



CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

Vol. 4 No. 3

November 26, 1948

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WEEK'S EVENTS IN REVIEW

MR. PEARSON ON THE PALESTINE PROBLEM: The Secretary of State for External Affairs, Mr. Pearson, Chairman of the Canadian Delegation to the United Nations, on November 22, delivered a statement in the First Committee at Paris on the Palestine problem. After reviewing events leading up to the present situation, the Minister proceeded as follows:

"...The situation which we now face is a result of both the clash of arms which has taken place on the soil of Palestine, and of the efforts which the United Nations has made to limit and control this conflict.

"What should we do now? The Mediator, whose death we all deplore and to whose memory I would like to pay a sincere tribute of gratitude and respect, answered that question in his last report, when he said:

"What is indispensable is that the General Assembly take a firm position on the political aspects of the problem in the light of all the circumstances since its last session, and that its resolution be so reasonable as to discourage any attempt to thwart it and to defy the Security Council order by the employment of armed force".

"There are certain basic elements in the situation as we see it which must be recognized if the Mediator's advice is to be taken. There are certain facts which must be accepted, if peace is to be restored and maintained.

"(1) The emergence of an independent Jewish state in Palestine as recommended by the Assem-

bly a year ago is one such fact which must be taken into account in the consideration of any further developments.

"(2) No indigenous Arab authority has emerged in Palestine which has yet demonstrated its ability to take over authority in areas which are not under the control of the Jewish state.

"(3) The additional territorial and political adjustments which must now take place in Palestine must be made, as far as possible, by the people of that territory themselves. The United Nations can and should make available its good offices in a number of forms, but the people who live in that area must bear the main responsibility for working out the terms of their own association. They can do this either directly or through mediation, but they must take responsibility for the decisions which are finally reached. Those who are directly concerned and who refuse to participate in such negotiations and decisions, take on themselves a very heavy responsibility.

"(4) This further process of settlement must be a peaceful one. The whole effort of the United Nations over the past year has been to keep, so far as possible, the peace in Palestine. Unfortunately we have not been able to prevent fighting from taking place. By and large, however, the truce has prevented large scale and continuous war and, in its most recent action, the Security Council has reaffirmed its determination that neither party in Palestine shall renew its efforts to settle

STATEMENT OF REVENUES AND EXPENDITURES

SURPLUS \$533,600,000: The Minister of Finance, Mr. Abbott, on November 20 released the statement of the Comptroller of the Treasury covering revenues and expenditures of the federal Government for the period April 1 - October 31, 1948.

According to the Comptroller's statement total revenues of the federal Government for the month of October, 1948, amounted to \$215.5 millions, compared with a total of \$229.6 millions for the month of October last year. Total revenue receipts for the 7-month period April 1 - October 31, 1948, now stand at \$1,530.3 millions, compared with a total of \$1,611.3 millions for the same period a year ago.

The Comptroller's statement also shows total expenditures for the month of October of \$151.6 millions. This compares with a figure of \$168.8 millions for October, 1947. Total expenditures for the first seven months of the current fiscal year now stand at \$996.7 millions compared with a total of \$1,070.6 millions for the same period a year ago.

BUDGETARY SURPLUS

Revenues for October 1948 thus exceeded expenditures by \$63.9 millions. This brings the Government's total "budgetary surplus" for the first seven months of the current fiscal year up to a figure of \$533.6 millions, which compares with a budgetary surplus of \$540.7 millions accumulated by this same date a year ago.

Commenting on the Comptroller's statement, Mr. Abbott stressed the interim nature of these monthly figures and emphasized the danger of drawing misleading conclusions from them. He pointed out that it would be wrong, for example, to assume that the Government's budgetary surplus will continue to increase during the last five months of the fiscal year at the same rate as it has during the first seven months of the year. Although further increases in the budgetary surplus are expected in the succeeding months between now and next March, these will likely be offset, at least in very large degree, by certain expenditures of substantial amount which are ordinarily not recorded in the Government's accounts until right at the end of the year.

Included in this category of expenditure are the following:

- (1) Interest on, or contributions to, funds of various kinds, e.g., interest allowed on Government Annuities, interest on, or contributions to, various superannuation, retirement and pension funds, interest paid or credited on Post Office savings bank deposits.
- (2) Any addition to the general reserve for possible losses on ultimate realization of active assets which now stand on the books at almost \$5 billion.

(3) Any deficits sustained during the year by various Government-owned enterprises, such as the C.N.R. and T.C.A., together with deficits incurred during the year in operating such agencies or accounts as the Canadian Wheat Board and the Prairie Farm Emergency Fund.

(4) That portion of the April, 1949, cheque issue which represents payments for expenditures originating in, and properly attributable to, the present fiscal period. In accordance with the provisions of the Consolidated Revenue and Audit Act the Government's books are always held open, at March 31 in order to record expenditures which, although they were incurred in the current fiscal year, are not actually paid until April, the first month of the following year.

Mr. Abbott also emphasized the fact that the surplus indicated by the figures on the Comptroller's statement should not be confused with the Government's "cash" surplus--i.e., the net cash remaining to the Government out of a year's operations after taking into account all cash receipts other than borrowings, and all cash disbursements other than redemption of debt. The former surplus represents the excess of revenues over expenditures in the strict accounting or budgetary sense of those terms.

It excludes, for example, all receipts which represent repayments of loans and advances, and it also excludes all receipts which represent accumulations on annuity, pension and insurance funds. Similarly excluded on the expenditure side are all Government outlays arising from increases in loans, advances and investments. Such outlays use up cash but they are not expenditures in the ordinary accounting or budgetary sense. Moreover, certain expenditures which are included in arriving at the budgetary surplus do not require the actual disbursement of cash, e.g., write-offs of assets and the annual addition to the reserve for possible losses on ultimate realization of active assets.

CASH RESOURCES

As an indication of the magnitude of some of the items which entail demands upon the Government's cash resources over and above the regular budgetary expenditures, the Comptroller's October statement gives details of the net cash outlay required during the current year for loans, advances and investments. Although the total of such items (excluding advances to the Foreign Exchange Control Board and amounts temporarily invested in the Government's own securities) showed a small net decrease of \$6.9 millions during October, the overall net increase in these items for the 7-month period April 1-October 31 amounted to \$125.7 millions.

MANUFACTURERS' INVENTORIES: Advance indications point to a small decrease in the total value of inventories held by Canadian manufacturing industries during September. If this trend is substantiated by later returns, it will mean the first monthly decline in total value since the survey began in October, 1946, according to the Bureau of Statistics.

Consumers' goods inventories appear to have declined somewhat, and capital goods inventories have also fallen, but by a smaller amount. The value of producers' goods inventories have risen very slightly; stocks of construction materials also appear to be above July levels, but figures for sawmills, the largest component of this group are not yet available.

The decline in inventory value appears to have been due to unusually high levels of shipments during September. In the majority of industries for which figures are available, shipment values are well above the levels of the past few months. In some cases this was probably accounted for by holidays in July and August, but in most instances the increase is greater than the increase during September, 1947.

LARGEST DECLINE

The consumers' non-durable finished products group shows the largest decline in inventory value. In the food group, all components show a decrease in value, except butter stocks, which have increased slightly, but not as much as last year. The decrease in inventories held by sugar refiners, slaughterers and meat packers, and cheese factories are all of a seasonal nature, but meat and cheese stocks appear to have declined in value more than they did in September, 1947. The value of inventories in the tobacco and beverages group has also decreased in value, due to a large seasonal decline in tobacco stocks.

The non-durable semi-finished products group appears to have risen, due to seasonal increases in the feed and flour, and malt and malt products inventories; semi-durable consumers' goods inventories also increased. In the latter group, the clothing, textile and leather footwear industries showed small increases and rubber goods a small decrease in value.

Total durable consumers' goods inventories have declined, due largely to a four-point drop in the electrical apparatus and supplies industry, although the majority of industries in this group show slight rises in value. Throughout the consumers' goods group the majority of shipments are well above the August level.

Capital goods inventories were down slightly in value in September, although they do not appear to have fallen back to the July level. The fall was caused by increases in the agricultural implements and shipbuilding industries, the majority of other industries in the

group having increased inventory value slightly. In the majority of industries in this group also, shipments were well above August levels, the increase being especially marked in the shipbuilding and railway rolling stock industries.

The value of inventory in the producers' goods group has risen very slightly, but the increase appears smaller than any registered in the previous six months in this category.

TRADE AGREEMENT: The Department of External Affairs announced November 19 that, by an exchange of notes between the Acting Secretary of State for External Affairs and the Minister of Finland to Canada, the Governments of Canada and Finland have agreed to extend on a reciprocal basis most favoured nation tariff treatment.

Under the terms of this agreement, Canadian products imported into Finland will not be subject to duties or charges higher than those levied on products of the United Kingdom. Finnish products imported into Canada will not be subject to duties or charges higher than those levied on products of foreign countries.

The agreement will remain in force for one year, after which it will be subject to termination by either Government at any time on giving three months' notice.

Finland is one of the eleven countries which recently signified their intention of acceding to the General Agreement on Tariffs and Trade, of which Canada and twenty-one other countries are already signatories. Tariff negotiations between these countries are scheduled to commence on April 11, 1949.

The principal items which made up Canada's total exports to Finland of \$1,211,660 in 1947 were sole leather, metal products, cordage and twine.

Granite and granite products have been the main Canadian imports from Finland.

IMMIGRATION STATEMENT: The following statement was issued by the Immigration Branch of the Department of Mines and Resources on immigration to Canada for the six months ended September 30, 1948:

	From Overseas		From U.S.A.	Totals
	British	Others		
April	3,639	5,151	626	9,416
May	3,034	4,803	723	9,460
June	4,592	10,017	714	15,323
July	3,518	6,835	750	11,103
August	4,204	6,060	694	10,958
September	3,398	7,703	770	11,871
Totals	23,285	40,569	4,277	68,131

MARKETINGS OF WHEAT: Stocks of Canadian wheat in store or in transit in North America at midnight on November 11 amounted to 183,840,000 bushels, a decline of 576,000 bushels from the preceding week's figure of 184,416,000, but was 32,063,000 bushels in advance of last year's corresponding visible of 151,777,000 bushels, according to the Bureau of Statistics.

Amount in store in the western division rose from 122,946,000 bushels a year ago to 157,334,000, at eastern seaboard ports from 1,911,000 bushels to 3,114,000, in lake transit from 4,308,000 bushels to 7,990,000, in rail transit in the eastern division from 1,817,000 bushels to 1,850,000, while stocks at eastern lake ports declined from 13,452,000 bushels a year ago to 8,086,000.

Deliveries of wheat from farms in the Prairie Provinces during the week ending November 11 totalled 4,974,000 bushels, a decrease of 1,654,000 from the 6,628,000 bushels delivered in the week of November 4. Marketings of oats amounted to 2,285,000 bushels compared with 2,570,000 a week earlier, barley 1,574,000 bushels compared with 1,830,000, rye 296,000 bushels compared with 212,000, and flaxseed 223,000 bushels compared with 221,000.

Overseas export clearances of wheat during the week ended November 11 was above the similar period of 1947, amounting to 2,923,000 bushels as compared with 2,131,000.

DEPARTMENT STORE SALES UP: Showing a slackening in the rate of rise, department store sales increased two per cent during the week ending November 13 over the corresponding week last year. The increase in the week of November 6 was 16 per cent. Sales were up 11 per cent in the Maritimes, one per cent in Ontario, three per cent in Manitoba and Alberta, while sales in Quebec were down nine per cent and Saskatchewan two per cent. Percentage change for British Columbia is not available.

POST-DOCTORATE FELLOWSHIPS: Approximately forty post-doctorate fellowships will be awarded by the National Research Council in 1949-50 for research in pure chemistry and physics, it was announced November 24. The fellowships will be tenable in the N.R.C. Laboratories at Ottawa and in the laboratories of the Atomic Energy Project at Chalk River, Ontario. There will be about twenty awards in chemistry, fifteen in physics and about six in atomic energy research.

The plan of providing post-doctorate fellowships was initiated this year in the Division of Chemistry and nineteen awards are currently being held. The scheme has worked well and is now being extended to other Divisions.

Heretofore, Council scholarships have been mostly restricted to graduate students who were proceeding to the doctorate; holders of doctorate degrees who wished to pursue their

research training, had to proceed to universities where fellowships were tenable, usually in the United States or Europe.

Now, however, several research groups in the National Research Laboratories have brought their work to the point where it has attained world-wide recognition. As a consequence, post-doctorate workers from all countries have become interested in associating themselves with these projects, in order to improve their own experience.

PERIOD OF ONE YEAR

Fellowships are tenable for a period of one year but may be renewed for a second year upon application. The stipend is \$2820 per annum and is free of income tax. A grant-in-aid of expenses will be made to persons coming from abroad, and a similar grant will be made on the termination of the fellowship if the holder is returning to his home abroad. There are no restrictions as to the nationality of the applicant in the case of the Ottawa laboratories. Appointments at Chalk River are restricted to British subjects. Applications should be received in Ottawa not later than March 1, 1949, for next year's awards.

Subjects for investigation during the year 1949-50 will include a wide range of research.

In Chemistry, awards are available for work in radiation, chemical kinetics and photochemistry, surface studies, molecular spectra, thermodynamics of gases at high temperatures and pressures, mass spectrometry, low temperature calorimetry, colloids, organic chemistry with special attention to alkaloids and mechanism of organic reactions, tracer techniques, and investigations relating to absorption spectra of organic compounds.

The Physics Division will accept workers in the following fields: molecular spectra, microwave spectroscopy, nuclear physics, X-ray diffraction, cosmic rays and physical properties of metals.

In the Research Division of the Atomic Energy Project at Chalk River, fellowship holders will have an opportunity of working in nuclear physics, chemistry of radioactive materials, radiation chemistry, physics of the solid state, radiobiology, radiation instrumentation, or theoretical physics.

In all cases fellowship holders will carry on research under the general supervision of senior members of the laboratories.

RCAF APPOINTMENT: Appointment of Air Commodore D.M. Smith, C.B.E., New Westminster, B.C., and Ottawa to be Deputy Air Member for Technical Services (Maintenance) at Air Force Headquarters, Ottawa, was announced November 22 by the Hon. Brooke Claxton, Minister of National Defence. A/C Smith, who recently returned from attending the Imperial Defence College in the United Kingdom, will replace A/C J.G. Bryans, C.B.E.

HIS MAJESTY'S ILLNESS: The following telegram was sent on November 23 by the Prime Minister, Mr. St. Laurent, to the Private Secretary to the King:

"Sir Alan Lascelles,
Private Secretary to the King,
Buckingham Palace,
London.

Please convey to His Majesty the profound regret of myself and my colleagues in the Government of Canada at the news of his indisposition. The people of Canada will hope and pray for a steady and rapid improvement in the health of our King. My colleagues join with me in warmest wishes for his early and complete recovery.

L. S. St. Laurent"

ARMY PUBLIC SCHOOLS: Figures released this week indicate that considerable progress is being made in providing education for children of married soldiers in Army camps. They show that some 960 youngsters now are enrolled in public schools in seven military communities across the country. Five of the youngsters are children of American servicemen stationed at Fort Churchill, Man., and share classrooms there with 24 Canadian pupils.

Largest and most modern of the schools sponsored jointly by the Department of National Defence and the Department of Education for the province concerned is that at Camp Borden where a record number of 310 is enrolled. Enrolment figures for schools at other military centres and camps are: Fort Henry - Barriefield area, 243; Currie Barracks area (Calgary), 150; Shilo, Man., 131; Petawawa 85; and St. Barbara (Picton, Ont.) 24.

Schools for children of Canadian Armed Forces personnel stationed in camps where suitable educational facilities are not available within a reasonable distance were first authorized for the post-war Army in May, 1947.

SOLDIERS PLAY SANTA: Eighty-two cases of toys made by Canadian soldiers in Army hobby shops in camps across the country are on their way overseas to brighten Christmas for more than 3,000 underprivileged British youngsters who might not otherwise be remembered by Santa.

Members of the Army started making toys in off-duty hours three years ago at the suggestion of the Children's Friendship and Gift Association, a welfare organization. Last year they shipped 73 cases containing more than 2,500 toys. The toys are shipped to Mrs. J.R. Eden, Honorary Director of the Children's World Community Chest, and to the Children's Friendship and Gift Association for distribution at Christmas to needy children in England, Scotland, Wales and Northern Ireland. All expenses connected with the shipment of the

toys overseas are being paid by the Canadian Red Cross.

AVIATION EXPERTS MEET: The problems of international flight over the land and water areas of South-east Asia are being placed before the aviation experts of 22 nations at an International Civil Aviation Organization Regional Air Navigation Meeting which opened November 23 in New Delhi, India. Montreal headquarters of ICAO pointed out that the New Delhi conference is the eleventh of a series of regional meetings held throughout the world by the organization.

"Many international aviation problems are world-wide in character but there are also peculiarly regional matters that can only be handled on the spot," stated Dr. Edward Warner, President of the ICAO Council. "This is the work of the regional meetings. They determine what the region needs in radio aids to navigation, in air traffic control, communications and search and rescue facilities, in first-line and emergency aerodromes and seaplane bases. They list what is available now, and decide what must be added to make flying over the region both safe and efficient. Their recommendations are sent to the ICAO Council and then to our 51 member states to be put into effect."

HIGH FREQUENCY CHANNELS

"The South-east Asia meeting will also be called on to study the allotment of high-frequency radio frequencies for aircraft use. There is a great shortage of high-frequency channels, and the International Telecommunications Union has asked ICAO to prepare a plan for meeting the needs of international civil aviation for frequencies or wave lengths with the greatest possible economy. We shall have to study the needs of aviation in all regions, and today's meeting will mark the beginning."

States which have been invited to participate in the meeting and which are interested in international civil aviation operations in South-east Asia are: Afghanistan, Australia, Burma, Canada, Ceylon, China, Czechoslovakia, Denmark, France, India, Iran, Iraq, Netherlands, Norway, Pakistan, Philippine Republic, Portugal, Siam, Sweden, United Kingdom, United States, Union of Soviet Socialist Republics.

Invitations to participate as observers have been sent to other ICAO member states and members of the United Nations, and to the following international organizations:

International Air Transport Association
Federation Aeronautique Internationale
International Meteorological Organization
International Telecommunications Union

STOCKS OF CREAMERY BUTTER: Stocks of creamery butter in nine cities of Canada on November 19 amounted to 29,393,000 pounds, compared with 43,173,000 pounds a year ago.

WORLD PRICE MOVEMENTS: Practically all national wholesale price index numbers continued to move upward in the first half of 1948, increases ranging from 0.3 per cent for Switzerland to 38.9 per cent for France. Between these extremes, increases of one to 10 per cent predominated. Declines over the six-month period were recorded by series for Italy and Spain, reports the Bureau of Statistics.

Among cost-of-living series, increases in the first half of 1948 ranged from fractional gains for Switzerland, Spain and Egypt, to 22 per cent for Japan (28 towns), and 672 per cent for Shanghai. Small decreases were shown by Series for Portugal and Iceland. The majority of increases were from one to 10 per cent, and in many cases these showed a slower rate of advance than in the second half of 1947. The Canadian June, 1948 index of 154.3 (1935-39=100) was 5.7 per cent above December, 1947 and 2.5 per cent above July, 1920, the peak following World War I. The United States consumers' price index, on the same base was 171.1, 2.8 per cent above December, 1947 and 14.9 per cent above its June, 1920 high. The United Kingdom interim index of retail prices mounted 5.8 per cent in the first half of 1948 to register a 10 per cent increase over its base period of June, 1947.

SMALLER RATES OF ADVANCE

Wholesale price index numbers for the United States, Canada, Australia and New Zealand all recorded smaller rates of advance in the first half of 1948 than in the previous half year. The Canadian index for June this year was 5.9 per cent above December and 18.7 per cent above June, 1947. The U.S. Bureau of Labour monthly index showed a December-June rise of 1.8 per cent. A break in farm prices was responsible for a sharp February drop of 2.9 per cent, but it was followed by advances which brought the June, 1948 index to 166.2. This was 0.6 per cent below the May, 1920 peak, which subsequently was passed. Increases of 3.9 per cent and 3.2 per cent for Australia and New Zealand were moderate compared with gains made in the latter half of 1947 when the partial removal of subsidies was followed by unusual advances in both series. A sharp outturn in June in the South African index was largely responsible for the net December-June increase of 5.1 per cent.

The United Kingdom Board of Trade index rose 9.1 per cent in the first half of 1948; foods were up 7.3 per cent and industrial material and manufactures 10.2 per cent. Other European index numbers revealed considerable diversity of pattern in the first half of 1948. The Italian wholesale price index moved down 6.9 per cent in this period, continuing a decline which began in September, 1947. The Spanish index receded 1.3 per cent from the all-time high of December, 1947. The Netherlands series recorded no change between December and June, although intervening months were fractionally below the December level. Series

for Switzerland, Portugal, Norway and Czechoslovakia accumulated small gains ranging from 0.3 per cent to 2.3 per cent. Sweden and Denmark, with larger increases, 5.4 per cent and 5.8 per cent, respectively, showed slightly accelerated rates of rise in this period. Most substantial increases on record for the European group were Finland and France, with percentage advances of 9.1 and 38.9 per cent, respectively.

ELECTRIC REFRIGERATORS: Canadian manufacturers produced a record number of domestic type electric refrigerators in September. The month's output totalled 12,349 units compared with 9,531 in the preceding month and 10,123 in the corresponding month last year, according to figures released by the Bureau of Statistics. This brought the nine-month aggregate to 99,736 units, which was 40 per cent higher than last year's total of 71,189.

Exports of Canadian-made units were maintained at a comparatively high level in September, totalling 1,423 units compared with 1,923 in August and 677 a year ago. Imports were down sharply from a year ago, amounting to 32 units in September, 46 in August and 5,259 in September, 1947.

Manufacturers' stocks at the end of September amounted to 1,940 units as against 1,304 a year ago.

TANNING INDUSTRY RECORD: Factory value of products turned out by the Canadian tanning industry reached a record high figure of \$69,240,000 in 1947, an increase of 21.4 per cent over the preceding year. The increase was due to higher prices, as the number of hides handled decreased by two per cent.

The principal kinds of leather produced included oak-tanned sold leather to the value of \$16,250,000, cattle and horse hide upper leather \$15,280,000, calf skin upper leather \$13,237,000, and glove leather, \$4,518,000. The value of these four items combined accounted for 71 per cent of the total value of output.

LABOUR RELATIONS: The Minister of Labour, Mr. Mitchell, announced November 24 that Regulations under the Industrial Relations and Disputes Investigation Act and Rules of Procedure of the Canada Labour Relations Board have gone into effect, following their approval by the Governor-General in Council and publication in the Canada Gazette.

The Industrial Relations and Disputes Investigation Regulations lay down the procedure to be followed in dealing with the various matters which the Act places within the administrative jurisdiction of the Minister of Labour, including requests for the appointment of Conciliation Officers and Conciliation Boards, complaints that employers or trade

unions or individuals have violated provisions of the Act, applications for the Minister's consent to prosecute parties alleged to have committed offences under the Act, and applications for the appointment of Industrial Inquiry Commissioners.

The Rules of Procedure of the Canada Labour Relations Board relate to those matters which fall within the administrative jurisdiction of the Board, including applications for the granting or revocation of certificates as bargaining agents, applications for the prescription of provisions for the final settlement of differences concerning the meaning or violation of collective agreements, and complaints alleging failure to bargain collectively which may be referred to the Board by the Minister.

Mr. Mitchell said that copies of the Regulations and of the Rules of Procedure will be distributed in the near future to all Canadian trade unions, employers' organizations, and interested federal and provincial Government officials and agencies.

TWO NEW FIGHTER SQUADRONS: Hon. Brooke Claxton, Minister of National Defence, on November 24 announced that the first of Canada's two new jet interceptor fighter squadrons is to form December 1 at the RCAF's new Operational Training Unit at St. Hubert, P.Q. The squadron will carry out operational training there before moving on to Mont Joli, P.Q., its intended home base. Formation of the second squadron is to follow in 1949.

The first of the two squadrons, 310, will train on Vampire jet fighters at St. Hubert, and aircrew personnel will include both wartime veterans and pilots having earned their wings since the war. Continuation training will be carried out at the squadron's base after the unit leaves St. Hubert.

Decision to form the two interceptor squadrons had previously been announced by Mr. Claxton, as had the formation of the OTU at St. Hubert. Formation of these units falls in line with Service expectations that one of Canada's major operational roles, in possible future air warfare, would be to provide immediate interceptor forces. Eight of the ten Auxiliary Squadrons already formed are also fighter or interceptor squadrons.

LONG TERM TRAINING

The St. Hubert OTU will carry on with its long term training aspects upon completion of the special squadron training, taking in classes of "new" aircrew from basic flying training schools, converting them to jet aircraft and instructing them in interceptor air defence operations. Pilots will be posted to operational appointments on completion of their courses there.

The two new squadrons perpetuate famous flying units of the Second World War. No. 410

Squadron will carry on the traditions of the well-known Cougar Squadron, a night-fighter unit which operated from the United Kingdom against enemy bombers; moving on to the Continent in the Autumn of 1944. The squadron was adopted by St. John, N.B. The second squadron, 421, perpetuates the Red Indian Squadron, a wartime day-fighter unit. No. 421 was formed in April, 1942, and operated from the United Kingdom, moving to the Continent shortly after the invasion, where it operated as part of the 2nd Tactical Air Force.

One of its outstanding wartime commanding officers was S/L R.W. McNair, DSO, DFC, now a member of the Regular RCAF.

Named as commanding officer of the St. Hubert OTU is S/L D.G. Malloy, DFC, of Halifax, N.S., a noted fighter pilot during the war. S/L Malloy commanded 402 squadron overseas, and since 1946 has been officer commanding 9438 Support Unit, St. Hubert.

Commanding officer of 410 squadron will be S/L R.A. Kipp, DSO, DFC, of Kamloops, B.C., another well known wartime fighter pilot. He was the first member of the RCAF to destroy 4 aircraft in one night, and during the war destroyed 18 enemy aircraft, damaging 8 others. For the past year he has been Personal Staff officer to the AOC North West Air Command.

Other operational squadrons already in being include two photo survey squadrons, two transport squadrons, one communications squadron, in addition to a number of Search and transport flights. Elements of the Mobile Tactical Wing are presently engaged in training exercises at the Joint Air School, Rivers, Man.

RELATIONS WITH IRELAND: The Prime Minister, Mr. St. Laurent, made the following statement on November 25:

"A meeting attended by the Canadian Secretary of State for External Affairs and representatives of the Governments of the United Kingdom, Australia and New Zealand, took place in Paris on November 16, 1948, with representatives of the Government of Ireland, to discuss matters arising out of the forthcoming repeal of that country's External Relations Act. Following these discussions, the Government of Canada has been giving consideration to the position which will result when the new enactment comes into force.

"The Prime Minister of Ireland yesterday stated that Ireland recognizes and confirms the existence of a specially close relationship with the nations of the Commonwealth. Mr. Costello went on to express the firm desire that this relationship should be maintained and strengthened.

"The Canadian Government also desires that close and friendly relations between Canada and Ireland should be maintained and strengthened and is studying the measures which may be necessary and possible to give effect to that desire."

VISIT MONTREAL INSTALLATIONS: Foreign military attaches and military representatives of the United Kingdom accredited to Canada, visited military installations in the Montreal area this week at the invitation of the Minister of National Defence.

On Thursday, November 25, they inspected No. 25 Central Ordnance Depot at Longue Pointe and the Royal Canadian Ordnance Corps School there. The following day, Friday, was to be taken up with a visit to the plant of Canadian Arsenals Limited at Longueuil.

The party will include: Major-General Carl C. J. Forslev, Military Attache, Denmark; Brig.-Gen. Irving Wu Doo, Military Attache, China; Col. Jaromir Petzold, Military Attache, Czechoslovakia; Col. Pertev Gokce, Military Attache, Turkey; Col. Gilbert Andrier, Military Attache, France; Maj. J. A. Ducq, Military Attache, Belgium; Lt.-Col. A. Schomburg, Assistant Military Attache, U.S.A.; Maj. J. R. Fishbourne, Assistant Army Adviser, U.K.

Conducting officers were Lt.-Col. W. A. Todd and Maj. M. L. Lahaie of Army Headquarters.

ADVANTAGE WITH SUBS: A two day exercise conducted last week off Halifax, in which eight modern-type submarines of the U.S. Navy and four ships of the R.C.N. acted as opposing forces, demonstrated that the technical advantage lay with the submarines, it was announced in a statement released November 25 from Naval Headquarters.

The exact results were not made known but it was stated that the submarines scored successes comparable to their relative advantage in numbers.

The exercises of the R.C.N. force followed those of a large United States fleet carried out earlier in the month off Newfoundland, when it was reported that the submarines scored similar successes.

Canadian ships taking part were the light fleet carrier, H.M.C.S. "Magnificent", the destroyers "Nootka" and "Haida", and the frigate "Swansea". Three Lancaster bombers from the R.C.A.F. base at Greenwood, N.S., and a squadron of Firefly aircraft from the R.C.N. Air Station at Dartmouth, N.S., also took part, carrying out searches and strikes.

"Magnificent" was without the two squadrons of aircraft which serve as her striking power, these being temporarily shore-based at Dartmouth for training purposes.

COL. CAMERON'S PROMOTION: Promotion of Col. H. E. Cameron, OBE, of Ottawa, to the rank of brigadier was announced November 25 by the Minister of National Defence. He continues in his present appointment as Defence Secretary.

Brig. Cameron was appointed Military Secretary to the Minister of National Defence at the time General A. G. L. McNaughton took over the portfolio from the late Col. J. L. Ralston.

INDUSTRIAL DISPUTES: Time loss due to work stoppages arising out of industrial disputes in Canada during October, 1948, showed a decrease of approximately 26 per cent from the figure for the previous month, and was 78 per cent lower than the figure recorded for October, 1947, it was revealed by the monthly summary of strikes and lockouts for October issued November 26 by the Minister of Labour, Mr. Mitchell.

Preliminary figures for October, 1948, show 23 strikes and lockouts in existence, involving 7,310 workers, with a time loss of 87,223 man-working days, as compared with 32 strikes in September, 1948, with 11,878 workers involved and a time loss of 118,293 days. Time lost in October, 1947, was 400,114 man-working days.

The strike of automotive parts factory workers at St. Catharines, Ontario, involving 2,589 workers, accounted for 50,000 days, or approximately 57 per cent of the total time lost. This strike, which began in July, was terminated on October 31.

Of the 23 strikes which were in existence for varying periods during October, 1948, 13 were in effect before the beginning of October. Of these 13 strikes, nine were terminated before the end of the month and of the 10 which commenced during October, seven were terminated by November 1. Thus, at the beginning of November, seven strikes were still in effect.

For the first 10 months of 1948, preliminary figures show 131 strikes and lockouts, involving 37,253 workers, with a time loss of 863,466 days. For the same period of 1947, there were 213 strikes with 94,162 workers involved, and a time loss of 2,255,380 days.

Based on the number of non-agricultural wage and salary workers in Canada, the time lost in October, 1948, was .11 per cent of the estimated working time as compared with .15 per cent in September, 1948; .52 per cent in October, 1947; .11 per cent for the first 10 months of 1948; and .29 per cent for the first 10 months of 1947.

WHEAT FLOUR: Production of wheat flour in the first three months of the current crop year was down 22 per cent from the similar period of the preceding crop year and was 27 per cent lower in October. First quarter output was 5,753,000 barrels as against 7,376,000, and in October, 1,959,000 barrels compared with 2,489,000.

TENDERS ACCEPTED: On behalf of the Minister of Finance it was announced at noon November 25 that Tenders had been accepted for the full amount of \$75,000,000 Government of Canada Treasury Bills due February 25, 1949. The average discount price of the accepted bids was \$99.89760 and the average yield was .411%.

this issue by force. The Security Council has recently gone further, and has pointed the way to peace by directing the parties to change the truce into an armistice.

"The acceptance of this analysis of the situation and the decision to proceed on this basis will, of course, place heavy obligations and responsibilities on the Arab peoples of the Middle East. Those peoples will have to admit the futility of continuing to threaten what clearly cannot be accomplished, that is the extinction of the Jewish state, or to insist that they will not negotiate, directly or indirectly, with the representatives of, or on the basis of any recognition of, any Jewish state in Palestine. Whether we like it or not, a large part of the territory of the former Mandate of Palestine is now under the control of the Provisional Government of Israel. There seems to be no likelihood in the foreseeable future that this control will be taken from them. The Arab states may hold, and may sincerely and tenaciously hold, that this is an evil consequence of injustices which took place thirty years ago, but, even if this is the case, they cannot expect the United Nations to right ancient alleged wrongs in the face of recent history, especially when the redress of such alleged wrongs would bring bitter reproaches that new and worse injustices were being created.

JEWISH STATE

"We must deal with the fact that a Jewish state has come into existence and has established its control over territory from which it will not be dislodged, and we must address ourselves to the problem of regulating the relations of this community with its neighbours. I do not deny for a moment that this is a difficult circumstance for the Arab states to accept, but it is nevertheless the case, and it does not seem to me that the United Nations would be doing those states any service if it encouraged them, or even permitted them, to continue their efforts to destroy by arms the Jewish state.

"On the other hand, the Jewish community must also make difficult decisions which will involve certain concessions. At the moment, its armies seem to be in a position where they could, if they so chose, establish themselves in almost the whole of Palestine. If they did so, they would be openly defying the wishes of the international community. Last year's recommendation clearly indicated that, in the judgment of the world, the territory of Palestine should be divided between two peoples, and that these two peoples should then make arrangements as quickly as possible to work together for their common good. We cannot force them to work together, but we can keep insistently reminding them that this is what was intended, and that if they act in a way which will destroy all possibilities for such co-operation, they will do so without the support of, and indeed, against the will of the

United Nations. The Jewish Community should realize, therefore, that it cannot have it both ways -- it cannot have all the territory which was given it by the November 29 resolution, together with all the additional territory which it has been able to take by force of arms. In the adjustments which must now be worked out in Palestine by which the boundaries of Israel will be defined, the Jewish state itself must, in the interests, not only of its relations with its neighbours, but also of the international community of which it will form a part, place self-imposed limits on its demands. In return for this, the Jewish state has the right to ask for peace and recognition. It can hardly be asked to enter into negotiations for a settlement unless it is given some right to expect that such a settlement will mean peace for itself in Palestine.

CALLS FOR STATESMANSHIP

"The occasion is one which calls for statesmanship, and I am sure that, while there are extremists on both sides counselling rash and disastrous courses, which have nothing to do with wisdom or common sense, there are also resources of statesmanship on both sides through which the issue could be settled on an equitable basis. I hope we shall not be told by anyone that he is prepared to be statesmanlike only if somebody else is, because no move towards political understanding can be successful if it is approached in this way. If, and I know that this is a big 'if', wisdom and sense are forthcoming, the Palestine problem can be solved.

"The establishment of peace - political and military - in this area is, furthermore, a matter of general international concern, because if present conditions of confusion and disturbance are permitted to persist, the only beneficiary will be those international forces of discord and division who do not want any peace or stability anywhere except through the establishment of their own revolutionary and reactionary rule.

"There is a further fact that the people - the great mass of people in Palestine - Arabs and Jews - who are the chief sufferers from the fighting that has taken place, are anxious for peace; especially after the terrors and bloodshed of the last year. Because of what has happened - and in spite of certain statements made in this Committee - there is, I think, a better chance for peace now than there was six months ago. Those most concerned now realize acutely what will happen if peace is not established soon.

"So far as the action of this Assembly is concerned, I should like to see a decision taken which would incorporate the following principles, all of which must be taken together:

"First, a recognition of the existence of a Jewish state. Possibly we need not wait for this action until the boundaries of that state are precisely and finally defined. I think,

however, that we have the right to know that the state which we are recognizing - and this recognition would make it eligible for membership in United Nations - has committed itself fully to the principles of peaceful settlement which are embodied in the Charter and has shown its acceptance of these principles by giving effect to the truce and armistice arrangements which have been laid down by the Security Council.

"I hope, in the second place, that the United Nations will establish some body - perhaps a small commission as has been suggested in the United Kingdom resolution - to make available its good offices to both the Jewish state and its neighbours in working out the arrangements by which they can define their geographical and political relations. In establishing this body, I think the Assembly should indicate that a final settlement must now be negotiated in Palestine and that it should take place within the framework of the truce and mediation proceedings which have been worked out since November 29 by the Assembly and the Security Council.

"Finally, I think the Assembly should reaffirm the recommendation which it has previously made that there should be international control of Jerusalem, and should call upon both parties to co-operate in implementing

this recommendation.

"For the purpose of bringing about a decision in the Assembly along the lines I have suggested, the United Kingdom draft resolution which has been placed before us provides, I think, a good basis of discussion. It would probably be necessary, however, as we see it at present, to broaden the functions of the conciliation commission which is proposed in Paragraph 5 of that Resolution so that it would become, in effect, a commission of good offices to bring about a settlement through negotiations either directly between parties or through some form of mediation. The negotiations which this commission should initiate or which it may conduct should not, I think, be limited quite so precisely as is now the case in Paragraphs 3 and 5 of the United Kingdom resolution. It should also be stated in the resolution that one of the primary functions of the Commission should be to initiate negotiations, and the negotiations themselves should take into consideration both the November 29 resolution and the Mediator's Report as well as the situation which exists in Palestine under the truce:

"I hope that in our future discussion of the United Kingdom resolution, modifications along these lines may be considered...."