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## WEEK'S EVENTS IN REVIEW

**PRIME MINISTER SPEAKS AT TROY:** On the evening of October 14 the Prime Minister, Mr. St. Laurent, is scheduled to speak to members of the Rensselaer Polytechnic Institute in Troy, New York, in acknowledgment of the honorary degree of Doctor of Laws which is to be conferred on him there. Selections from the text of Mr. St. Laurent's address follow:

"...What I am going to do is to say something about the relationship of my country with yours; and the relationship of our two North American nations, with the rest of the world."

"The United States is now the most powerful nation in the world. Canada is even larger in geographical extent than the United States, but our population is less than one-eleventh, and our developed wealth only about one-sixteenth as great as yours. In other words, ours is a comparatively small nation living beside a very great one."

"Now, in our generation, the fate of many small nations with great neighbours has been anything but happy... How different our Canadian experience has been. It is one hundred and thirty-five years since Canadians and Americans faced one another as foes... In this twentieth century, even the possibility of conflict between your country and ours has receded from the minds of both our peoples... The establishment of a satisfactory relationship between great nations and their less-powerful neighbours is one of the most acute problems of our times. It is a commonplace to say that, in this respect, the attitude of the

United States towards Canada has set an example to the world."

"Certainly Canada has not fallen under your domination and equally certainly you have not threatened our separate existence as a nation. Although your country is more powerful than it has ever been, the Canadian nation today is more securely independent and self-reliant than we have ever been. But it would, I believe, be a mistake to think that the good relations between the United States and Canada are the inevitable result of circumstances; or that they do not need to be cherished, if they are to persist."

"...The present understanding between Canada and the United States for the maintenance of our mutual security is based upon an exchange of pledges made in 1938 by the late President Roosevelt and by my predecessor, Mr. Mackenzie King. The Ogdensburg Agreement of 1940 for the Permanent Joint Board on Defence, the Hyde Park Declaration of 1941, and the agreed statements on defence by your President and our Prime Minister of February 12, 1947, were based upon this common recognition of mutual responsibility for the defence of the whole continent... One of the principles of collaboration laid down in this statement of common policy is the encouragement of common designs and standards in arms, equipment, organization, methods of training and new developments."

"Our two countries have made considerable progress in working out plans for the standardization which is so obviously necessary if

## RESULTS OF THE ANNECY TARIFF NEGOTIATIONS

**33 COUNTRIES INVOLVED:** The Secretary of State for External Affairs, Mr. Pearson, announced on October 9 the detailed results of the trade negotiations that took place in Ancey, France, last summer. A new over-all agreement was reached covering proposed tariff reductions involving thirty-three countries. This agreement, if ratified, will add ten new countries to the group of twenty-three that reached a similar agreement in Geneva in 1947. In order to include these countries in the group, some 140 two-sided tariff negotiations were successfully concluded at Ancey.

The Ancey conclusions provide that Canadian exports will continue to get most-favoured-nation treatment and will now get new tariff concessions in all of the ten new countries. In return, Canada is to give tariff concessions to the same countries. These concessions will go into effect on or after January 1, 1950. The exact date will depend on when the other countries take similar action, but all the concessions negotiated at Ancey will probably be in effect by May 30, 1950.

Under the most-favoured-nation principle, all tariff reductions agreed by other countries at Ancey automatically become available to Canada, whether those reductions were negotiated with Canada or with some other country. Similarly, Canada automatically extends its own tariff reductions to each of the other thirty-two countries.

## SIGNATURE OF PROTOCOL

Since the Ancey discussions ended in August, the thirty-three Governments have had time to review what their negotiators did. These Governments, including Canada, can now signify their approval by signing the "Ancey Protocol of Terms of Accession to the General Agreement on Tariffs and Trade", which opened for signature on October 10, at the Headquarters of the United Nations at Lake Success. A representative of the Canadian Government signed on October 10. Canada's signature will, in effect, cast Canada's vote in favour of inviting all ten new countries to put the new arrangements into force. Each new country must have a two-thirds majority to be included.

The following is a summary of concessions important to Canada granted by countries previously in the Geneva agreement.

United States is reducing its duties on hollow bars and drill steel, forgings, wall-board, paperboard and pulpboard, wrapping paper, miscellaneous manufactures of paper, plywood of birch and alder, wood manufactures, butter, Oka cheese, leather manufactures, hides, footwear with fabric uppers, cellulose compounds, granite and limestone.

Czechoslovakia is reducing duties on seed barley and oats, apples, sardines, herring and dried milk.

France is reducing its duty on plywood, softwood lumber, seed barley and oats, honey, horses, horse meat, newsprint and corrugated paper.

Norway is reducing its duties on electric motors and limiting for a further period the protection that may be accorded to domestic wheat through the operations of the state grain monopoly.

## REDUCTIONS BY NEW MEMBERS

Denmark, which already had a low tariff, is reducing its duties on lobster, crayfish, shrimps and fresh, salted or canned salmon, and artificial silk stockings.

The Dominican Republic reduces its rates on lamps and lanterns and their parts, copper wire, aluminum bars, sheets, wire and powder, radios, machines for harvesting sugar cane, herring, mackerel and other fish in brine, whisky, and incandescent mantles for lamps.

Finland reduces its rates on clover seed, whisky, chemicals and medicaments, aluminum powder, and electrical equipment.

Greece reduces its duties on meat, concentrated milk, herrings, lobster, sardines, wheat flour, whisky, gin, cocoa, box shooks, plywood, asbestos, agricultural machinery, nickel, aluminum, calcium carbide, cod liver oil, paper pulp, wrapping paper, rubber belting, rubber tires, and inner tubes.

Haiti has made reductions on aluminum articles, patent medicine, cod liver oil, soap powders, extracts and perfumes, printed advertisements, radios and parts, sewing machines, apples, cheese, kippered herrings, canned salmon, sardines, hats, and incandescent mantles.

Italy reduces duties on herrings, codfish, stockfish, seed potatoes, apples, wheat, rye, oatmeal, canned meat and vegetables (mixed), canned salmon, sardines, kippered herring, kipper snacks, mackerel and lobster, polystyrene, sawn lumber of conifers, asbestos cords and threads, brake linings, and several types of agricultural machinery in which Canada has an export interest.

Liberia reduces its duties on meat and fish, dried eggs, plywood, lamps and lanterns, agricultural machinery, insecticides, fertilizers and toilet preparations.

Nicaragua reduces its rates on patent medicines, newsprint, plywood, oatmeal, whisky,

Sweden, which already had a low tariff in general, reduces its rates on tomato purée, apples, pears, sauces, vitamin concentrates, and nylon stockings.

Uruguay reduces its rates on apples, cardboard, paper (except newsprint), zinc, harvesters, typewriters, adding machines, cash registers, industrial machinery, washing and ironing machines.

**MR. BEVIN'S SPEECH:** On October 4 the Right Honourable Ernest Bevin, Secretary of State for Foreign Affairs of the United Kingdom, spoke to members of the Canadian Club of Ottawa. After paying tribute to Canadian-United Kingdom relations during the war, and stating that "A friend (like Canada) was a friend indeed, and the British people will never forget it," Mr. Bevin went on to say:

"During the present period a good deal of misunderstanding exists about the position of the United Kingdom, which I will do my best to dispel. There has been a tendency recently to portray the little difficulties we have got into - quite temporary difficulties - as if something terrible had happened to the old country. I assure you... it is not an old country. It is a young country now..."

"Britain is not decadent, but is young and vigorous. She will not regard herself as the mother country, but will regard herself as an equal with all the rest of you... We have revived ourselves as a result of the war and the measures it necessitated..."

## BRITAIN'S TASKS

"We have had to undertake some very difficult tasks. Let me deal with one or two of the financial problems first. It has been assumed... that we have had to rely on charity and things of that kind. It is perfectly true that we have not been able all over the world to meet our balance of payment in the respective currencies. It is true that we have had a loan from the United States and a very welcome credit from the Canadian government. But if we had taken these and had done nothing ourselves then I think we should be open to very severe criticism. We have had these loans and credits from what is called the dollar area; but we have a responsibility to nearly six hundred million people in the sterling area - and those six hundred million people are trading on a multilateral basis. It has been our view... that, given a vast area of the world representing a big proportion of the population organized on a multilateral basis, it is right and proper for us to make the most desperate efforts to prevent that area breaking up... Therefore notwithstanding the disorder and chaos the war produced, we resolved to try and hold that position, to do it aided by what has been loaned to us. We have, on the other hand, lent to others to try and start up their economic life over nine hundred million pounds. If we had not done that, sickness, starvation, and ruin would have existed over a wide area of the world. And though the amount that has been loaned to us is higher, we have tried to do our part in helping the rest of the world to get back on their feet..."

"Recently we have had what has been called a dollar drain crisis... The fact that our re-

serve were not high when the drain started made that drain dangerous. Therefore, when we had to face this new situation which was not of our seeking, or anyone else's fault - an accidental development that comes in the evolution of things, and in the change in business - the real trouble was we were not strong enough in reserves, particularly dollar reserves, to hold on long enough in order that the tide might turn."

Mr. Bevin then touched on wartime demands on Britain's resources -- shipping losses, mobilization for the services and for industry, bomb damage, the creation of an air force -- which had caused Britain to find herself on a "very narrow margin". The achievements of the past four and a half years, he said, had been great ones, and noted, among other facts, that exports had reached 160% of their 1938 figure.

## NEED FOR WESTERN UNITY

Regarding international affairs, Mr. Bevin said it was necessary to ensure co-operation among countries outside the "Slav autarky", such as was apparent in the Washington monetary talks. Although they provided no "final answer", such talks must recur as situations arise. "A vital and important reason for this constant co-operation," he continued, is that the Communist attitude is based on "what they believe to be a predestined fact, that all of us in the Western world and our friends in Asia who think like us are going to have a... slump... so dreadful that revolution is going to arise and the Communists' day will arrive with it. I beg of all my friends on this side of the ocean to realize how important it is to co-operate together at once and to the fullest extent in order to convince the Russians that this is not so. It will have a tremendous effect on the foreign policies of the world if you show by action, by study, by co-operation, by good will, that there is going to be no terrible slump; that the people of the West, who have been hit by these things before, have learned a lesson and have taken abnormal measures to meet any possible storms in the future... We must succeed in linking together in a feeling of confidence the whole Western world and their friends."

## DEFENCE POLICY

Mr. Bevin then touched on defence policy: "... The old method of dealing with the defence of the West was that if a Continental war broke out you held the enemy and you built up your forces... I think we played that card for the last time in World War II. And I am of the opinion that it was almost only providence that saved us from complete defeat. You will remember that nobody was ready. Hitler just picked off one country after another. We took

months and months to build up, and as I say used tremendous manpower resources to defeat him. Therefore for any of us to rely on having a natural defence - I may suggest with respect even a natural defence here that would enable this hemisphere to sit down with absolute confidence, and build up for two or three years while it faced the enemy - is quite a mistaken policy."

After pointing out that the break which has occurred between Yugoslavia and the USSR, because Marshal Tito was not a communist of the Moscow variety, made it clear that the issue facing the world was whether or not one country would dominate it, Mr. Bevin concluded: "...Europe is weak. Europe is torn. Europe has torn itself. It has been the cradle of civilization. It will never have the strength of its own for years to come to stand by itself against the foe. But now, the foe will never come - he will never dare. For the new world with courage and determination, joins with Europe for its preservation, and says that the great nation of France shall be rebuilt, that the age-long struggle between Germany and France will be obliterated, that the Maginot Lines in Europe will be torn down forever; that the free movement of peoples shall be possible; that the narrow nationalism that has torn us apart while maintaining its own attributes, its own culture, shall yet contribute to a great community and join together with the West to preserve all that is best and give to the world an enduring peace for generations to come."

**CANADA'S FOREIGN TRADE IN 1948:** The report, "Review of Foreign Trade 1948", released on October 6 by the Bureau of Statistics, states that in relation to population, Canada's export trade was 50 per cent greater in physical volume in 1948 than 1938, and her import trade slightly more than 55 per cent greater. Due to price increases, the rise in relation to population was much greater in current dollar values, amounting to 217 per cent for export trade and 236 per cent for imports. The population gain in the period was 15.5 per cent.

Canadian exports increased from \$76 per capita in 1938 to \$241 in 1948 in current dollar values, and in constant 1938 dollars -- an indication of volume change -- from \$76 to \$114. Imports rose in the period from \$61 to \$205 per capita in current dollar values and in constant 1938 dollars from \$61 to \$95.

In comparison with these per capita figures, exports were 270 per cent higher in total value and 73 per cent greater in volume in 1948 than 10 years earlier, while imports were up 290 per cent in value and 81 per cent in volume.

Indicating the intensity of Canadian efforts during recent years to export more, as a counterpart to increasing imports, the report

presents figures showing that the amount of national product exported has increased relatively much more than personal expenditures on goods and services.

**GOLD AND U.S. DOLLAR RESERVES:** The Minister of Finance, Mr. Douglas Abbott, announced on October 7 that Canada's reserves of gold and U.S. dollars were \$985 million on September 30, 1949.

The comparable figure for June 30, 1949, was \$977 million, for July 31, \$973 million, and for August 31, \$987 million. At the end of September a year ago, the corresponding figure was \$855 million.

Mr. Abbott made it clear that all these figures of Canada's gold and dollar reserves were expressed in terms of U.S. dollars and were consequently not affected by the recent change in parity of the Canadian dollar. He also explained that the figure for September 30, 1949, does not include \$98.8 million in U.S. funds set aside at that date for the retirement on October 1, 1949, November 1, 1949, and February 1, 1950, of security issues guaranteed by the Government of Canada and payable at the holders' option in U.S. dollars. These funds were part of the proceeds of the \$100 million issue of Government of Canada U.S. dollar bonds which had been sold in the United States in the latter part of August.

**PANDIT NEHRU TO VISIT CANADA:** News of Pandit Nehru's visit to this country was first announced by the Prime Minister, Mr. St. Laurent, in the House of Commons on Monday, October 3.

On October 11, the Department of External Affairs stated that India's Prime Minister will arrive in Ottawa on Sunday evening, October 23, for a stay of two days. He will pay an unofficial visit to Vancouver on November 2 and 3.

On his visit to Ottawa, Pandit Nehru will be accompanied by his sister, Her Excellency Vijaya Lakshmi Pandit, Ambassador of India in the United States, and by his daughter Mrs. Indira Gandhi. His party will also include the Honourable Sir Girja Shankar Bajpai, Secretary-General of the Indian Ministry of External Affairs, Mr. M.O. Mathai, Private Secretary to the Prime Minister, Brigadier D. Chaudhuri, Military Attaché, and Colonel Unni Nayar, Public Relations Officer.

On Saturday, October 22, Pandit Nehru will motor through the Niagara Falls Park to Niagara Falls, Ontario, where he will remain overnight. He will journey by air on Sunday from Malton Airport to Ottawa, where he will be greeted on his arrival at 5:45 p.m. by Mr. St. Laurent.

Pandit Nehru and members of his party will stay at Rideau Hall as guests of Their Excellencies the Governor General and Lady Alexander.

## MR. PEARSON ON WORLD ECONOMIC RELATIONS AND PEACE

**EXCERPTS FROM ADDRESS:** On October 11, the Secretary of State for External Affairs, Mr. L.B. Pearson, spoke to the Boston Conference on Distribution, in Boston, Massachusetts.

In his opening remarks, he quoted the renowned economist, the late Lord Keynes, who wrote as recently as 1946 that "The chances of the dollar becoming dangerously scarce in the next five or ten years are not very high." Mr. Pearson then pointed out that the shortage which had in fact made itself "dramatically apparent" in the sterling area had international ramifications, and that "the general relationship between the dollar and the pound is at the heart of the present international financial problem of the Western world."

"...It is certainly not enough to say," Mr. Pearson went on, "that it is merely a shortage of dollars which causes all the trouble. The dollar shortage is, of course, real enough but it is the result, not the cause, of the present difficulties. The difficulties themselves arise out of the present lack of balance between world production and world distribution. This, in turn, is largely due, either directly or indirectly, to the war, or rather, to the uneven impact of the destruction and dislocations brought about by the war, which left certain countries, normally great importing countries, much more crippled and shaken than the great North American supplying countries. The Old European World was smashed; the New World hardly dented by war. And in the old world the smashing was uneven and the recovery consequently uneven."

### NEW ECONOMIC RELATIONS NEEDED

After noting briefly the impact of the growth of new industrial areas, of two world wars and a depression, on "the delicately balanced and highly complex system of (international) trade and finance" which existed before 1914, Mr. Pearson said:

"It is now clear that the Western world must set about re-designing the structure of its international economic relations, even as it must rebuild its international political life. This re-designing and rebuilding may do some pretty drastic things to the old concept of the separate state, with its insistence on unrestricted national sovereignty... Somehow or other the flow of goods multilaterally must be restored, and this can only be done by a concerted effort based on friendly understanding and working together on the part of the New World and the Old."

The common experience of Canada and the United States in the past, said Mr. Pearson, make it possible to discern two principles which can be guides for the future. The first is this: "Given the will and encouragement to

work and resources to work upon, it is possible for human beings to make enormous progress in a short space of time in increasing the productivity of the land they occupy."

To formulate the second principle, Mr. Pearson turned to the North Atlantic Treaty, the terms of which, "especially Article II, specifically pledge its members to make every effort to broaden the basis of their association, and not restrict it to defence alone. This aspect of the Treaty, which holds out the promise of economic co-operation, has always seemed of particular importance to the Canadian Government and to the people of Canada, because we believe that in the long run our ability to stand fast against the attacks of international Communism will rest in the well-being of our people. We also know that we cannot ensure that well-being by national action alone..."

The Marshall Plan, "a great and imaginative piece of statesmanship", loans and credits extended by Canada and the United States, the technical assistance programme under consideration in the Economic Committee of the General Assembly of the United Nations, were cited as examples of the "kind of responsibilities which... the circumstances demand."

### SUCCESSFUL CO-OPERATION POSSIBLE

"These examples," Mr. Pearson stated, "make me confident that the ability, the ingenuity and the resources are available to meet the challenge of our international economic situation... If we insist on defining the problem in broad terms, and if we keep our eyes fixed upon the objective of a world in which the economic causes of war, and the social and political conditions which breed war, will be reduced to the very lowest possible level, it is within our power to succeed... For such success, all... free democratic countries must work together. In that co-operation, if it is to be effective, all of us will at times have to make immediate concessions affecting national interests, for ultimate advantages. If we refuse--and expect the other fellow to do the conceding--then the highly encouraging progress of recent years in the direction of a firm and enduring peace, based on the international organization of the democracies, will be stopped. We will retreat to the old system of international anarchy... There would be only one beneficiary of that retreat, the forces of reaction, of slavery, of totalitarian despotism; the forces, in short, of international subversive Communism. To maintain peace and ensure prosperity, those forces must be stopped, and one of the best ways of doing this is through international co-operation on the part of those states who believe in freedom and peace."

(C.W.B. October 14, 1949)

**JOINT AIR MANOEUVRE:** Operating jointly in the first post-war manoeuvre of its kind, units of the Royal Canadian Air Force Reserve and the United States Air National Guard will participate in "Operation Metropolis", a simulated air-raid and intercept training exercise, over the New York City area on October 22, it was announced by the R.C.A.F. on October 11.

In announcing the training exercise, U.S. Air Force and R.C.A.F. officials declared that one of the chief purposes of the joint manoeuvre will be to demonstrate the ability of the Canadian Air Reservists and United States Air National Guardsmen to integrate forces in the event of an emergency.

The operation will furnish valuable data to the senior staffs of both countries for assessing the efficiency of the participating units. In addition, the exercise will serve to stimulate public interest, increase the morale of the Reserve forces, and encourage Reserve recruiting activity in both countries, it was stated.

Two hundred and forty R.C.A.F. reserve members, including eighty officers and one hundred and sixty airmen, will be flown from their home base at Montreal, Canada to Mitchell Air Force Base, Long Island, for the exercise. The R.C.A.F.'s intercept force will consist of eight latest type jet De Havilland Vampire Fighters.

The 52nd Fighter Wing, New York Air National Guard, under the command of Brigadier General Clyde H. Mitchell, will have operational control of all participating forces.

Air National Guard B-26 Invader type light bombers designated as the attacking force; swift British De Havilland jet-type Vampires flown by R.C.A.F. Reservists; and Air National Guard F-47 Thunderbolts, the fighter aircraft made famous for its ground support operations during World War II, will be highlighted during "Operation Metropolis".

Defense operations will be directed from the 52nd Fighter Wing Headquarters, State Armory, White Plains, New York; the radar equipment and facilities will be furnished jointly by the R.C.A.F. Reserve and the 152nd Aircraft Control and Warning Group.

Air National Guard units will consist of the 137th Fighter Squadron of the 107th Fighter Group from Westchester County Airport, White Plains; the 119th Fighter Squadron of the 108th Fighter Group from Newark, New Jersey; and the 114th and 102nd Bombardment Squadrons of the 106th Bombardment Group from Floyd Bennett Field, Brooklyn.

R.C.A.F. Reserve Units participating in the air operations will be No. 401 Fighter Squadron and No. 438 Fighter Squadron. In addition, No. 1 Radar and Communications Unit of Montreal will furnish the larger share of the radar equipment used in this exercise.

"Operation Metropolis" was announced following an exchange of letters between General

Hoyt S. Vandenberg, Chief of Staff, U.S.A.F., and Air Marshal Curtis of the R.C.A.F. giving their countries' approval to the joint training exercise.

**ARMY APPOINTMENTS:** The Minister of National Defence, Mr. Brooke Claxton, announced on October 7 that Col. J.E.C. Pangman, DSC, ED, will become Army Director at the National Defence College, Kingston, taking over his new duties late next month. He has been Director of Military Operations and Plans at Army Headquarters since 1946. It was announced at the same time that Lt.-Col. Roger Rowley, DSC, ED, will succeed Col. Pangman as Director of Military Operations and Plans early in the new year and will be promoted to the rank of colonel at that time. He is now serving on the Canadian Army Staff in Washington, D.C.

Col. Pangman was born in Toronto and served both before and in the early stages of the Second World War as an officer in the Queen's Own Rifles. He commanded the Carleton and York Regiment in Sicily and Italy and, later, the Essex Scottish in Northwest Europe. On his return to Canada he served at Halifax before coming to Ottawa in January 1946 as Director of Staff Duties. He attended the Staff College at Camberley during the war and has since attended the Joint Services Staff College in the United Kingdom.

Col. Rowley was born in Ottawa and is a former member of the Cameron Highlanders of Ottawa. During his service overseas he commanded both the Camerons and the Stormont, Dundas and Glengarry Highlanders in action, and was awarded the DSO and Bar. Since the war he served on the Alaska Highway System when the Canadian Army took over the administration and maintenance of the road, and also attended the Staff College at Camberley, England.

**ARMY SUMMER TRAINING ENDS:** Field units of the Canadian Army Active Force have completed their most successful summer training period since their formation in October, three years ago, authorities announced on October 10.

The big wind-up to "warm-weather" training came during the week of October 3 with the successful completion of Exercise "Big Horn" in Wainwright Park. More than 1,400 Active Force soldiers, under Major-General M.H.S. Penhale, GOC Western Command, participated. The manoeuvres involved members of the new airborne PPCLI, the Lord Strathcona's Horse (2nd Armoured Regiment), the 1st Field Regiment, RCA, from Shilo, and the 23rd Field Squadron, RCE, from Chilliwack, B.C.

That, together with Exercise Eagle, a number of smaller exercises and weeks of intensive field training in Camp, gave members of the Brigade Group of the Active Force their biggest summer since the end of the war.

**"U.N. IN ACTION":** The Secretary of State for External Affairs, Mr. L.B. Pearson, in his capacity of Chairman of the Canadian Delegation to the United Nations, participated in Columbia Broadcasting System's programme, "U.N. in Action" on the evening of October 9. This programme takes the form of a question-and-answer discussion, in the course of which twelve questions were posed Mr. Pearson, on Greece, the Italian colonies, Indonesia, and atomic control.

Regarding Indonesia, Mr. Pearson said that the possibilities of a settlement between the Netherlands Government and the Republicans in Indonesia "look to be pretty good." He went on to say:

"In Canadian interventions in this matter previously, we have been chiefly interested in maintaining truce conditions in that part of the world, without prejudice to the political settlement that must, of course, be worked out, so that the parties themselves could work out that settlement. It is not surprising that the process has been slow, for the problems have been both political and economic, and it takes time to work out that kind of problem. But we certainly have good reason now to be encouraged. The Dutch and the Indonesian Republicans and representatives from other parts of the Netherlands East Indies have been meeting in The Hague trying to work out a sort of federal solution for this problem, and they have made very good progress indeed."

This approach was considered by Mr. Pearson to be "an excellent example of the way in which the constructive approach of the Western states, working through the United Nations, makes possible a solution of an international dispute by giving the parties to the dispute a chance to negotiate while preventing at the same time force being used in the negotiations. And the result of the absence of force under a truce arrangement and the working out in this way of a political settlement is that you have something emerge, even though it takes quite a lot of time, and people become impatient that it takes so much time. I myself feel that this is a far better method of proceeding than the usual sort of communist prescription in these cases - that is simply: withdraw troops tomorrow, without reference to the political situation, and hope that something will emerge from the resulting confusion."

On the subject of the Italian colonies the questioner remarked: "There is always the point that people do not want to wait for independence any length of time." To this Mr. Pearson responded:

"I know, I appreciate that. I understand the popular feeling of getting the foreign troops out and letting the people decide for themselves at once. We have not yet decided in the Political Committee which course we are going to follow. There is the Soviet resolution which is just that: let the troops get out at once and let the people have independence at once. And there is the other resolution for a

sort of intermediate stage for a short time while independence is being worked out. Personally, as the Canadian delegate, I think the latter course is the better one."

After noting that Canada had played a key role in all matters connected with atomic energy, the questioner asked: "Do you think there is any hope today that an effective plan of international control will be worked out?"

Mr. Pearson replied: "We think there has been a pretty effective plan for international control already worked out, and that is the plan of the majority in the Security Council and the Atomic Energy Commission. That plan, of course, is not acceptable to the Soviet Union because they consider it to be unwarranted interference in their sovereignty and the control measures are too rigid. Personally, I do not see how you can bring this terrible engine of destruction under international control unless you do interfere in national sovereignty... Now these are two points of view, and they will soon be made quite clear before this Assembly because this matter is coming up for pretty thorough airing. Possibly that is a very good thing because, with recent developments in this field, people are more interested in it even than they were six months ago. I can understand the concern with which they will watch what we do here in this vitally important matter."

**PAKISTAN FOREIGN MINISTER IN OTTAWA:** The Honourable Chaudri Sir Mohammed Zafrullah Khan, Pakistan Minister for Foreign Affairs and Commonwealth Relations, arrived in Canada by air from New York on the evening of October 13 for a brief visit to Ottawa and Toronto. He stayed with the High Commissioner for Pakistan, the Honourable Mohammed Ali, and the Begum Mohammed Ali, at their residence in Rockcliffe.

The following programme for Sir Mohammed Zafrullah Khan's visit was announced by the Department of External Affairs on October 12:

On Friday morning, October 14, Sir Mohammed Zafrullah Khan will call on the Right Honourable Thibaudeau Rinfret, Deputy Governor General, and will later visit the Department of External Affairs. He will meet the Press at 11:30 a.m.

The Acting Secretary of State for External Affairs, Mr. Brooke Claxton, will give a luncheon, on behalf of the Government of Canada, at the Country Club, and in the afternoon Sir Mohammed Zafrullah Khan will call on the Speaker of the House of Commons and will visit the Speaker's Gallery in the House of Commons. The High Commissioner for Pakistan has issued invitations to a reception on Friday afternoon. In the evening Sir Mohammed Zafrullah Khan will address members of the Canadian Institute of International Affairs.

Sir Mohammed Zafrullah Khan will leave Ottawa Saturday by air for Toronto, en route to New York.

**MR. DONALD GORDON CVR HEAD:** In the House of Commons on October 11, the Minister of Transport, Mr. Lionel Chevrier, announced the retirement of Mr. R.C. Vaughan, and the appointment of Mr. Donald Gordon, as Chairman of the Board and President of the Canadian National Railways. Mr. Chevrier spoke, in part, as follows:

"...Mr. R.C. Vaughan, who has been President since 1941 and Chairman of the Board of the Canadian National since 1942, reached the normal retiring age in December, 1948, but at the request of the Board of Directors and with the approval of the Government, consented to remain in office until such time as a successor was appointed. It is with deep regret that I announce to the House the retirement of Mr. Vaughan from the post of Chairman of the Board and President of the Canadian National Railways to take effect as of January 1, 1950."

"There is no need for me at this time to remind the House of the most loyal services performed by Mr. Vaughan, not only to the Canadian National Railways, with which he was closely associated since its inception, but also to the whole of Canada. In the summer of 1939 the Government appointed him Chairman of the Defence Purchasing Board in Ottawa. All Canadians will recall the numerous problems that had to be solved in order to prepare industry for the war effort and the Defence Purchasing Board was the first agency on which this responsibility was placed. In appreciation of his distinguished services, not only with the Government, but for his guidance of the largest transportation system in Canada during the war years, Mr. Vaughan, in 1946, was made a Companion of the Most Distinguished Order of St. Michael and St. George."

"Mr. Vaughan, when he retires at the end of this year, will terminate a career entirely devoted to transportation. He will have completed 51 years of service, having been successively with the Canadian Pacific Railway, the Grand Trunk Railway, the Canadian Northern Railway and the Canadian National Railways. This House will agree with me when I say that our National system, under the guidance of Mr. Vaughan, contributed in no small measure to the great achievement made by Canada during the war...."

"By virtue of the Canadian National-Canadian Pacific Act, 1936, the Board of Directors of the Canadian National Railways have appointed Mr. Donald Gordon to replace Mr. Vaughan as President of the Railway Company and the Governor-in-Council has today approved their selection and has also appointed Mr. Gordon Chairman of the Board of Directors, both positions effective January 1, 1950."

"I would like to take this opportunity to say the Government is most gratified that Mr. Donald Gordon has accepted the invitation of the Board of Directors of the Canadian National Railways and of the Government, to assume the heavy responsibilities of these positions. Mr.

Gordon is, of course, well known to most of the members of this House. His wartime services as Chairman of the Wartime Prices and Trade Board made his name a household word throughout Canada and gave him as well an international reputation. He was a key figure in the mobilization of Canada's economic resources in war and played a leading administrative role in the subsequent orderly transition to a peacetime economy. In these great tasks and also in his position of Deputy Governor of the Bank of Canada, Mr. Gordon has had a wide experience and an intimate knowledge of Canada's financial and economic affairs, domestic and international, in addition to which he has been in close working contact with the day to day problems of industry, labour and agriculture. His qualities of leadership, his gift for organization and his ability to inspire loyalty and affection among his working colleagues are well known to this House and I am glad that his outstanding talents are to remain at the service of the public of Canada in the position of high responsibility he is shortly to assume."

**VETERANS AFFAIRS DEBATED:** On October 7, when the House of Commons was in Committee of Supply, several members supported the suggestion made by Mr. G.R. Pearkes (P.C. Nahaimo) that a veterans affairs committee of the House should be set up. In making his proposal, Mr. Pearkes said: "The problems of our veterans are still unfinished business. That is so because the national economy of the country is continually changing, and those changes affect the veterans of this land. In addition, advances are being made in medical science, and every new bit of information gained by the medical service is of definite value to the thousands of veterans still suffering from disabilities following the First and Second World Wars...."

"Within the past year," Mr. Pearkes continued, "a new province has been brought into the household of Canada. The veterans of Newfoundland have gained immeasurably by having the provisions of Canadian veterans legislation applied to them.... Many minor adjustments have to be made to our veterans legislation to enable the veterans of Newfoundland to reap the full benefits of the legislation developed in Canada over the years."

Other members expressed their approval of Mr. Pearkes' proposal, and Mr. H.W. Herridge (C.C.F. Kootenay West) said that "The committee should be re-established to give some consideration to the claims of the merchant seamen.... (and of).... the possibilities for employment for the veteran who is now finding it difficult to find employment owing to his age." Mr. H.C. Green (P.C. Vancouver-Quadra) stated his belief that "the time has come when provisions should be made to give educational benefits to the children of those members of

that this matter had been discussed in veterans affairs committees on different occasions.

Regarding Newfoundland, the Minister of Veterans Affairs, Mr. Gregg, said later in the debate: "...Veterans of Newfoundland are in all respects now in receipt of the same benefits under the veterans charter in the same manner as though Newfoundland had been a part of Canada at the time of mobilization."

**CONCILIATION OFFICERS NAMED:** The Minister of Labour, Mr. Humphrey Mitchell, announced on October 11 that he had appointed Conciliation Officers to deal with the dispute between 12 international railway labour organizations and the principal railway systems of Canada, including the Canadian National Railways, the Canadian Pacific Railway Company, the Ontario Northland Railway and the Toronto, Hamilton and Buffalo Railway. The dispute arose out of demands concerning wage rates and hours of work.

The officers appointed to confer with the parties are Mr. M.M. Maclean, Director of Industrial Relations, and Mr. H. R. Pettigrove, Industrial Relations Officer, of the Department of Labour. The appointments were made under Section 16 of The Industrial Relations and Disputes Investigation Act on the request of Mr. F.H. Hall, Chairman of the Central Negotiating Committee, representing the Unions involved.

The Unions' demands, affecting some 112,000 railway workers in the non-operative trades, include the establishment of a 40-hour work week, increases in wage rate to provide for the same take-home pay as the present working hours, and an additional general wage increase of 7¢ per hour. The 48-hour week now prevails in nearly all branches of the railway systems affected by the current demands, with the exception of car and locomotive shops where the 44-hour week is in effect.

Mr. Mitchell announced on the same day that he had appointed Mr. Raoul Trépanier, Industrial Relations Officer, Montreal, as Conciliation Officer to deal with disputes between the National Harbours Board and its general maintenance and grain elevator system employees at Quebec City, represented by the Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees.

This Conciliation Officer was also appointed on the request of Mr. F.H. Hall, Vice-President of the Brotherhood, acting under the Industrial Relations and Disputes Investigation Act.

**GOLD PRODUCTION IN JULY:** Canadian production of gold in July decreased eight per cent from the high monthly total attained in June, the Bureau of Statistics reported on October 11. The month's total amounted to 326,324 fine ounces as compared with 343,280 in June.

**HOW CANADIANS SPEND THEIR INCOME:** In a revised bulletin of "National Accounts, Income and Expenditure 1941-1948" released by the Bureau of Statistics on October 11, a number of new tables contain information not previously published. A table of estimates of personal income by provinces for 1948 shows that Ontario had about 39 per cent of the Canadian total.

Quebec accounted for 25 per cent, the Prairie Provinces for 20 per cent, British Columbia for nine per cent, and the Maritime Provinces for seven per cent. On a per capita basis the figures are as follows: Ontario, \$1,075; British Columbia, \$1,024; Prairie Provinces, \$959; Quebec, \$784; and the Maritimes, \$653. In this connection, the Bureau points out that figures of per capita personal income by provinces do not give exact comparisons of relative standards of living. In the first place, prices vary throughout the country. In the second place, direct comparisons between highly industrialized areas and predominantly rural or domestic economies are misleading, because people do more for themselves in the latter areas and this is not completely recorded in market valuations of personal income.

The estimates of consumer goods and services show that about 28 per cent of personal expenditure in 1948 was for food as compared with 13 per cent for clothing, 10 per cent for household operations including rent, and about nine per cent for tobacco and alcoholic beverages. The expenditure on tobacco and alcoholic beverages, according to the estimates, was only slightly smaller than the bill for household operations including rent and was somewhat larger than the entire cost of operation of personal automobiles plus the purchase of new ones.

**CITIES SHOW LOWER LIVING COSTS:** The Bureau of Statistics reported that cost-of-living indexes for each of the eight regional cities moved downward between August 1 and September 1, lower prices for foods, notably fresh vegetables, meats and fruits, being mainly responsible. Eggs were easier at most centres.

Rentals rose fractionally, reflecting the results of an August survey of urban rents. Price changes for clothing were mixed while home furnishings and services moved narrowly. Fuel costs at Montreal and Saskatoon recorded advances, while at other centres indexes remained unchanged.

Composite city index decreases between August 1 and September 1 were as follows: Halifax, 1.6 to 155.6; Edmonton, 1.5 to 156.8; Winnipeg, 1.3 to 156.6; Saskatoon, 1.0 to 162.8; Vancouver, 0.7 to 163.5; Montreal, 0.4 to 165.7; Saint John, 0.3 to 159.4; and Toronto, 0.3 to 158.2. The national index fell 0.5 points to 161.0. (August 1939=100).

(Continued from P.1)

there is to be fully effective co-operation in defence. But the only way in which we in Canada can hope to carry out plans for standardization is to reach an understanding with the authorities of your country on procurement. We cannot undertake to manufacture all the many and complicated and costly items of arms and equipment for modern military forces: many of these things we must obtain from your manufacturers. But, in order to pay for them, we must be in a position to provide you with certain other items for your forces which we can produce efficiently in Canada. That is how we co-operated, under the Hyde Park arrangement, during the war. And both countries benefited."

"It seems to us only common sense to apply the same policy in peacetime; but that is not possible under your present legislation. Such a policy would, however, not mean any loss of business for your manufacturers or of employment for your labour. All it would mean is that you would sell arms and equipment for our forces and we would reciprocate by supplying some of the needs of your forces."

"I might remind you that only last week the principle of integrated defence was accepted as the governing factor in the defence planning of the North Atlantic Treaty Organization. At the meeting of the Defence Committee all agreed that each party must do its part as determined by its position and its resources to contribute to the common security of all. Without some arrangement for reciprocal defence purchasings with the United States, Canada cannot make the most effective contribution to the security of this continent and the North Atlantic area. And our aim in Canada is the greatest possible co-operation for our common security consistent with the maintenance of our independence as a nation."

"...We are living in the midst of a great struggle between two conceptions of the political destiny of man. The one is that men should be free individuals, and that political institutions exist to secure the freedom and promote the well-being of individual men and women."

"The other conception is that individual men and women are simply the material out of which to erect a powerful state... That such a conception is a fallacy has been proved for all to see by the increasing despotism and the increasing misery in each successive totalitarian state."

"In this atomic age, the United States has appeared as the foremost champion of the one conception and the Soviet Union of the other. The struggle between these two ideas will not be decided by material power alone. In that struggle, one of the sharpest contrasts is provided by the respective attitudes of the two great powers in the world to their smaller neighbours. Just compare the position of our country with the fate of Czechoslovakia."

"...In the twentieth century the United States has led the world in invention and in

the application of science to the production of wealth, and we in Canada, as your closest neighbour, have shared perhaps more than others in the benefits -- as we have also shared in the achievements themselves."

"The world needs more than ever the scientific knowledge and technical skill of this continent. But in a world dislocated and impoverished by two terrible world wars, we have learned that it is not enough to give leadership in invention, in engineering and in industrial development. The demand upon the statesmanship and political leadership of this continent, and particularly of the United States, is even greater."

"Your leaders have shown remarkable capacity for acts of statesmanship in new and perplexing circumstances. That statesmanship, exemplified in the Marshall Plan, the North Atlantic Treaty, and your President's Point Four, gives us confidence, and the whole world renewed hope."

"We are proud that Canada, of all the nations which signed the North Atlantic Treaty, was the first to ratify it. For both our countries the North Atlantic Treaty represents an almost revolutionary departure from tradition. We have learned that security depends on the strength, economic and social, as well as political and military, which springs from combined endeavour."

"And in these last few months we have been harshly reminded that economic strength is quite as essential as military strength to the security of the free world."

"...To many thoughtful people it appears today that the application of science and engineering to the conservation of the soil, the production of better crops and the more effective and economical use of the products of field and forest may be even more important than the further development of industry to the future of the human race. That is why there are many who feel that no more promising agency of international co-operation has been created since (the) war than the Food and Agriculture Organization of the United Nations."

"...In the establishment of security and peace, in the restoration of devastated regions, in the expansion of world trade, in the development of the resources of backward areas, in the conservation of the soil of the earth, of its forest resources and its water-power, and in the industrialization and diversification of the economies of other continents, there is only one nation with the wealth and the energy and the knowledge and the skill to give real leadership, and that nation is the United States."

"And where your nation is ready to lead in such constructive tasks, I am convinced you will have no difficulty in securing the active co-operation of all other free peoples."