeated four times.

Clearly a number of details — the most effective dosages, for example — have yet to be worked out. But it is now sure that milkfish can be bred in captivity. The life-cycle of *Chanos chanos* remains much of a mystery and part of the research effort is to unravel it through telemetry and tagging....

The work of successful induced breeding of milkfish was accomplished by Dr. William E. Vanstone of the Vancouver laboratory of the Fisheries and Marine Service of Environment Canada. His achievement was recognized by the industry in the Philippines as well as their Fisheries Society, which honoured his efforts by awarding him two commemorative plaques.

(The foregoing article was written by Gaminí Seneviratne for Development Directions, August/September 1978.)

Fishing industry goes metric

Canada's commercial fishing industry recently completed plans for converting to the metric (SI) system in line with the general move to metric measurement in Canada, with January 1981 as the target date for the conversion. A list of preferred metric sizes will be developed for each category of fishery product, based on an industry-wide consensus.

"The conversion plan is intended to be voluntary and has been devised for use by industry and government as a guide in preparing their own detailed plans," said Mr. Langlands, who chaired the Fishing and Fish Products Sector Committee of Metric Commission Canada. "It is not meant to be an exacting pattern for all, but rather as recommendations to allow the transition to take effect in as short a period as possible. The plan will be updated as necessary to reflect changing situations."

Canada's fishing industry involves approximately 62,000 commercial fishermen who operate some 28,000 vessels, ranging from ten-metre one-man boats to sophisticated deep-sea trawlers. There are close to 800 fish processing plants, employing some 25,000 persons.

Technical co-operation with China

The Secretary of State for External Affairs, Don Jamieson, recently announced that Canada would be pleased to receive up to 500 Chinese students and technicians this year and possibly additional students in subsequent years, if Canadian universities, research institutes and industrial enterprises could accommodate them.

Mr. Jamieson informed Foreign Minister Huang Hua of the People's Republic of China of Canada's decision during bilateral discussions at the United Nations on September 27.

A request had been made by the Chinese Government early in August, that Canada accept 500 Chinese students to study a variety of disciplines in the field of science and technology. The Chinese Government has indicated that it was prepared to absorb all the costs for training such students and technicians in Canada. Similar proposals have been made by the Chinese Government to a number of other countries.

The Federal Government has informally notified the provincial governments (who are responsible for education) and further consultations will take place shortly on the implementation of the program. The Canadian Government will also discuss with the Chinese Government the administrative arrangements necessary for developing such a program of technical co-operation.

Compensation for loss of property in Portugal

The Department of External Affairs is informing persons whose property was nationalized or otherwise expropriated by the Government of Portugal after April 25, 1974 of the opportunity to apply for compensation.

Applications for compensation by anyone who formerly owned shares of, or held other interest in, companies nationalized in Portugal after April 25, 1974 must be presented by November 4, 1978 (Portuguese Ministerial Decree "Portaria" No. 359/78 of July 7, 1978).

Persons who owned property in Portugal which was nationalized or otherwise expropriated after April 25, 1974 under agrarian reform legislation must apply by January 14, 1979 (Portuguese Ministerial Decree "Portaria" No. 556/78 of Septem-

ber 15, 1978). In each case an additional period of 60 days is granted in favour of migrant Portuguese workers and their families residing abroad.

Applicants should approach appropriate representatives of the Government of Portugal in Canada or their lawyers to determine the procedure to follow and confirm the relevant time limitations.

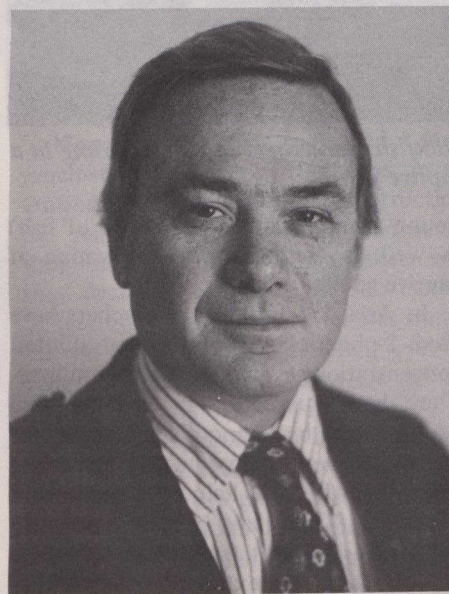
The address of the Portuguese Embassy in Canada is: 645 Island Park Dr., Ottawa, K1Y 0C2. Consular Office: 1300 Carling Ave., Suite 304, Ottawa, K1Z 7L2.

Diplomatic appointments

Secretary of State for External Affairs Don Jamieson recently announced the following appointments:

- A. Douglas Small, to be Ambassador to Pakistan, replacing W.F. Stone who has returned to Ottawa. Mr. Small, who joined External Affairs in 1955, has served in Bonn, Lagos, Dar-es-Salaam and London. He has been Director of Pacific Affairs Division since 1975;

- Richard M. Tait, to be head of the Mission for the European Economic Community in Brussels. Mr. Tait, also with the Department since 1955, has served in Athens, Geneva and London, and was Commissioner to the International Commission for Supervision and Control in Saigon. In 1975 he transferred to the Department of Manpower and Immigration, and since 1977 has been Executive Director of Immigration and Demographic



Richard Tait (above) has been appointed chief of Mission for the EEC.

Policy. Mr. Tait replaces Marcel Cadieux, who has returned to Ottawa and was recently appointed Special Adviser to the Commissioner of the RCMP;

- Albert Frederick Hart, to be co-ordinator for issues related to privacy legislation and regulations governing conflict of interest. Mr. Hart, who joined External Affairs in 1949, has served in Warsaw, Berlin, Moscow and Accra, where he was High Commissioner concurrently accredited as Ambassador to the Ivory Coast, Togo and Upper Volta. He was subsequently Commissioner to the International Commission for Supervision and Control in Vietnam and Laos, and Ambassador to Poland. Mr. Hart has been Director of Historical Division in Ottawa since 1976.

Ontario's power planning examined — Porter commission reports

Ontario Hydro should build no more than three nuclear power plants between 1985 and 2000, the Royal Commission on Electric Power Planning said in a report released late September.

The commission, headed by Dr. Arthur Porter, concluded that demand for electricity in the period would rise by about 4 per cent annually, well below the traditional rate of 7 per cent and Ontario Hydro's long-range forecast of 5.2 per cent.

The report acknowledged that the scaled-down nuclear power program would not require any heavy water from the third plant at the Bruce nuclear complex before the end of the century.

The 10,000-megawatt output from the three stations would fall short of meeting even the 4 percent growth rate by about 3,400 MW, and the commission called for the deficiency to be made up by hydroelectric plants and thermal power stations using coal or wood.

Dr. Porter said the report's findings should be seen in the context of a need to make "one of the most crucial transitions in our history — the transition from an oil-rich to an oil-impooverished society" within the next 30 years.

Nuclear power "has a significant role to play" in that transition.

The report, which followed 335 hours of public hearings, concluded that the Candu reactor, the backbone of the Canadian nuclear power program, was safe "within reasonable limits".

News of the arts

Joseph Légaré exhibition

The first exhibition devoted exclusively to Joseph Légaré, a nineteenth-century Quebec painter, opened at the National Gallery of Canada September 21. The exhibition, on view in Ottawa until October 29, will also be seen in Toronto, Montreal and Quebec City.

The exhibition's 81 works offer examples of Légaré's religious and allegorical art, scenes from Indian life, still lifes and portraits such as those of King George III, King George IV and Queen Victoria, and the artist's self-portrait.

Légaré's dramatic series in five canvasses of the 1845 fires at Saint-Roch and Saint-Jean, Quebec City suburbs, which he painted to raise funds for the victims, have been brought together from the collections of lenders.



National Gallery of Canada

Portrait of Josephite Ourné.

Eight works from the National Gallery's early Canadian collection will be on view, including the portrait of *Josephite Ourné*, an Indian princess, and one of the earliest paintings of a military battle *The Battle of Sainte-Foy*, by a Canadian artist.

Jean Sutherland Boggs, Director of Canada's National Gallery for ten years until 1976, has been recommended by the Philadelphia Museum of Art's search committee to fill the post of director for that museum. Dr. Boggs, who has been teaching at Harvard University's Fogg Museum, expects to assume her new role next March 1.

Actor brings humorist to life

Canadian actor-director John Stark, internationally acclaimed for his portrayal of humorist Stephen Leacock, recently returned to the United States after performing for audiences aboard the *Queen Elizabeth II*. Other U.S. appearances, at the Coronet Theatre in Hollywood, the University of Chicago and a recent national radio broadcast from Washington, D.C., have also been well received. This is Stark's fourth year as Leacock. Last year, visitors to the UN Habitat Conference in Vancouver also had an opportunity to hear him. He has performed throughout Canada, for Canadian television and at Oxford University, England.

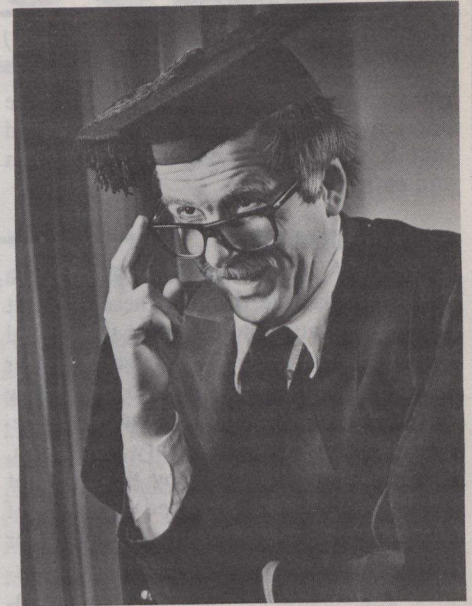
The *QE2 Express*, in its promotion of Stark's performance on board the ship in August, said of Leacock, who won the Mark Twain Medal in 1935, that the humorist's style was very much like Twain's in its use of exaggeration, juxtaposition of irrelevant ideas and sympathy for the luckless little guy dealing with a baffling, technological society.

In his preface to the original edition of *Sunshine Sketches of a Little Town*, a collection of short stories about a fictitious place called Mariposa, later identified by those in the know as Orillia, Ontario, Leacock notes:

"I was born at Swanmoor, Hants, England, on December 30, 1869. I am not aware that there was any particular conjunction of the planets at the time, but should think it extremely likely.

* * * *

"I have written a number of things in connection with my college life — a book on political science, and many essays, magazine articles, and so on. I belong to the Political Science Association of America, to the Royal Colonial Institute, and to the Church of England. These things, surely, are a proof of respectability. I have had some small connection with politics and public life. A few years ago I went all round the British Empire delivering addresses on Imperial organization. When I state that these lectures were followed almost immediately by the Union of South Africa, the Banana Riots in Trinidad, and the Turco-Italian war, I think the reader can form some idea of their importance. In Canada I belong to the Conservative Party, but as yet I have failed entirely in Canadian politics, never having received a contract to build a



John Stark as Stephen Leacock.

bridge, or make a wharf, nor to construct even the smallest section of the Transcontinental Railway. This, however, is a form of national ingratitude to which one becomes accustomed in this Dominion."

John Stark, known primarily for his one-man show about Leacock, also created the set design for such films as *Five Easy Pieces*, *Carnal Knowledge*, *Food for the Gods*, and several television series.

He recently directed the world premiere of his translation of a Miroslav Krljeza play, *In Agony*, for the Canadian Government, and will soon stage a second play, *The Glembays*.

New albums of Canadian music

The overseas office of the Canadian Broadcasting Corporation, Radio Canada International, has announced the release of the first two albums of its proposed *Anthology of Canadian Music*. The project, when completed, will include close to 300 original works by 35 Canadian composers. The first two albums are of works by John Weinzweig and Serge Garant. Each album contains a booklet giving information about the composer and his work.

Distribution of the albums abroad will be undertaken by Radio Canada International. In Canada the albums are for sale by the English and French divisions of the CBC at: *Anthology of Canadian Music*, CBC Learning Systems, P.O. Box 500, Station A, Toronto M5W 1E6.

Monetary policy (continued from P. 2)

will be wise enough to recognize that the burst in consumer prices is temporary and that it should be met with moderation and patience.

Role of central bank

Because of the critical importance of a successful passage through these difficult waters it is natural to ask what the central bank can do to ease that passage. In our view the main thing it can do is to show resolution in its policy of gradually reducing the rate of monetary expansion, and to demonstrate thereby that it is not willing to finance a renewed outbreak of inflation. We regard the Bank's new lower target range for the rate of monetary expansion as evidence of this resolution. Within this framework the Bank has also taken some interest-rate initiatives to moderate the rate of change of the exchange rate. The Bank's concern in this area arises from the fact that the exchange-rate movement has been reinforcing the upward surge of consumer prices and has thereby been adding to the intense pressure on the wage and salary structure. In current circumstances it would be preferable to have the effect of exchange-rate depreciation on consumer prices spread over a longer period of time. Another aspect of the exchange rate that has concerned the Bank is the well-known fact that exchange-rate movements that gather momentum usually go farther than the situation warrants, and indeed this may already have happened in Canada.

* * * *

...I am much cheered by the movement in Canada and abroad towards what I consider to be a more realistic appreciation of economic processes and a more realistic approach to policy. I believe that these changes are greatly improving the prospects for good economic performance in the future.

Canada Weekly is published by the Information Services Division, Department of External Affairs, Ottawa, K1A 0G2.

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Cette publication existe également en français sous le titre Hebdo Canada.

Algunos números de esta publicación aparecen también en español bajo el título Noticiario de Canadá.

News briefs

Defence Minister Barney Danson has announced that the Canadian Contingent to the United Nations Interim Force in Lebanon (CCUNIFIL) has transferred its communication responsibilities to other UN personnel in preparation for its return to Canada by October 12. Canada's 89-man signal unit (later increased to 117) was sent to Lebanon in mid-April to establish communications for UNIFIL. Its mission is now accomplished.

Environment Minister Len Marchand said recently that new regulations under the Clean Air Act would significantly reduce vinyl chloride emissions, which have been implicated as a cause of angiosarcoma, a form of liver cancer, and other serious health disorders. In 1973, vinyl chloride emissions from Canadian plants totalled 5,000 tons a year. The controls program will reduce the emissions to 250 tons a year by next July 1.

The Canadian Commission for the International Year of the Child held its first meeting in Ottawa, September 7-8. The Commission will administer a federal contribution of \$1 million to the private and voluntary sectors for activities promoting the rights, interests and well-being of children.

The basic Old Age Security pension will rise to \$164.74 a month in October from the current \$159.79, in line with the quarterly adjustment for inflation.

New Brunswick Premier Richard Hatfield has called a general election for October 23. The forty-eighth legislature was dissolved on September 15.

The National Research Council has initiated a program to foster the employment of out-of-work research graduates. Called STEP (for Scientific and Technical Employment Program), it is designed to encourage Canadian industry to consider areas in which a researcher could perform useful work, with a strong likelihood for permanent employment. The program will encourage hiring from areas of research and productivity likely to create further jobs through new processes and additional product lines. The STEP office will pay from \$8,100 to \$14,000 towards each researcher's salary for up to 12 months.

China will purchase 300,000 metric tons of muriate of potash for shipment between October 15 and June 30, 1979,

through Campotex Ltd., the overseas marketing agency for Saskatchewan producers. The sale is worth between \$24 million and \$25 million.

The Federal Government plans to borrow another \$750 million (U.S.) in New York to supplement the net inflow of capital.

The ten-man crew of *Evergreen*, from Ontario's Royal Hamilton Yacht Club, captured the 82-year-old Canada Cup recently, from the defender, *Agape*, of Detroit's Bayview Yacht Club. The Canadian crew won the last match race of the six-race competition by two minutes and six seconds, but was forced to wait six hours for a decision by the international judges after the United States crew lodged a formal protest.

John R. Rhodes, Ontario Minister of Industry and Tourism, died of a heart attack on September 25 on the day before his forty-ninth birthday. He had just arrived in Iran from Cairo and was to have joined Ontario Premier William Davis in talks with the Shah before attending an international trade fair, where 17 Ontario firms were exhibiting.

The Toronto Metro Zoo recently received the Edward H. Bean award at the annual conference of the American Association of Zoological Parks and Aquariums in Denver, U.S.A. The award, considered the highest recognition for captive management and husbandry of animal species, was given to honour the zoo's breeding of the red-billed ground cuckoo — apparently the first in captivity in the world. The parents, native to the rocky forest regions of southern Vietnam, raised the family high in a ficus benjamina tree in the Indo-Malaysian pavilion of the zoo.

Canada has won a contract worth more than \$180 million to construct a pulp and paper mill in Czechoslovakia, said Secretary of State for External Affairs Don Jamieson recently. Contractor for the turnkey project is H.A. Simons (Overseas) Ltd. of Vancouver.

Ann Garneau, information officer at the Canadian Consulate General in Los Angeles, reports that the touring RCMP Musical Ride attracted huge crowds to the Los Angeles County Fair in September. Actor Richard Simmons, who played Sergeant Preston of the Yukon in the American radio and television series, enjoyed the show immensely.