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WEEK'S EVENTS IN REVIEW

DEFENCE ESTIMATES INCREASED: The Defence estimates for next fiscal year represent approximately a 50 per cent increase in both

cash and current commitment authority over the current year as is shown by the following table:

	<u>1948-49</u>	<u>1949-50</u>	<u>Increase</u>
Cash Appropriation	\$251,208,239	375,000,000	123,791,761
Current Year's Commitment Authority	\$ 37,238,578	63,000,000	25,761,422
Future Year's Commitment	<u>\$ 60,938,028</u>	<u>148,315,382</u>	<u>87,377,354</u>
Total Authority	\$349,384,845	\$586,315,382	\$236,930,537

To a much greater degree than other departments it is necessary to plan and provide for defence expenditures, particularly on construction and equipment, beyond the current fiscal year. The commitment authority for future years permits this to be done, the Minister of National Defence stated on March 14.

The provisions of the Consolidated Revenue and Audit Act prohibit contracts being made in respect of the current year unless there are funds appropriated which have not been committed. To meet possible or probable expenditures on pay, allowances, pensions, rations, food, clothing, etc., it is necessary that a cash appropriation be committed for these purposes larger than may prove to be needed. To provide some latitude, additional commitment authority is therefore sought in respect of the current fiscal year. If in fact expenditures were to

exceed the amount of the cash appropriations sought of \$375,000,000, then they would have to be met out of a supplementary estimate.

In the current fiscal year the cash appropriation was \$251,208,239. While the final figures for the year ending March 31, 1949, will not be known until several weeks after the end of the fiscal year, it is now estimated that cash expenditures may amount to \$260,000,000 which will involve a supplementary appropriation to cover the difference.

In 1947-48, the cash appropriation was \$239,960,611 out of which \$195,561,642 was spent. That year there was a commitment authority for future years of only \$31,838,648.

The increases proposed for the year 1949-50 are in part due to recent increases in pay and allowances and the Government's share of pensions, and also to the increase in the

RESERVES OF GOLD, DOLLAR HOLDINGS, RISE

TRADE WITH UNITED STATES: An increase of \$450 million in the value of Canada's exports to the United States and a reduction of \$150 million in the value of imports from that country were major factors in the improvement of Canada's reserves of gold and U.S. dollars in 1948. This information was disclosed on March 11 in the Annual Report of the Foreign Exchange Control Board for 1948 submitted to the Minister of Finance by Chairman Graham Towers.

The Report showed Canada's holdings of gold and U.S. dollars at the end of 1948 to be \$997.8 million. Whereas in 1947 Canada's official holdings of gold and U.S. dollars fell by \$743 million, in 1948 they rose by \$496 million. The change is accounted for mainly by the reduction of \$734 million in Canada's current account deficit with the United States. This in turn was due mainly to the increase in exports and the decrease in imports noted above and to an increase of nearly \$70 million in Canada's net receipts from the tourist trade. \$150 million of the increase in Canada's official reserves is directly attributable to Government of Canada borrowing in the United States during the year.

CURRENT ACCOUNT SURPLUS

These increases were offset in part by a reduction in our current account surplus with countries other than the United States. In this connection the Report makes specific reference to "the important and helpful part played by the European Recovery Program, in preventing a severe contraction in the level of our exports to countries participating in this Program". Our current account balance with all countries was \$472 million in 1948. This compares with \$85 million in 1947 and is higher than the comparable figure for any previous peacetime year.

The Report calls attention to the marked change in Canada's trading pattern during 1948. Most important was the change in the geographical distribution of our exports. 50% of Canada's commodity exports went to the United States in 1948 compared with 39% in 1947, and 33% went to the sterling area compared with 41% in 1947. At the same time there was an opposite but smaller change in the source of imports. Imports from the United States decreased from 77% to 69% of the total and from the sterling area increased from 13% to 18% of the total.

The Report calls attention to developments in the trading policies of the United Kingdom and other Western European countries participating in the European Recovery Program. Referring to the magnitude of the task before these countries if they are to achieve a balance in their dollar receipts and expenditures by 1952 the Report states that the most

desirable solution of the problem would be an increase in the exports of these countries to the Western Hemisphere. It is evident however that heavy reliance is being placed on a diversion of imports from dollar to non-dollar countries. One of the techniques being used to accomplish this result is that of bilateral trade deals in which the countries concerned agree to exchange specific quantities of certain commodities on a basis which will produce a balance in trade. According to the Report the prices at which commodities are exchanged in such bilateral deals are frequently considerably higher than those prevailing for similar goods outside the areas covered by the deals. This tends to make it more profitable for individual producers inside the protected area to sell within that area than in dollar countries. There is, says the Report, a risk that such measures may reduce the capacity of the countries using them to earn dollars and thus to balance their accounts with the Western Hemisphere at a high level.

PROTECTED CURRENCY

"Canadian trade" says Mr. Towers, "has already been adversely affected by the creation of this protected currency and trading area and it is not possible at this moment to foresee how serious these developments will be from our point of view during the next few years." There is a possibility that countries such as Canada will be confronted with the choice of finding some alternative market at home or abroad for goods previously exported to the dollar short countries or of making special arrangements in an effort to retain these markets. These arrangements could involve further credits or special deals in which we agreed to take more goods from dollar short countries even though these goods were higher in price than had to be paid elsewhere.

The Report emphasizes the large increase in recent years in the inflow of funds from the United States for direct investment in Canadian industry. In 1945 this inflow was \$17 million. It increased in each of the succeeding years to \$68 million in 1948. It is pointed out in the Report that these figures do not include large amounts of earnings ploughed back into expansion and development by Canadian subsidiaries of United States parent companies. During 1947 the book value of United States direct investment in Canada increased by \$117 million. The comparable figure for 1948 is not yet available. "It is apparent" says the Report "that the factors which operated to reduce the purchase of publicly issued Canadian securities by United States investors in recent years have not acted as a deterrent to the provision of very large amounts of risk capital for direct investment in Canadian business."

ROME CONFERENCE DELEGATES: The Minister of Labour, Mr. Mitchell, on March 12, announced the names of Canada's delegates to the second session of the Building, Civil Engineering and Public Works Committee of the International Labour Organization. The Committee meets in Rome from March 15 to March 26 to consider measures to stabilize the construction industry.

J. Lorne MacDougall, Industrial Relations Officer of the Department of Labour, has been named as Government Representative, with J. McLeod of Toronto as his adviser. John N. Flood, President of John Flood and Sons, Ltd., Saint John, N.B., and Harold G. Macdonald, President of H.G. Macdonald and Company, Ltd., Edmonton, Alberta, will represent employers, while J. Woolsey, international representative, International Union of Elevator Constructors, of Toronto, and Joseph Dorion, Vice-President of the Building Federation, Canadian Confederation of Catholic Workers, of Quebec City, are the Workers' Delegates.

The Committee will discuss recruitment and training, industrial relations and instability of employment in the construction industries. Also on the agenda are discussions of mass production of housing parts, new techniques and materials, standardization and modular design, improved collective bargaining methods, the establishment of government public works reserves and labour-management co-operation.

Mr. Mitchell said that the International Labour Organization has emphasized the importance of stabilization in the construction industry, since no other industry is more important to world prosperity and full employment. No other industry soars more quickly to boom heights during good times, or slumps more rapidly when demand slackens.

Studies undertaken by the I.L.O. reveal that the manpower shortage in the construction industry is less acute than when the Committee first met in 1946, but that scarcities of materials continue.

They show that, at the end of 1947, the cost of dwelling houses in Canada, had increased 110 to 125 per cent since 1939. In other countries the costs had advanced as follows: United States, 106.7 per cent; Australia, 80 to 85 per cent; Great Britain, 130 per cent; The Netherlands, 350 per cent; Sweden, 153.2 per cent.

The Minister stated that the studies show that these costs must be brought down through stabilization and modernization in the industry, if people are to get the homes they need, and if building tradesmen are to enjoy full employment.

ALUMINUM PRODUCTS: The aluminum products industry of Canada had a gross factory value of production of \$39,849,000 in 1947 as compared with \$33,575,000 in the preceding year, an increase of 19 per cent, according to the Bureau of Statistics.

REDUCE FUR ROYALTIES: Royalties under the Northwest Territories Fur Export Ordinance have been reduced by approximately 30 per cent, as from March 1, 1949, according to an announcement by the Minister of Mines and Resources, Mr. MacKinnon. Prices of fur have been falling and consequently it was considered desirable to revise the royalty, which, while calculated on a basis of 5 per cent, is in the form of a fixed amount for each type of pelt.

The revenue collected under the Fur Export Ordinance for the year ended June 30, 1948 amounted to \$147,887. Under the revised tax rate this would have been \$102,145 or a reduction of \$45,742. In that year 607,376 pelts were exported from the Northwest Territories. The bulk of this fur is harvested by native Indians and Eskimos.

PROCESSED FOODS: Canadian food processors last year manufactured increased quantities of sweet biscuits, chocolate and sugar confectionery, jellies, foods for infants, pickles and relishes, but turned out fewer soda biscuits, canned meat, and vinegar, according to preliminary figures for the year by the Bureau of Statistics. There was more coffee ground, but less tea was blended and packaged. Greater quantities of tomato products -- soup and catsup -- were canned, but less of other kinds of soup.

Production of canned beans, ready-to-serve cereals and processed cheese was lower. More dry macaroni was produced but less was canned. Mince meat, mustard, salted and roasted peanuts and peanut butter were also among the decreases, but ice cream powders, jelly powders, and pie filling powders were all increased. Salad dressing and sandwich spreads were also produced in substantial higher amounts.

ICING CAUSED AIR CRASH: Findings of the Board of Enquiry investigating the aircraft accident involving Beechcraft Bonanza CF-FYC in which seven persons were killed when the plane crashed near Maxville, Ontario, February 13, 1949, were released on March 11 by the Minister of Transport, Mr. Chevrier.

In its report, the Board was of the opinion that the blameworthy cause of the accident was accumulation of ice on the aircraft while flying through an area of freezing drizzle.

"JOINT AIR TRAINING CENTRE": The armed forces' Joint Air School at Rivers, Man., has been re-organized under the name "Canadian Joint Air Training Centre", it was announced in Ottawa this week. The change-over is effective April 1.

Personnel of all three Services will continue to be trained at the centre. At the present time, members of the PPCLI are undergoing parachute training there.

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MARKED IMPROVEMENT IN INTERNATIONAL ACCOUNTS

U.S. -- CANADA WARTIME ACCOUNTS SETTLEMENT

\$3,675,000 REPAYMENT: The settlement of wartime claims and accounts between the Government of the United States and the Government of Canada was effected on March 14 by an exchange of notes signed by Dean Acheson, Secretary of State, and Hume Wrong, Ambassador of Canada. The notes constitute an agreement settling claims and accounts connected with World War II arising out of the procurement of supplies and services by one Government for the other.

During the war the two Governments procured defence articles for each other for full cash reimbursement. The Government of Canada deposited over \$423,000,000.00 with the United States Treasury Department in payment for services and supplies. The sums deposited exceeded costs by \$3,675,000 and accordingly a check for that amount was delivered by the United States State Department to the Canadian Embassy.

A broad plan for the exchange of supplies and services was included in the Hyde Park Declaration at the conclusion of a Conference between President Franklin D. Roosevelt and Prime Minister Mackenzie King of Canada on April 20, 1941. The declaration mentioned "capacity in Canada for the speedy production of certain kinds of munitions, strategic materials, aluminum, and ships, which are urgently required by the United States....." The United States procured defence materials and services from Canada through an agency of the Canadian Government amounting to approximately \$1,250,000,000.00.

The agreement reached is the result of discussions concerning claims and accounts which began at the Department of State in December, 1948, between a special mission of the Canadian Government and representatives of the United States Government.

Complete texts of the notes are as follows:

Note from United States Secretary of State to the Canadian Ambassador in Washington.

"I have the honour to refer to discussions which representatives of my Government have concluded with representatives of your Government looking toward the final settlement of various outstanding accounts for the wartime procurement of supplies and services by and for our two Governments. The purpose of these discussions was to achieve a settlement of disputed and other unsettled claims remaining from the wartime supply and procurement programs of our two Governments and to obviate the necessity for long continued accounting over the details of the remaining claims. I am informed that agreement has now been reached

respecting settlement for such claims and accounts, in accordance with the following terms:

"1. The sums deposited by the Government of Canada with the United States Treasury Department to cover the cost of supplies and services furnished under Lend-Lease and related programs, including the "Canpay" program, have exceeded the cost of such supplies and services by the sum of \$3,675,000. This amount has accordingly been refunded by the Government of the United States to the Government of Canada.

"2. The claims and accounts described in paragraphs (a) and (b) below are deemed settled or are waived. Neither Government shall be obligated to make any payment or give any other consideration to the other Government in respect of such claims and accounts.

(a) Claims and accounts connected with or incidental to the conduct of World War II arising out of the furnishing or procurement of supplies and services by or for either Government after March 11, 1941, and prior to April 1, 1946.

(b) Claims and accounts arising at any time out of the United States Lend-Lease program or the program of War Supplies Ltd., procurement agency of the Government of Canada.

"3. Claims and accounts involving the Commodity Credit Corporation and the Reconstruction Finance Corporation and its subsidiaries are not covered by this settlement.

"This note, and your reply indicating the concurrence of your Government, will be regarded as the agreement of our two Governments as set forth above, in force on and after the date of your reply note.

"Accept, Excellency, the renewed assurances of my highest consideration."

Note from Canadian Ambassador in Washington to the United States Secretary of State

"I have the honour to acknowledge the receipt of your note of today's date concerning the settlement of claims and accounts between our two Governments arising out of wartime procurement of supplies and services.

"In reply I have the honour to inform you that the Government of Canada concurs in this settlement as expressed in our note under reference, and in accordance with the suggestion contained therein your note and this reply will be regarded as the agreement between our two Governments in this matter.

"Accept, Sir, the renewed assurances of my highest consideration."

\$406,000,000 BETTERMENT: Canada's international accounts showed a great improvement in 1948. The credit balance on current account with all countries rose to \$453 million from \$47 million in 1947, according to a preliminary statement released by the Bureau of Statistics. These figures compare with \$36.3 million in 1946 and \$688 million in 1945.

The improvement of \$406 million in the current account balance with all countries was the main contributor to a rise in Canada's official liquid reserves of \$496 million in 1948 as compared with a reduction of \$743 million in 1947. At the end of 1948 the official liquid reserves amounted to \$998 million.

The increase in the credit balance last year, the Bureau's report states, resulted from a rise in the value of exports of goods and services while the total value of imports of goods and services remained virtually unchanged. Most of the increase in the value of exports of goods and services was due to price increases, since the volume -- in the aggregate -- does not appear to have been much altered, although there were important changes in the volume of different groups of goods and services. On the other hand, the volume of imports was materially reduced, chiefly because of the effects of the Emergency Exchange Conservation program introduced in November, 1947.

Canada's accounts with individual countries and areas showed even greater changes than the overall account. The spectacular rise in the value of exports of goods and services to the United States, combined with a reduction in the value of imports of American goods and services -- due to reductions both in the

MINERAL EXPLORATION: There has been considerable interest in the competition for the right to explore for minerals in the area on the south side of Great Slave Lake contiguous to the 500-square mile area now being explored by the Consolidated and Ventures companies.

The Minister of Mines and Resources, Mr. MacKinnon, has announced that after public advertisement and the examination of competitive offers he has awarded the American Metals Company Limited of Canada the right to explore for minerals in an area of some 265 square miles; and to the Consolidated Mining and Smelting Company of Canada, Limited, the right to explore for minerals in an area of 320 square miles. These concessions give exclusive exploration rights for a period of three years under the terms advertised.

The granting of these concessions should ensure thorough prospecting by most modern methods, of areas which to date have shown some promise, but in which sufficient tonnage must be proved to justify the establishment of a base metals industry.

volume of commodity imports and in other current expenditure -- led to a sharp decline in the current account deficit with that country to \$401 million from \$1,135 million in 1947.

In contrast with this reduction in the debit balance with the United States, the current surplus with the United Kingdom and other overseas countries dropped to \$873 million from \$1,220 million in 1947. These figures include exports of official relief of \$19 million and \$38 million, respectively, in the two years. This reduction of \$347 million was chiefly in Canada's surplus with the sterling area, which fell by \$257 million from \$874 million in 1947 to \$617 million. The surplus with the United Kingdom declined from \$633 million the previous year to \$488 million, as exports fell and imports rose, while the surplus with the rest of the sterling area fell from \$241 million to \$129 million with the sharp reduction of purchases in Canada by this group of countries.

The amount of Canada's exports financed by post-war loans and export credits of the Canadian Government was less in 1948 than in the two preceding years, while exports of relief from Canada financed by official contributions were also lower. In consequence, a larger part of exports to overseas countries yielded convertible exchange than in 1947, thus contributing to the improvement in official liquid reserves. Other capital movements also had favourable effects, whereas in 1947 they resulted in the use of reserves. The chief contribution to the year's capital inflows was the sale of \$150 million of bonds by the Canadian Government in the United States.

AUTO SALES DOWN 16 P.C.: Sales of new motor vehicles in Canada showed a marked recession during January, dropping 16 per cent in number from January last year. The decline was due almost entirely to a drop of one-third in passenger car sales, bus sales being slightly lower, but truck sales higher. Owing to higher prices, the drop in total value of sales was only nine per cent.

Total number of new motor vehicles sold in the month, according to the Bureau of Statistics, was 11,492 compared with 13,732 a year ago and 21,021 in December. The month's total is the smallest since October 1946, when 11,462 units were sold. The aggregate dollar value of January sales was \$24,677,689 compared with \$26,963,872 in January last year and \$41,057,609 in December.

Passenger cars sold in January numbered 6,216 compared with 9,324 a year earlier and 14,840 last December, being the lowest number since August, 1946. There were sizeable reductions in all provinces except Ontario, where the number fell only seven per cent from a

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year ago. The dollar value of sales was \$13,158,649, down about 24 per cent from \$17,207,853 in January, 1948.

Truck sales in January numbered 5,221 with a retail value of \$10,518,670, up from 4,336 units with a selling value of \$8,443,192 in January last year. Sales of commercial vehicles were lower in the Maritime Provinces, Quebec and British Columbia, but substantially higher in Ontario and each of the Prairie Provinces.

COMMERCIAL FAILURES: The number of commercial failures in Canada in 1948 reached the highest level since 1941, and showed an increase of almost 50 per cent over 1947. Despite the sharp rise, the number was considerably lower than in pre-war years. Liabilities in 1948 were up 56 per cent over the preceding year and were the highest since 1935.

According to figures released by the Bureau of Statistics, failures in 1948 totalled 813 as compared with 545 in 1947, 1,008 in 1941, 1,392 in 1939, and 1,314 in 1935. Liabilities amounted to \$15,724,000 in 1948 compared with \$10,078,000 in 1947, \$9,134,000 in 1941, \$15,089,000 in 1939, and \$17,567,000 in 1935.

Trade accounted for the greatest number of failures, increasing from 153 in 1947 to 289. Failures in manufacturing numbered 188 as against 152; services of all classes, 144 compared with 92; construction, 77 compared with 57; transportation and public utilities, 30 compared with 20.

In the Maritimes, 23 failures occurred last year compared with 15 in 1947. The number in Quebec rose from 422 to 613, Ontario from 72 to 116, Prairie Provinces from 12 to 20, and British Columbia from 24 to 41.

VALUE OF INVENTORIES: The estimated total value of inventory held by manufacturing industries at the end of December show a drop of 1.5 points in the index since the end of November, according to the monthly report on inventories and shipments by manufacturing industries issued by the Bureau of Statistics. The year-end index shows, however, an increase of 8.5 per cent over December, 1947 values.

Of the main industry groupings, inventories of consumers' and producers' goods industries both show slight increases during December, while inventories in the construction goods industries appear to have fallen slightly, and the preliminary figures for inventories of capital goods industries indicate a fall of 16 points in the index. If the latter figures are substantiated by later returns, the value of December inventories in these industries will be at the lowest point since November, 1947.

The annual inventory report contains a summary of all material collected during the two years since the survey was instituted. Values of shipments and inventories have been indexed on the average 1947 values reported, rather than on the December, 1946 values as

was the case in previous monthly reports. New sections on changes in monthly ratios of shipments to inventories during the period covered have been included.

UNMANUFACTURED TOBACCO: Stocks of unmanufactured tobacco at the end of December amounted to 120,842,000 pounds, showing an increase of four per cent over the 115,937,000 held at September 30 and seven per cent above the 112,262,000 on the corresponding date a year earlier, according to figures released by the Bureau of Statistics.

Stocks of Canadian tobacco rose to 117,632,000 pounds at December 31 from 109,198,000 on the same date in 1947, and imported tobacco, to 3,210,000 pounds as compared with 3,064,000. Flue-cured Bright Virginia totalled 97,585,000 pounds, burley 10,651,000, and cigar leaf 5,067,000.

ON BOARD H.M.C.S. "MAGNIFICENT": A simulated rocket attack by ten Sea Furies of 803 and 883 Naval Air Squadrons against the British cruiser H.M.S. "Jamaica" on Monday, March 14, ended the first phase of flying operations aboard H.M.C.S. "Magnificent" and on March 15 the carrier and her escorting destroyers, H.M.C.S. "Nootka" and "Haida" entered Colon, Canal Zone, to joint forces with ships of the Pacific Coast Squadron.

The strike on H.M.S. "Jamaica" was swiftly put in motion when reports indicated the Royal Navy cruiser was at sea somewhere between Panama and Kingston, Jamaica. Shortly after dawn Monday the 19th Carrier Air Group took off, the Sea Furies ranging out in search formation. Lieut. (P) W.D. Munro, Dunnville, Ont., first sighted the cruiser when his aircraft was 200 miles out from "Magnificent". Details for the strike were immediately prepared.

Striking aircraft were up within minutes after the return of the search group. Led by the Group Commander, Lieut.-Cdr. (P) H.J. Hunter of Montreal, and spread in line of search in three divisions, the Furies roared over the Caribbean, descending to 1,500 feet as they neared H.M.S. "Jamaica's" estimated position. The initial sighting report was made by Lieut.-Cdr. (P) Ray Creery, of Ottawa, and Lieut.-Cdr. Hunter gave the order, "Deploy for rocket attack". The Sea Furies closed in at over 300 miles an hour.

The action is best described in the Group Commander's matter of fact words: "We came in by divisions at six second intervals, attacking her on port and starboard bows and from astern. We went in pretty close, then formed up and flew past the cruiser in a more sedate manner." H.M.S. "Jamaica" signalled the group afterwards, "Thank you for your very valuable operations".

Two mishaps occurred during the intensive period of flying training, both on Saturday,

when two aircraft stalled on approaching for a landing and went into the sea.

In both cases the pilots were uninjured and were speedily rescued by H.M.C.S. "Nootka" which was acting as plane guard.

LABOUR INCOME UP: According to preliminary estimates by the Bureau of Statistics, Canadian labour income in 1948 aggregated \$7,130,000,000, an increase of \$895,000,000 or 14 per cent over the preceding year. Larger sums were paid out in salaries and wages in all industries except forestry, in which there was a drop of four per cent.

During 1948, the cost-of-living index averaged 14 per cent higher than in 1947, the same increase as total labour income. From these similar percentage changes, the Bureau observes, it would appear that purchasing power of labour income in the aggregate was fairly well maintained, although average weekly earnings tended to lag slightly behind rising consumer price levels.

In December, labour income totalled \$618,000,000, a decline of \$15,000,000 from the November figure, but an increase of \$67,000,000 or 12 per cent over December, 1947. The decline from November reflects the influence of winter weather on employment in agriculture, construction, water transportation and fishing, together with lower levels of employment in other industries during the holiday season.

The index of employment in nine leading non-agricultural industries averaged about four per cent higher in 1948 than in 1947, while average weekly earnings were 11 per cent higher. Preliminary figures compiled by the Department of Labour show a total of 1,500,000 days less lost in strikes in 1948 than in 1947.

GEOLOGICAL MAPPING: Provision of more than one million dollars has been made in the estimates of the Department of Mines and Resources recently tabled, for continuation of the systematic geological mapping of Canada, and for the study of potential sources of minerals, oil and gas.

The Minister of Mines and Resources, Mr. MacKinnon, advised that the Geological Survey of Canada plans on sending 65-70 parties into the field during the coming summer, and these will operate in all provinces as well as the Northwest Territories and Yukon.

Particular attention will be paid to those areas in the Prairie Provinces considered favourable for the production of oil.

FOREIGN TRADE UP 4 P.C.: Canada's foreign trade in January showed a moderate rise of four per cent over the corresponding month last year, amounting to \$462,800,000 as compared with \$445,100,000, according to the Bureau of Statistics. An advance in the value

of merchandise imports accounted for a large part of the gain in the month, domestic exports showing a comparatively small rise, and foreign exports a decline.

The overall favourable balance of trade with all countries amounted to \$15,200,000, slightly less than half the balance of \$33,000,000 in the corresponding month last year, and down sharply from the 1948 monthly average of \$39,400,000.

The month's trade resulted in an adverse balance with the United States of \$47,300,000, showing a marked rise over the December figure of \$9,900,000, and the highest adverse balance since April last year when the figure was \$48,000,000. On the other hand it was only moderately above the January, 1948 figure of \$43,200,000 and compares with the monthly average of \$23,600,000 last year.

The favourable balance of trade with the United Kingdom in the month was \$30,500,000 as against \$24,000,000 in December and \$43,400,000 in January last year. The month's figure was only slightly lower than the 1948 average of \$32,400,000.

MERCHANDISE IMPORTS: Canada's merchandise imports in January were valued at \$223,800,000 -- a new high figure for the month -- showing an advance of 8.6 per cent over last year's corresponding total of \$206,100,000, according to the Bureau of Statistics. Gains of moderate proportions were recorded by each of the nine major commodity groups.

Imports from the United States, valued at \$164,801,000, were nearly 10 per cent higher than in the same month last year, while the value of shipments from the United Kingdom at \$25,405,000, rose almost 18 per cent. Imports from Latin American countries as a group fell from \$15,498,000 to \$14,182,000, but the total from European countries rose from \$3,845,000 to \$6,649,000 as the result of general gains.

BORDER TRAFFIC: Highway traffic between Canada and the United States in January showed an advance of 17 per cent over the same month last year, according to the Bureau of Statistics. The gain was principally due to Canadian traffic returning from the United States which increased in volume by 39 per cent, while United States traffic entering Canada was nine per cent higher.

The aggregate number of border crossings was 430,200, consisting of 292,200 foreign entries and 138,000 Canadian vehicles returning. Of the foreign inflow 32,600 vehicles entered on traveller's vehicle permits, 244,600 were non-permit or local entries, and 15,000 were commercial vehicles. The Canadian traffic comprised 7,500 units remaining abroad for more than 24 hours, 116,100 staying for shorter periods and 14,400 commercial vehicles.

REPORTED IN PARLIAMENT BRIEFLY

CANADA AT THE UNITED NATIONS

BUDGET DAY MARCH 22: The Minister of Finance, Mr. Abbott, announced in the House of Commons on March 15 that, barring unforeseen contingencies, he expected to bring down the Budget on Tuesday, March 22, at 7:30 p.m.

In answer to a question by the member for Peel, Mr. Graydon, the Secretary of State for External Affairs, Mr. Pearson, made a statement in the House of Commons on March 15 concerning the signing and tabling of the North Atlantic Security Pact. The brief discussion was as follows:

Mr. Graydon: "May I ask the Secretary of State for External Affairs when he expects the North Atlantic Security Pact to be signed and ready for tabling in the House of Commons?"

Mr. Pearson: "It has been hoped that a draft of the North Atlantic Security Pact could be tabled this afternoon, and arrangements to that end were being made by the Governments concerned. One Government, however, has asked for a short delay. It is hoped now that the draft--of course it will not be signed--will be tabled and made public on Friday."

Mr. Graydon: "The Secretary of State for External Affairs speaks of a draft pact. It will be the pact that has been agreed upon by the signatory nations?"

Mr. Pearson: "It will be a pact that has been agreed upon in principle by the Governments concerned, subject to any changes they may wish to put forward at the conference which will be called for the signing of the pact. It is hoped that that conference will take place some time in April."

The Minister of Trade and Commerce, Mr. Howe, made a statement in the House of Commons on March 15 concerning support prices for western oats and western barley during the crop year 1949-50. He spoke in part as follows:

"The Government has decided to support the price of western oats and western barley during the crop year 1949-50 at the same support prices that are in effect for the present crop. These prices are 6½ cents per bushel basis No. 1 feed oats in store Fort William-Port Arthur and 90 cents per bushel basis No. 1 feed barley in store Fort William-Port Arthur. As in previous years, the Canadian Wheat Board will administer the support prices for these two grains. I want to emphasize that these are support prices only, and producers will have the advantage of whatever higher prices prevail during 1949-50."

RADIOACTIVE MINERAL RESEARCH: The increasing importance of radioactive minerals in the Canadian economy is reflected in the Estimates recently tabled in the House of Commons. Included in the Estimates of the federal Bureau of Mines is an item of \$268,130 for the investigation of radioactive ores.

The Minister of Mines and Resources, Mr.

MacKinnon, reports that prospecting for radioactive minerals has shown a marked increase following the rescinding of regulations late in 1947 which reserved all new discoveries in Northwest Territories and Yukon to the Crown, and later the removal of similar restrictions by the provinces. Action of the federal Government in guaranteeing a fixed price for uranium has further stimulated the search for radioactive minerals. Samples from prospectors are forwarded by them to the Geological Survey in Ottawa for Geiger analysis of radio-activity and those showing promise then go to the Bureau of Mines for complete analysis. Due to security regulations all test and investigative work on bulk samples for processing the ores is also handled by the Bureau.

Provision also has been made in the estimates of the Bureau of Mines for a radioactive tracer laboratory.

WORK IN LABORATORY

Essentially, the laboratory will provide the Bureau with the latest experimental means available in the study of steel and other metal structures. Work in the laboratory will be largely of a pioneering nature in which investigations will be made into the application of radioactive tracer materials to industrial and scientific problems.

A further provision in the Estimates is an item of \$1,598,850 for mineral resources investigations of which \$105,000 is for use in extending the facilities of the hydrogenation laboratory of the Bureau of Mines.

The Minister advises that the equipment to be installed will enable the use of much higher pressures than present equipment permits in conducting hydrogenation tests on heavy crudes, refinery residues, and bitumen. The first problem to be tackled immediately the new equipment is installed is one arising from the greatly increased production of crude oil from the Leduc and Redwater fields in Alberta. This has been adversely affecting the marketing of the lower grade asphaltic oils of the Wainwright and Lloydminster fields and would have a similar bearing on the marketing of the asphaltic high sulphur bitumen from the McMurray area.

With the new equipment the Bureau will be in a position to carry its research on these materials much further than is now possible in obtaining maximum yields of high grade products.

It will be possible with the equipment to use pressures up to 20,000 pounds per sq. inch and at the same time to simplify the process. Use of such pressures is well in advance of practice in Germany where pressures up to 10,000 pounds are used.

CANADIAN PROPOSAL ACCEPTED: Dr. J.H. Van Royen of the Netherlands declared in the Security Council on March 14 that, "in the interests of agreement" the Netherlands Government was willing to accept the Canadian proposal as formulated by General A.G.L. McNaughton at the Council meeting on Friday, March 11. At that time General McNaughton had suggested that the United Nations Commission for Indonesia should be instructed "to assist in reaching an agreement between the parties as to the time and conditions under which the proposed (round table) conference at The Hague could be held."

General McNaughton added that it should be understood "of course, that these exploratory discussions under the auspices of the United Nations Commission for Indonesia would be without prejudice to the resolution of the Security Council of January 28 and to the rights, claims or positions of the parties".

Finally, the Canadian representative had expressed the opinion that no new resolution of the Security Council was necessary and that it would be sufficient if the Council President would communicate in this sense with the United Nations Commission, the U.N. Press Bureau reported.

UN ACCOMPLISHMENTS: General A.G.L. McNaughton, Canada's Permanent Delegate to the United Nations, addressed the National Executive, United Nations Association in Toronto on March 12. On the point of the general accomplishments of the UN he spoke as follows:

"...At this present day the United Nations has not yet completed its Third Session but already there is literally an amazing accomplishment to the credit of the Organization. This is made up of the sum of the very significant advances which have been achieved in each of the component councils, commissions, committees, and specialized agencies. Everywhere you look -- in the groups dealing with economic and social questions; in the groups concerned with the problems of food and trade and transport, with labour and health, with refugees, with communications, with postal services, with education and scientific and cultural matters -- in everyone of these great categories of endeavour you find men and women from all over the world coming together, stating their problems without fear or favour, consulting with one another bringing their minds into agreement and hammering out solutions by the method of debate -- solutions which are then recommended to the nations of the world and, in many cases, promptly adopted.

"In all these matters it is evident that accomplishment is on a rising curve and it seems that with each step forward the habit of agreement becomes somewhat less difficult. All of which sets a very inspiring example and

stimulus to those of us who have to labour in the field of the political and security questions which today trouble the nations, principally by reason of the rift between East and West for which no bridge has yet been found and which therefore remains an ever-present difficulty and anxiety in every question which comes under consideration.

"By reason of our representation at San Francisco and then at all the subsequent meetings of the Assembly, Canada has become aware at least in a general way of these security problems, many of which afflict the world....

"Unfortunately the list of disputes which have come to the Council has been very long. It has ranged around the world from Berlin to Trieste and Greece and Palestine; to Kashmir and Indonesia and Korea and other places where angry men have stood in opposition with arms in their hands, -- where, on occasion, peace has broken down in acts of war, of riot and insurrection, of sabotage and murder, -- where, only with the greatest difficulty and by reason of the persistent and devoted endeavours of the servants of the United Nations on the spot has the conflict been kept in bounds and held from precipitating some general conflagration. Truly the world today is a very disturbed place.

ANCIENT RIVALRIES

"We have heard much in the way of criticism of the United Nations for not preventing the outbreak of these disturbances. But they are the consequence of ancient nations rivalries or of group ambitions or animosities of long standing, which have flared up anew. They are the troubles for which the United Nations was set up to find an answer, not the faults of the organization itself. In some circles also it has become a habit -- a very bad and unfortunate and unjustified habit I would say -- to impute the competency of the Security Council.

"My answer to this is that despite the fact that the Security Council does not as yet dispose of any armed force for use as police, and could not therefore in any case compel obedience but on the contrary it is restricted to the employment solely of the arts of persuasion, with its only weapon an informed world opinion -- I say that despite all these restrictions which many people might consider insuperable handicaps, nevertheless there is not a single dispute which has come before the Council which has not been checked and in some measure advanced towards solution. And so, I for one -- and I think many others as well -- will hold with reason to the hopeful view that we are -- even if slowly -- advancing towards a state where the rule of law will in the end prevail...."

normal cost of operations due to improved rations, clothing and accommodation. A large part of the increase will be required to meet liabilities on commitments for construction and equipment made during the current fiscal year and authorized under the commitment authority given by Parliament in 1948.

There will also be increases due to the successful current recruiting campaign which is resulting in a greater number of men in the three Services. The last five months have shown an 80 per cent improvement over the corresponding five months a year ago. The present rate of recruiting is satisfactory with the January showing of 1,162 for the three Services being the best month since the war. Continued at this rate recruiting would fill the Navy, Army and Air Force up to the present authorized strengths towards the end of 1949 or early in 1950.

Another cause for the increase is for new equipment and construction for all three Services, including ships for the Navy and planes for the Air Force. This greater military preparedness is a direct reaction to those dangers which have made necessary the conclusion of the proposed North Atlantic Pact.

It may be pointed out that during the year 1948-49 the married quarters program for the three Services will have cost approximately \$12,694,832.

In the year 1949-50, approximately \$16,741,791 is provided in the Defence estimates for the married quarters program but in addition the estimates for the Department of Reconstruction and Supply will include provision of accommodation for married personnel of the Armed Forces at an accelerated rate which may run to over \$40,000,000 for 1949-50. Central Mortgage and Housing Corporation has been charged with the responsibility for the construction of the great majority of married quarters for the Armed Services as well as civilian veterans, since married quarters in the Armed Services go to veterans. In addition to reducing the Government's outlay for marriage allowances, each family moving out of a civilian home to married quarters makes available another home for a civilian.

IRON AND STEEL: Shipments of primary shapes by Canadian steel mills in 1948 -- exclusive of producers' interchange -- increased 11 per cent over the preceding year, according to preliminary figures released by the Bureau of Statistics. During the year, 2,622,900 tons were shipped as compared with 2,355,463 in 1947. Shipments in December declined to 212,886 tons from 219,363 in November, but showed a substantial gain over the 178,273 in the corresponding month a year earlier.

Producers' interchange, or the tonnage shipped to producers' own works for further

processing totalled 965,801 tons in 1948 as compared with 806,347 a year ago, and in December, 66,005 tons compared with 77,298 in November and 84,376 in December, 1947.

FARM IMPLEMENTS AND MACHINERY: Gross selling value of products of the farm implements and machinery industry reached a high total in 1947, of \$89,423,469, showing an increase of 41 per cent over the preceding year's figure of \$63,238,542, according to the annual industry report issued by the Bureau of Statistics. Ontario accounted for 95 per cent of the total output.

Production of farm equipments in this industry amounted to \$79,966,899 in 1947 as compared with \$52,247,004 a year ago, the remainder of the output in each year being made up of industrial machinery, dairy equipment, etc. In other industries, there was a small production of farm machinery amounting to \$3,963,218 as against \$1,743,846 a year earlier.

LORD WAVELL HONORARY COLONEL: Field Marshal the Right Hon. Lord Wavell, PC, GCB, GCSI, CMG, MC, has accepted the appointment of Honorary Colonel of the 59th Light Anti-Aircraft Regiment (Lanark and Renfrew Scottish) according to an announcement on March 17 by the Minister of National Defence, Mr. Claxton.

The 59th is a regiment of the Royal Canadian Artillery, Canadian Army Reserve Force, with headquarters at Perth, Ont.

STOCKS OF BUTTER: Stocks of creamery butter in nine cities of Canada on March 11 amounted to 9,118,000 pounds, 18.5 per cent greater than last year's corresponding total of 7,697,000 pounds, according to the Bureau of Statistics. Holdings were higher in each of the nine cities with the exception of Winnipeg and Calgary.

MAN-HOURS AND EARNINGS: Average weekly earnings of hourly-rated personnel employed by leading manufacturers at January 1 amounted to \$39.46, a decline of \$2.01 from the December 1 figure of \$41.47, but a rise of \$6.29 over the January 1, 1948 average of \$33.17, according to the Bureau of Statistics.

A new maximum was reached in the four-year record of hourly earnings, the general average rising to 97.2 cents from 96 cents in the week of December 1 and 86.6 cents a year earlier.

The 773,635 wage-earners for whom a record of man-hours is kept in manufacturing as a whole worked an average of 40.6 hours in the holiday week ending January 1, or 2.6 hours less than in the week of December 1, but 2.3 hours more than in the same week last year.