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WEEK'S EVENTS IN REVIEW

GEN. McNAUGHTON ON PALESTINE: "The Canadian delegation is not at the present stage prepared to declare itself in favour of one course of action rather than another, until we have some evidence that there is a meeting of minds on the part of the countries most directly concerned on what the best course of action should be," said General A.G.L. McNaughton of Canada in addressing the Security Council of the United Nations on the Palestine question Wednesday, March 24. Text of General McNaughton's statement follows:-

"The plan of partition with economic union recommended by the Special Committee on Palestine and adopted by the General Assembly on November 29, 1947, was based on a number of important assumptions. Events which have taken place since that date, and in particular the information which the Council received last week concerning consultations which had taken place amongst the Permanent Members of the Security Council, have made it clear that the expectations held in November have not been realized.

"In the first place, it was assumed that the two communities in Palestine would cooperate in putting into effect a solution to the Palestine problem which was recommended by the General Assembly. The manner in which it was proposed to distribute territory between the two communities was based on the expectation that common economic policies and common fiscal services would be adopted in a high

degree of integration between Jewish and Arab States. Without this integration in economic union, neither state would be able to organize satisfactorily even such elementary matters as road and rail communications, telephone and telegraph lines, electric power and water supply. The responsibility for making the plan of partition with economic union work was to depend primarily on the people of Palestine themselves, and on their willingness to work together, particularly in economic matters. It has now become clear, however, that co-operation between the Jews and Arabs of Palestine to the extent assumed in the Plan of Partition is not realizable under present conditions.

"The second basic assumption made during the Palestine discussions at the General Assembly was that the Mandatory Power would be able to give assistance in bringing the recommendations of the General Assembly into effect. When the plan of partition was first prepared by the United Nations Special Commission on Palestine, it was provided that the Mandatory Power should supervise, over a period of two years, the transitional arrangements necessary for its realization. After the Assembly had met, however, the Mandatory Power indicated that it would not play a major role in implementing a plan against the wishes of either the Arabs or the Jews of Palestine. After the Assembly rose, the Mandatory Power confirmed the indications it had given during discussions in sub-committee that it could not permit the delimitation of boundaries and the re-

CONTROL ORDER: Acting on the advice of the Minister of Reconstruction and Supply, the Minister of Finance announced March 19 that, effective April 1, no import permits would be issued for the following list of tariff items unless the goods were in continuous and uninterrupted transit to Canada on or before March 31, or unless their use is considered essential to the national economy. This is a further step in the programme to conserve foreign exchange, and similar announcements may be expected from time to time.

The tariff items affected are as follows:--
tariff Item No. 388e:--Iron or steel side or centre sill sections, of all sizes not manufactured in Canada, weighing not less than 35 pounds per lineal yard, not punched, drilled or further manufactured, when imported by manufacturers of railway cars, for use in their own factories.

ex 4091:--Traction ditching machines (not being ploughs) and complete parts thereof for production use.

ex 412:--Machinery, being presses for use in the printing of newspapers, of not less value by retail than fifteen hundred dollars each; of a class or kind not made in Canada; complete parts thereof for production use, not to include saws, knives and motive power; mechanical deliveries or conveyors for use with newspaper printing presses.

ex 412a:--Machinery and apparatus, n.o.p.; gun and mould apparatus for making press rollers; machines and apparatus for making electrotypes and stereotypes; engraving machines and apparatus, including photo-engraving apparatus, and other plate-making apparatus, used in the manufacture of printing plates of all kinds; machines and apparatus for graining metal plates; machines and apparatus for sensitizing, grinding or polishing metal plates; machines and apparatus including camera equipment, lens, prisms, camera and printing lamps, screens, and vacuum frames for transferring by photographic processes, or direct, to plates or rolls for use in lithography, rotogravure and printing; shading apparatus; machines and apparatus for addressing and/or wrapping newspapers, magazines, periodicals, pamphlets and catalogues; machines and apparatus for embossing or stamping or producing embossed or engraved effects, book-binding, looping, stitching, sewing, gathering, inserting, bronzing, dusting, creasing, scoring, cutting, perforating, drilling, punching, slitting, re-winding, glueing, pasting, gumming, waxing, varnishing, carbon coating, patching, numbering, ruling, joggling, sheet piling, tying, bundling, tube-making, metal mounting, eye-letting, staying or stripping, reinforcing and box-covering; complete parts for production use, not to include saws, knives and motive power; all the foregoing when for use exclusively by, and in their capacities as printers, lithographers, book-binders, manufacturers of stereotypes, electrotypes

and printing plates or rolls, paper converters, or by manufacturers of articles made from paper or cardboard.

ex 412b:--Flat bed cylinder printing presses, to print sheets of a size 25 x 38 inches or larger; complete parts thereof for production use; machines designed to fold or sheet-feed paper or cardboard; complete parts thereof for production use.

ex 412c:--Typecasting and typesetting machines for use in printing offices; parts thereof for production use.

ex 412d:--Offset presses; lithographic presses; printing presses and type-making accessories therefore, n.o.p.; complete parts of the foregoing for production use, not to include saws, knives and motive power.

ex 422:--Street or road rollers and complete parts thereof for production use.

ex 425:--Lawn mowers designed for use with motive power, whether or not containing the power unit; complete parts thereof for production use.

ex 427f:--Machines for the manufacture of veneers and plywoods, viz.- veneer clippers, veneer clipper knife jointers, veneer glue spreaders, veneer jointers, veneer lathes and veneer taping machines; complete parts of all the foregoing for production use.

ex 438g:--Motor cycles or side cars therefore; complete parts of the foregoing for production use.

ex 439b:--Cars, n.o.p., trucks, road or railway scrapers.

447a:--Sand cast rolls and chilled cast iron rolls, for use exclusively in rolling iron or steel or in manufacturing paper.

447b:--Forged steel rolls, hardened and ground, for use exclusively in rolling ferrous or non-ferrous metals.

459:--Materials, including all parts, when imported by manufacturers of street or road rollers for use exclusively in the manufacture of street or road rollers, in their own factories, under regulations prescribed by the Minister.

AID CHILDREN'S FUND: The Hon. Brooke Claxton, Minister of National Defence, on Friday announced that the RCAF Flyers, Olympic hockey champions will play a benefit game against an NHL and QSHL All Star team in Ottawa, Saturday April 10, in aid of the Canadian Appeal for Children Fund. In this way the Flyers will be helping to send aid to children in the countries they visited after winning the Olympic championship.

The team will disband immediately after the benefit game and players will leave for their homes over the week-end. Airmen of the regular RCAF will report to stations ranging from Montreal to Whitehorse, and members of the RCAF Reserve will return to their civilian employment.

The All Star team will be selected by NHL

President Clarence Campbell, George Slater President of the QSHL, and Tommy Gorman, Ottawa sportsman, who has also reserved the Auditorium for the Benefit Game. Final selection of the All Stars will be made as soon as possible.

Further details regarding the game will be announced shortly by the Committee in charge of the Canadian Appeal for Children Fund.

Arrangements are under way for the reception to be given the Flyers when they arrive at the Union Station, Tuesday, April 6, at 12:40 (noon).

SCIENTIST VISITOR: Dr. Vannevar Bush, president of the Carnegie Institute and Chairman of the newly established Research and Development Board under the U.S. Secretary of Defence, visited Ottawa last week-end to confer with Canadian scientists, it was announced by Dr. O.M. Solandt, OBE, Chairman of the Defence Research Board of Canada.

While in Ottawa, Dr. Bush attended a meeting of the Defence Research Board and inspected the laboratories of the National Research Council. Saturday evening he was the guest of the two organizations at a joint dinner. He visited the Chalk River Atomic Energy Project on Sunday.

Dr. Bush during the war was the Director of the Office of Scientific Research and Development under which many of the great American scientific advances of the war were achieved. Following the recent unification of the Armed Forces in the United States, Dr. Bush was appointed Chairman of the Research and Development Board.

Dr. Bush's many peacetime scientific achievements brought him the presidency of the Carnegie Institute in 1939, a post which he still holds. His degrees and awards fill half a column in Who's Who.

NEWS FOR SERVICEMEN: Canadian servicemen at isolated army and air force stations and in H.M.C. ships at sea are kept abreast of world events by an unusual news service recently put into operation with the approval of the Minister of National Defence.

A thousand-word roundup of the outstanding news developments of the day, prepared by the Canadian Press at its head office in Toronto, is picked up each morning by Army signallers and teletyped to National Defence Headquarters here, and is at once re-transmitted over the Army's high-speed radio teletype circuit to Fort Churchill, Man.

The teletype "tape" is used again by Navy and Air Force Signals centres and within minutes the same message is being received at Goose Bay, Labrador; Watson Lake and Whitehorse in the Northwest Territories; Fort Nelson, B.C., and aboard H.M.C.S. "St. Stephen", Canadian weather ship stationed between Labra-

dor and Greenland.

Other ships of the Royal Canadian Navy, at sea, will also cut in on the service. These at present include H.M.C.A. "Ontario", "Crescent" and "Cayuga" in south Pacific waters, and "Nootka" and "New Liskeard" in the Caribbean.

The teletyped news briefs are tacked up on the mess or wardroom notice board, or mimeographed and passed around to all hands. At Churchill the mimeographed station newspaper, "The Icicle", will reprint the copy for its Service readers.

CAMP SHILO: The Army's military townsite at Shilo, Man., has taken steps to provide itself with "city fathers" in the shape of an advisory committee of responsible army officers and civilians residing in the camp. The committee will advise the camp commandant on all matters related to the general welfare of the town's military and civilian inhabitants and the camp as a whole.

The Shilo Observer, an Army newspaper published weekly at the camp, front-paged the story as a "new and hazardous" venture for the Canadian Army.

"There are certain aspects", the Observer said, "which of necessity, must modify any normal form of town authority insofar as Army stations are concerned".

It cites the need for military security, the requirements of discipline, the movement of troops, training and lack of private ownership of buildings or land as factors precluding the control of such towns as Shilo, Borden, Petawawa and Churchill being placed in the hands of anyone or any one group other than the local army authorities.

Shilo is unique inasmuch as it is owned by the public of Canada, controlled by the Department of National Defence, and administered by the Army. Located on Crown land, it cannot be incorporated as a town and local taxes cannot be levied. The civilian population outnumbers the military three to one.

The advisory committee has been established so that control remains with the Army authorities yet permits the residents to air their views, suggestions, recommendations and criticism, the Observer said. Landscaping, naming of streets, control of dogs, children's playgrounds, postal facilities and police protection are a few of the more urgent problems to be tackled by the committee.

SERVICE COLLEGES: Applications for entrance to H.M.C.A. "Royal Roads" and Royal Military College will be received up to May 22 for the terms starting next September, the Minister of National Defence said here. Previously it had been announced that applications would close on March 31.

Mr. Claxton said he had directed that the date be extended at least until May 22 "so as

to give parents and boys every chance this first year of taking advantage of the opportunities extended".

"We want boys of good physical and educational qualifications", the Minister continued, "suitable to make first-class officers in the Active or Reserve forces of the three services".

For both colleges there will be a number of Dominion cadetships available to sons of men who were killed on active service, and also scholarships awarded on the basis of academic qualifications, Mr. Claxton announced. He estimated that pay for work in the summer months will practically cover the cost of tuition in the second or subsequent years.

Both service colleges will first and foremost be educational institutions where serious work is done to obtain high qualifications in the courses necessary to a good education of university standard. During the college terms there will be a minimum of military subjects with full-time work with the Navy, Army and Air Force during the summer.

NEW BADGE OF RANK: The Regimental Sergeant Major soon will be wearing a new badge of rank -- one that for the first time in the history of the Canadian Army will be distinctively Canadian in design. In describing the badge, Ottawa authorities said it is more colorful than, and differs greatly from the badge now being worn which is of Imperial design.

Design of the new badge has just been approved by the Minister of National Defence and issue will be made in the near future.

On the badge is embroidered the Canadian coat of arms supported on the left by a silver lion rampant holding a lance bearing the Union Jack, and on the right by a silver unicorn holding a lance bearing a blue banner charged with three gold fleur-de-lis. The Canadian coat of arms is surmounted by a silver Royal helmet mantled, and a silver lion passant guardant, imperially crowned and holding a red maple leaf in the right paw. The whole is ensigned with the Imperial crown proper and inscribed in gold on a blue scroll below is the motto, "A Mari Usque Ad Mare".

The badge is three inches high and two and a half inches wide. It will be worn by all Warrant Officers, Class I, replacing both the RSM's badge and Conductor's (RQOC) badge now in use.

WHEAT STOCKS: Stocks of Canadian wheat in store or in transit in North America at midnight on March 11 totalled 97,810,700 bushels compared with 102,099,900 on March 4 and 115,573,100 on the corresponding date last year, according to the Dominion Bureau of Statistics. Visible on the latest date comprised 94,427,600 bushels in Canadian positions and 3,383,100

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in United States positions.

Deliveries of wheat from farms in the Prairie Provinces during the week ending March 11 amounted to 861,800 bushels compared with 832,900 in the preceding week, bringing the total for the period August 1 - March 11 to 205,190,460 bushels compared with 257,179,200 in the similar period of the preceding crop year.

The following quantities of coarse grains were also delivered from farms in the Prairie Provinces during the week ending March 11, totals for the preceding week being in brackets: oats, 348,900 (324,500) bushels; barley, 189,300 (155,700); rye, 4,900 (4,100); flaxseed, 11,000 (15,500) bushels.

Overseas export clearances of wheat during the week ending March 11 amounted to 2,307,200 bushels compared with 1,940,200 in the corresponding week last year. Aggregate for the period August 1 to March 11 was 80,034,100 bushels compared with 88,292,900 in the like period of 1946-47. (DBS)

NEW AIR SERVICE: Trans-Canada Air Lines' service to Bermuda will commence May 1 with week-end flights originating in both Toronto and Montreal, it was announced here by G.R. McGregor, President of TCA. From Canada to Bermuda the elapsed time will be less than five hours using North Star aircraft.

There will be two flights weekly at the outset. One flight will leave Montreal on Saturday morning, will land at Bermuda and continue to Toronto, arriving there the same day. On Sundays, flights will leave Toronto for Bermuda and from there will continue to Montreal.

Mr. McGregor pointed out that the economy of Bermuda was dependent on its tourist trade and now that Canada found herself with a U.S. dollar shortage and her citizens unable to finance on American holiday of any duration, it was logical to complement the needs of both countries and commence a service at this time.

PETROLEUM ADVISOR: The Right Honourable C.D. Howe announced Monday the appointment of Mr. F.G. Cottle, Manager of Supply for Imperial Oil Limited, as technical advisor on petroleum products to the Department of Reconstruction and Supply.

"In view of the critical fuel oil situation", Mr. Howe said, "it is considered that the strongest possible efforts should be made to insure adequate supplies of petroleum products. Mr. Cottle is well fitted to assist the Government in these efforts, having served as Deputy Oil Administrator in the Oil Controller's Office during the war. I have, therefore, asked him to assume this responsibility, and he has agreed to accept the appointment without remuneration."

Mr. Howe stated that, in the course of his duties, Mr. Cottle would represent the Depart-

ment of Reconstruction and Supply at discussions in Washington.

ARMY APPOINTMENTS: New appointments involving two well-known officer-brothers of the Canadian Army were announced Wednesday by the Hon. Brooke Claxton, Minister of National Defence.

Lt.-Col. R.L. Purves, DSO, 36, formerly of Victoria, B.C., relinquishes his present appointment as Director, Army Budget, to accept a new appointment as Director, Royal Canadian Armoured Corps.

Lt.-Col. Donald F. Purves, MBE, 41, also of Victoria, returns to the Army in that rank to take over his brother's former post as Director of the Army Budget.

EXPORTS UP: Canada's merchandise export trade in February was valued at \$208,300,000, showing an increase of 16 per cent over last year's corresponding total of \$179,500,000, but off 11.5 per cent from the January figure of \$235,400,000, according to the Dominion Bureau of Statistics. During the first two months of this year, merchandise was exported to the value of \$443,700,000 compared with \$388,100,000 in the similar period of 1947, an increase of 14.3 per cent.

Adding to the rate of increase shown in January, Canadian exports to the United States rose nearly 37 per cent in February over last year as against 32 per cent in the previous month, advancing to \$94,816,000 compared with 69,396,000, and bringing the two-month total to \$199,815,000 as against \$148,749,000 in the like period of 1947. February shipments to the United Kingdom were valued at \$51,660,000, up 15 per cent over last year; for the two months, January and February, the total advanced from \$95,335,000 to \$116,608,000.

Belgium and France were Canada's next largest customers in February, shipments to Belgium being valued at \$4,731,000 as compared with \$4,161,000 a year ago, and to France at \$4,186,000 compared with \$5,395,000. Italy was next in order with shipments totalling \$3,448,000 compared with \$2,010,000, followed by the Union of South Africa with purchases valued at \$3,216,000 compared with \$5,721,000.

Other countries which took Canadian goods to the value of more than one million dollars in February were as follows, totals for February last year being in brackets: Newfoundland, \$2,510,000 (\$2,314,000); India and Pakistan, \$1,835,000 (\$1,171,000); Australia, \$2,720,000 (\$4,722,000); New Zealand, \$1,743,000 (\$1,158,000); Argentina, \$1,860,000 (\$3,760,000); Brazil, \$2,259,000 (\$2,352,000); Mexico, \$1,230,000 (\$776,000); Czechoslovakia, \$2,060,000 (\$574,000); Greece, \$2,329,000 (\$360,000); Netherlands, \$2,721,000 (\$3,983,000); China, \$2,565,000 (\$3,314,000); Egypt,

\$2,148,000 (\$1,082,000); Norway, \$1,163,000 (\$745,000); Switzerland, \$1,831,000 (\$1,036,000).

All commodity groups, with the exception of agricultural and vegetable products, showed increases in February over the same month last year. The decline in agricultural products was small, while the advances were substantial in the animals and animal products, wood and paper, and non-ferrous metals groups.

SIAMESE CLAIMS: The Department of External Affairs has been advised that the British Commonwealth Siamese Claims Committee is not prepared to receive claims against the Siamese Government in respect of property and personal injury sustained as a result of the war.

These claims are to be submitted under the terms of the formal agreement between the United Kingdom, India and Siam dated January 1, 1946, and of the final peace agreement between Australia and Siam dated April 3, 1946. In accordance with arrangements made with the United Kingdom authorities through the Commonwealth Relations Office, Canadian claimants are entitled to submit their claims to this department for transmission to the British Commonwealth Siamese Claims Committee in Bangkok.

Claimants must prepare their claims on the official claims form which will be supplied with notes for guidance on application to the Department of External Affairs. It should be noted that there is a separate form to be filled out in respect of property losses and personal injury or personal prejudice. All claims must be filed with the Siamese Government within eighteen months from the date of this announcement.

FISHERIES REPORT: An exceptionally large catch of herring in Pacific waters was the outstanding feature of Canada's commercial fishery operations during February. The herring for the most part was converted into meal for poultry and animal foods. The Atlantic Coast also enjoyed better fishing. The total value of landings in the four eastern provinces was \$710,000 compared with \$308,000 in February, 1947.

Total landings of fish and shellfish in the sea fisheries during February amounted to 99,362,000 pounds valued at \$1,694,000. The huge increase of 524 per cent in volume and 217 per cent in value over February 1947 was attributable to two main causes, the herring catch in British Columbia accounting for 81,475,000 pounds as against 6,502,000 and the continuance of normal operations on the Atlantic Coast whereas a year ago a strike of deep-sea fishermen was in progress. Total landings on the Pacific Coast amounted to 83,400,000 pounds valued at \$984,000. On the Atlantic Coast the total catch was greater in all provinces.

REPORTED IN PARLIAMENT BRIEFLY

(C. W. B. March 25, 1948)

1948 FORECAST: A 17 per cent increase in private and public investment outlay for new capital goods is planned in Canada for 1948 compared to the previous year. Increased production of many of the basic and building materials required for this programme is also expected. Supplies of materials, particularly those produced domestically should be generally adequate to meet the requirements of the investment programme even though some "key" items will remain in short supply. These are the conclusions indicated by two reports tabled Monday in the House of Commons by the Right Honourable C.D. Howe. The first report entitled "Private and Public Investment in Canada, Outlook, 1948" is based on a survey of investment intentions and provides a forecast of the new investment programme for the entire Canadian economy including business undertakings of all kinds, institutions, housing and municipal, provincial and Dominion governments. The second report, "Production of Basic and Building Materials in Canada, Outlook, 1948", deals with the 1948 production intentions of suppliers of nine basic materials and 30 building materials that are or have been until recently in short supply. The reports were prepared by the Economic Research Branch of the Department of Reconstruction and Supply with assistance from the Dominion Bureau of Statistics in conducting the surveys and assembling the material upon which the reports are based.

\$2.8 BILLION

The report dealing with investment intentions indicates for 1948 a capital programme of \$2.8 billion, the highest in Canada's history. If realized this will be about 17 per cent in excess of the \$2.4 billion spent in 1947. The programme involves an anticipated \$1.6 billion on new construction and \$1.2 billion on new machinery and equipment, representing increases of 21 and 12 per cent respectively over 1947 levels. With allowance made for the price rise over the year, the intentions would involve an increase in physical terms of approximately 5 per cent for new construction and possibly no change for machinery and equipment.

Private outlay on capital goods, covering expenditures related to privately-owned business, institutions and housing is estimated at \$2,184 million, 15 per cent higher than in 1947. Corresponding public outlay is expected to reach \$635 million, 24 per cent above the previous year. Most of this increase is due to expansion of publicly-owned utilities and to greater outlay for housing and for schools. Anticipated investment expenditures to be made directly by Dominion and provincial government departments are very little above last year's level.

With respect to some of the principal groups within the economy the forecast indicates new investment outlays of \$145 millions for institutions, representing an 81 per cent increase over the 1947 level; \$476 millions for utilities, up 29 per cent; \$599 millions for housing, up 19 per cent; \$272 millions for trade and services, up 17 per cent; \$464 millions for the primary and construction industries, up 12 per cent; \$554 millions for manufacturing, up 8 per cent; and \$309 millions covering direct government expenditures, also showing an increase of 8 per cent over 1947.

Some indications of the probable supplies of basic and building materials required for the investment programme is provided in the report dealing with the production outlook for these materials.

BASIC MATERIALS

The report finds that among important basic materials, the production of pig iron, steel ingots and steel castings should be maintained at about or slightly above the 1947 level in 1948, while the production of copper, asbestos, gypsum and coke should increase a small amount. Coal production is expected to be up more than 15 per cent, but it is pointed out that production in 1947 was lower than in 1945 and 1946 because of a prolonged labour-management dispute in the Maritimes. Reduced commitments on the part of the United Kingdom to take Canadian lumber is expected to result in a level of lumber production in 1948 no higher than in 1947 and probably lower. Nevertheless the supply for the domestic market could show some improvement.

The production of six of the 30 building materials covered by the report is expected to increase by more than 20 per cent. These are bathtubs, steel pipe and fittings, gypsum plaster, gypsum lath, rock wool batts and structural tile. Another six are expected to increase between 10 and 20 per cent. The items in this group are bulk rock wool, gypsum wall-board, sinks, rigid insulating board, non-metallic sheathed cable and vitrified sewer pipe. The remainder show smaller increases with decreases only indicated for two items.

The report observes that the 1947 level of production of five out of nine basic materials and 17 out of 21 building materials are at peak levels and that in both groups the realized production in 1947 was, on the whole, greater than had been expected at the beginning of 1947. It is pointed out that the supply of some building materials is now fairly well in balance with demand. The important factors limiting production are usually either that available production facilities are being used to capacity or that there are shortages of basic materials. The most important of the

latter shortages is primary iron and steel.

EASING OF SHORTAGES

The report points out that the necessity of imposing import controls in November, 1947, to conserve foreign exchange will tend to delay the easing of shortages but should not, in most materials, aggravate present shortages greatly. The present procedure provides for review and screening of projects requiring imported materials which are either now under restriction or may be so proclaimed under Schedule 3 of the Emergency Exchange Conservation Bill. This procedure is not expected to reduce the volume of imports of materials in short supply, such as steel, but to ensure that the limited amount available is directed to the most essential uses.

The report on investment intentions concludes, therefore, that availability of domestically produced supplies should not constitute a serious impediment to the realization of the programme of investment in new construction and new machinery and equipment which in volume terms is only moderately above that achieved in 1947. Realization of the new investment programme should also be facilitated as a result of the moderately reduced physical requirements for repair and maintenance anticipated during the coming year. Steel and various steel products can nevertheless be expected to continue in acutely short supply because of the strong competing demands of durable consumer goods and export industries. Also some purchases of machinery and equipment included in the statement of intentions may fail to materialize to the extent that imports for less essential projects are restricted under import control regulations. The investment report states, however, that on balance it seems reasonable to expect that investment in new capital goods during 1948 will achieve the \$2.8 billion level indicated by the survey.

SIGNIFICANCE INTERPRETED

In interpreting the significance of the intended investment programme the report states that the demands placed upon the productive facilities of the country would be only very slightly increased. However, in view of the continuing strong demands for nearly all other types of goods and services, even this small increase would have some effect toward prolonging the inflationary pressures now dominant in the economy. Furthermore, the level of real investment attained during 1947 and which now appears likely to continue during 1948 is not likely to be maintained once the accumulated demands for both replacement and expansion of capital stocks are exhausted. The report cautions, therefore, that the present high level of investment activity foreshadows a period of under-employment unless compensatory demands arise or are created to take up the slack. Public projects now being deferred will constitute one such compensating demand.

KOREA STATEMENT: The Secretary of State for External Affairs, Mr. St. Laurent, said in the House of Commons on Monday that the Government had decided not to recall Dr. George Patterson from Korea for consultation. The Minister's complete statement follows:-

"I am now in a position to supplement the information I gave on March 10 regarding recent developments in the work of the United Nations Temporary Commission on Korea and the position taken by the Canadian representative, Doctor Patterson.

We have now received a full report from Doctor Patterson on what happened. It appears that as the March 1 anniversary of the 1919 declaration of Korean independence drew near there developed a strong undercurrent of demand among the Korean people for some announcement concerning their future to be made on that date. Accordingly members of the United Nations Commission then in Seoul discussed and agreed among themselves, and cleared by telephone with the Commission Chairman, Mr. Merion, then in New York, that the acting Chairman, Mr. Liu, should make a public statement on March 1, saying that the Commission would accept the advice of the Interim Committee to observe elections in south Korea. General Hodge proclaimed the date of elections for May 9 after Mr. Liu had made this public statement. Doctor Patterson, who was in Tokyo at the time, was not consulted, although he had left his telephone number with the principal secretary of the Commission on his departure from Seoul, with the request that he be called should any important matter arise; nor was a regular commission meeting called in order to discuss the matter. Accordingly, at the next regular meeting of the Commission Doctor Patterson, under instructions, drew attention to the irregularity of the procedure by which this important decision was reached. He pointed out that, if the Commission were to proceed in this manner its impartiality and authority as a properly constituted United Nations Commission would be undermined. As a result of this intervention the Commission re-examined the whole position very carefully in several days of private discussions and at the end decided that there should be a formal vote to record the position taken by each member.

On March 12 the Commission formally decided to observe elections announced by the commanding general of the American forces to be held on May 9, 1948, provided that it has ascertained that the elections will be held in a free atmosphere where democratic rights of freedom of speech, press and assembly will be recognized and respected. The vote in favour of this resolution was 4 to 2, with Canada and Australia against, and Syria and France abstaining. In voting on this resolution the Commission in effect recognized the validity of Doctor Patterson's objections to the irregularity of the earlier informal agreement to observe elections. I think that the importance which the Canadian representatives on the

CANADA AT THE UNITED NATIONS

Interim Committee of the General Assembly and the United Nations Temporary Commission on Korea have attached to United Nations bodies observing proper constitutional procedures has made a valuable contribution to the work of the United Nations.

The reports in the press that Doctor Patterson had walked out of the Commission were incorrect and misleading, both to the Korean people and to persons abroad. When the Commission decided to observe elections in that part of Korea accessible to it, Doctor Patterson cabled us for further instructions. Pending the receipt of these instructions Doctor Patterson, as was only right and proper, informed his colleagues on the Commission that he would not be able to take an active part in the work of the Commission until he had received further instructions from Ottawa. He has continued to attend the meetings of the Commission, nevertheless.

Doctor Patterson has presented the views of the Government on the Commission faithfully and well under difficult circumstances. His experience and knowledge of the Far East have enabled him to give us sound and helpful reports on the background of developments in Korea.

The Government has decided that it will not be necessary to recall Doctor Patterson for consultation, because he has been able to send us a very full account of what happened. Instructions have been sent to Doctor Patterson authorizing him to continue to serve with the Commission, because the Commission conceives its duties to be to observe, consult and advise Koreans and the United States military government authorities regarding the conduct of these elections; but the responsibility for running the elections rests with the United States military government authorities and any action towards the establishment of a Government in Korea following the elections will not be on the strength of the resolution of the General Assembly but on the legal position of the occupying military authorities. Further, the Chairman of the Korean Commission has drawn attention to the fact that the Commission has the authority to withdraw at any time if it is not satisfied that it can perform a useful function in remaining in Korea to observe the manner in which the elections are to be held."

WHEAT BOARD REPORT: Canadian Wheat Board has built up a surplus of \$158,467,000--equal to about 27½ cents a bushel--on the wheat it has so far handled under its five-year pool. The Board's report, tabled in Parliament Tuesday, showed.

The surplus was built up on the 576,398,606 bushels of wheat the Board had bought under the scheme by July 31, 1947, for which it paid producers \$756,763,785. Its sales and stocks on hand then amounted to \$929,244,667, against

which had to be charged its operating and administration costs, and the cost of the 10-cents-a-bushel additional payment made on the 1944 crop.

The Board sold 530,435,715 bushels from the pool by last July.

LIEUTENANT GOVERNOR: His Excellency the Governor General on Tuesday afternoon, approved the appointment of Dr. J.M. Uhrich as Lieutenant Governor of the province of Saskatchewan to fill the vacancy created in that office by the sudden death, Tuesday morning, of the late Honourable R.J.M. Parker.

"There is, unfortunately, no provision for an Administrator being appointed where the office of Lieutenant Governor becomes vacant as is the case where leave of absence is granted to a Lieutenant Governor," said the official announcement. "Dr. Uhrich would have preferred to have his acceptance of office deferred for some days out of respect for the memory of the late Lieutenant Governor. On representations, however, from the Government of Saskatchewan that the business of the province demanded the immediate appointment of a successor to the late Lieutenant Governor, Dr. Uhrich was strongly urged by the Federal Government to assume office forthwith. In the circumstances, Dr. Uhrich has agreed to assume the duties of Lieutenant Governor at once, and necessary steps are being taken to see that he is sworn to office at the earliest moment possible."

COMMISSION "MAGNIFICENT": Canada's new aircraft carrier, H.M.C.S. "Magnificent" will be officially commissioned at Belfast, Ireland on April 7th, at 3 p.m. Greenwich time, it was announced Wednesday by Hon. Brooke Claxton, Minister of National Defence. The last R.C.N. personnel left H.M.C.S. "Warrior", the original Canadian carrier, on March 22nd, on which day the ship was returned to the Royal Navy. By April 6th, "Magnificent's" crew will be complete except for flying personnel, and the following day after the official commissioning ceremony, Commodore H.G. DeWolf, C.B.E., D.S.O., D.S.C., R.C.N., will hoist his broad pennant as Senior Canadian Naval Officer Afloat at the new warship's yardarm.

On April 15th, off the Irish coast, "Magnificent" will begin her acceptance trials. These being completed, the Admiralty overseers and representatives of Harland and Wolff, the builders, will go ashore at Portsmouth at the end of the month, the receipt for the ship signed. "Magnificent" will then return to Belfast, to embark the personnel of the 19th Carrier Air Group on May 12th. The aircraft will be embarked about May 15th, the ship then sailing for Halifax on the 25th, the arrival date there being June 1st.

cruiting of local militia until after the mandate was terminated, since these activities would increase the problem of maintaining public order. For the same reason it could not allow the Commission to go to Palestine until May 1st. Preparations essential to the fulfilment of the plan have therefore been impossible to carry out and it is now clear that the co-operation of the United Kingdom in the execution of the plan cannot be expected beyond accepting the recommendation that the mandate be laid down, and permitting an advance party of the Secretariat of the United Nations Commission to undertake preparatory work in Jerusalem.

"A third assumption made, in adopting the plan of partition, was that a resolution of the General Assembly on this subject would be accepted even by the Members of the United Nations which voted against it in Plenary Session. Thus, in spite of the opposition of the Arab States, the Assembly acted in the belief that a recommendation supported by at least two-thirds of the Members of the United Nations present and voting would have "a position close to law" and would not be opposed by any Member States. An active minority of the Members of the United Nations has refused to accept the recommendation of the Assembly. This minority includes all states adjacent to Palestine. The nations in question are now said to be assisting the organization of irregular forces to resist partition, and they have indicated that they are prepared even to use their own armed forces if outside forces come to the aid of the Jews.

WIDER RESPONSIBILITIES

"It was also assumed, when the plan of partition was adopted by the General Assembly, that it would be possible to transfer authority for the Government of Palestine rapidly and progressively from the Mandatory Power to the Provisional Councils of Government of the new states. For this reason, it was not expected that the Palestine Commission would be required to do more than superintend the acceptance by the Provisional Councils of Government of the administrative and protective responsibility which the Mandatory Power was surrendering. In effect, it was expected that the role of the United Nations would be no greater than to assist in the transfer of authority from the Mandatory Power to independent Arab and Jewish States. In practice however, it has not proved possible to put this procedure into effect. The progressive transfer of authority to the Councils of Government was not possible because the Mandatory Power did not consider that the situation in Palestine was such that the Palestine Commission could be permitted to enter

Palestine until a fortnight before the termination of the mandate, and it was itself unwilling to take steps towards the establishment of local authorities to take over its administrative responsibilities. The Palestine Commission, therefore, if it were to function at all, would now have to undertake much wider responsibilities for administration following the termination of the mandate than was ever intended.

"Finally, it was assumed in November that the Security Council would be in a position to take the initiative in maintaining peace in Palestine if difficulties arose there during the period of transition following the surrender of the mandate. It was recognized, by some states at least, that disorder might break out in Palestine, and it was assumed that agreement could be reached in the Security Council as to the measures necessary to be taken in that event. The report which we have recently received of the discussions amongst the Permanent Members of the Security Council indicates quite clearly, however, that agreement cannot be reached under present arrangements to take effective military action to keep order in Palestine.

"What then are we to do? It seems then that if nothing is done either by the organized community of nations or by the states directly concerned, Palestine will become a scene of ever increasing violence and disorder. Both Jews and Arabs are prepared to fight for control of the country, and a bitter civil war seems likely to break out when the United Kingdom surrenders the mandate unless some alternative authority is established. The peace not only of Palestine but of the whole Middle East would be endangered. The interests of all members of the United Nations, and particularly of the peoples who reside in this area, would be seriously endangered by such a calamity.

TRIBUTE TO COMMISSION

"A brief but vigorous effort has been made to give effect to the plan of partition. It is now proposed that this effort should be suspended, at least temporarily. In considering this proposal, we should not overlook the conscientious and intelligent manner in which the Palestine Commission has endeavoured to carry out the task given it by the General Assembly and I should like to take this opportunity to bear tribute to the Commission and their advisers. The experience of the Commission has demonstrated, I think, that major tasks in the United Nations involving heavy responsibility should not be entrusted to commissions consisting entirely of small powers, especially if the larger powers are not in agreement that these tasks should be carried out. It is to be hoped, therefore, that if new plans for Palestine are to be

considered, the responsibility for them will be assumed more directly by the powers which have major interests in that area.

"There can be no doubt that the United States proposal for establishing a temporary trusteeship in Palestine present certain difficulties which would have to be overcome. It is possible that the proposal might be resisted by both elements of the population despite the fact that a temporary trusteeship would not prejudice in any way an eventual settlement. It was not expected by either community that the period of mandatory power would be replaced by that of some other external authority after the termination of the mandate. Neither may be expected to welcome a decision which would mean that independence cannot now be granted to their people or that they must undergo a further tutelage. On the other hand the cooling-off period which a temporary trusteeship would provide would, however, have the great merit of giving an opportunity for moderate Jewish and Arab leaders to work out in a less unfavourable atmosphere a settlement of their common problems within the framework of the United Nations Charter. This period could be of short duration if these leaders were to address themselves with vigour and a mature sense of responsibility toward the settlement of their own problems by direct negotiation."

"Alternative plans should be considered, but there is an obvious danger in our opinion that if the United Nations and the Council in particular is to turn from one course of action to another, without some assurance that the greatest possible amount of agreement and co-operation will be forthcoming from the states most directly concerned, we shall again encounter serious difficulties of implementation. Therefore in the circumstances the Canadian delegation is not at the present stage prepared to declare itself in favour of one course of action rather than another, until we have some evidence that there is a meeting of minds on the part of the countries most directly concerned on what the best course of action should be."

TRADE CHARTER: In Havana, the Conference on Trade and Employment, received the final draft of the World Trade Charter which it has been drawing up for the International Trade Organization - the ITO - and the "Final Act" of the Conference.

Under this "Final Act", the International Trade Organization will be established as a specialized agency of the United Nations.

Mr. Liego Luis Molinari, of Argentina, announced that Argentina would not sign the "Final Act", and would abstain from all further debate, because of disagreement over some of the basic aspects of the proposed Charter.

However, the representatives of Canada, Chile, Colombia, Italy, Mexico, and the Philippines indicated that they would sign the

final act in spite of some dissatisfaction with individual provisions, the U.N. Press Bureau reported.

Dana L. Wilgress (Canada) said the Conference had succeeded in reaching a broad and general agreement on a code of laws governing every aspect of international trade, including the closely related fields of employment and economic development. Calling the Havana Charter superior in many respects to the Geneva draft, Mr. Wilgress added that it was more complete and realistic and more likely to work in practice, according to the Conference Press office report.

In other respects, he said, the Havana Charter was a weaker document, containing more qualifications and provisions for escape than the Canadian delegation would like to see incorporated in the Charter. Mr. Wilgress expressed concern over some provisions for escape incorporated in the Charter, because of a danger that transitional provisions designed to bridge the gap between chaos and order in a smooth and realistic manner, if not resorted to with great caution, would tend to freeze current trade practices into a permanent pattern obstructing the road back to multilateralism.

Mr. Wilgress stated that his delegation would recommend acceptance of the Havana Charter.

TAX BILL PASSED: The Excise Tax Bill, giving statutory authority to the 25 per cent excise tax announced and imposed in the November dollar-saving programme, was given final reading in the House of Commons Wednesday and later passed by the Senate. After approval of the tax bill the Commons disposed of remaining business and adjourned for Easter recess - until April 5. Three Opposition amendments to the Excise Tax Bill were defeated by the Government prior to final approval.

NEW UNIFORMS: Cadets of the Canadian Services Colleges -- Royal Military College at Kingston, Ont., and H.M.C.S. "Royal Roads" at Esquimalt, B.C.-- will appear next fall in smartly tailored new uniforms common to both colleges, it was announced Wednesday by Defence Minister Brooke Claxton.

The uniforms are patterned after the pre-war R.M.C. model but will not include the famous "pill box" hat. They will be navy blue with new gilt "Canadian Services Colleges" buttons. Each cadet will have an oxford gray greatcoat and cape, and will wear a navy blue field service wedge cap with chin strap.

In the case of "Royal Roads", Navy and Air Force cadets now in attendance will continue to wear their present uniforms until leaving that college. All new cadets, including Army cadets who will enter "Royal Roads" for the first time next fall, will receive the new uniform.