



CANADA

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## LIFE INSURANCE IN CANADA

Speaking to the Canadian Life Insurance Officers' Association at the Seignior Club, Montebello, Quebec, on May 25, Mr. Donald M. Fleming, the Minister of Finance, observed that the previous two years, which had been "a very eventful period in world history and in Canadian affairs", had also "witnessed further growth in the strength and vitality of the life insurance business in Canada." "The companies you represent," the Minister told the assembled insurance-men, "constitute one of the most important sectors of the entire Canadian economy.... The business of life insurance is almost unique. It is closely identified with the national welfare; in particular, it is identified with the welfare of the great body of policy-holders who comprise more than half our population and are drawn from all classes of society."

Mr. Fleming went on to say that "the highest claim that Canadian life insurance companies may make is their world reputation for reliability in fulfilling all contract obligations." Adopting this statement as the keynote of his address, he continued in the following words:

"...The proud record of Canadian life insurance companies in meeting their contractual obligations has enhanced the reputation of Canada wherever these companies have operated. Indeed, their record seems to have made them so attractive that, as is well known, efforts have been made in recent years by certain non-Canadian insurance companies and other financial interests outside Canada to acquire control of some of them through stock ownership. I

think most Canadians would like to see control of old-established Canadian life insurance companies remain in Canada. At the present time, there are 98 Canadian, British, Dutch, German, Swiss and U.S. companies registered by the Federal Government to transact life insurance in Canada. All of these companies are welcome and compete freely in the field. Out of this total, Canadian companies number 36 and have 68 per cent of the total life insurance in force in Canada in all registered companies. Eleven of the 36 Canadian companies are now controlled outside Canada, but collectively they represent only 5 per cent of the total business in force in Canada, leaving 63 per cent of the total in companies controlled in Canada.

"It will be recalled that activity in the shares of Canadian life insurance companies was very great about five years ago and that control of several of the largest Canadian life companies appeared likely to pass to external hands. To prevent this loss of Canadian control, I introduced, at the fall session of Parliament in 1957, important amendments to our insurance legislation. By one amendment power was reserved to the boards of directors of life insurance companies to restrict the transfer of stock from Canadian to non-Canadian hands. The law was also strengthened to require that a majority of all classes of directors shall be Canadian citizens ordinarily resident in Canada. Provision was also made permitting mutualization of joint-stock life insurance companies. It is gratifying to note that, since then, control of only two Canadian companies has been acquired

(Over)

outside Canada, and one of these was a provincially-incorporated company beyond the legislative jurisdiction of Parliament. Five companies have availed themselves of the mutualization provisions of the Act and two have already purchased all of their outstanding shares. The five companies have 25 per cent of the total life insurance in force in Canada in all registered companies, so that, if control of all five had been acquired externally, the share of the total business left in companies controlled in Canada would have fallen from 63 per cent to 38 per cent. I express the hope that in the national interest control of all other established Canadian insurance companies will remain in Canada.

#### STOCK AND MUTUAL COMPANIES

"Competition is probably the sharpest known instrument to make any industry more efficient. It is desirable therefore that we should continue to have in Canada a balanced distribution of both stock and mutual companies so that the benefits of both systems may be available to the Canadian insuring public. So far as Canadian companies are concerned, out of the 36 companies presently registered to transact life insurance 14 are mutual, or in the process of mutualization, while 22 are joint-stock companies. However, the mutual group has 55 per cent of the business in force in Canada amongst all Canadian companies and 60 per cent of the business in force in and out of Canada amongst all Canadian companies.

#### FIRE AND CASUALTY INSURANCE

"If I may digress briefly, I would mention that the situation is quite different in the fire and casualty insurance field in Canada. In that field, Canadian companies write 38 per cent of the total fire and casualty premiums written by all registered companies, but only 24 per cent is written by Canadian companies that are controlled in Canada. This may be compared with 63 per cent in the life field. Furthermore, included in that 24 per cent share are the personal accident and sickness premiums written by Canadian life insurance companies. Excluding the latter, which account for 8 per cent, the share of the fire and casualty field in Canada that is serviced by Canadian fire and casualty companies controlled in Canada is reduced to about 16 per cent. While good service has undoubtedly been provided by British and foreign fire and casualty companies, I am sure Canadians would like to see a larger degree of Canadian control in this field.

"Before leaving the subject of control of companies, I should like to say a brief word about mergers. We seem to be living in a world in which big business is much sought after and mergers or the acquisition of subsidiary companies are almost the fashion. Canadian life insurance companies are prohibited by the Canadian and British Insurance Companies Act from investing their life insurance funds in the shares of any other company transacting the business of life insurance. Also, as a matter of policy, the merger of Canadian life insurance companies has long been discouraged unless necessary to protect the interests of policy-holders. In the light of current events in other fields, some persons may feel that these policies are

unduly restrictive and out of date, perhaps even unfair in comparison with wider powers often enjoyed by British and foreign companies.

#### SIZE AND EFFICIENCY

"Other things being equal, an increase in efficiency might reasonably be expected to accompany an increase in the size of an organization, but it seems that the restrictive policies to which I have referred still serve a useful purpose. The prohibition against investing in the shares of other life insurance companies was designed, among other things, to prevent interference of one company in the management of another company. The policy of discouraging unnecessary mergers has its roots in the belief that we have not too many Canadian life insurance companies and it is better to continue existing companies than to permit the number to decrease and thus create conditions conducive to a rash of new companies.

"So far as the acquisition of a subsidiary company is concerned, it may be that this method of operation has some appeal where a company wishes to extend its operations beyond its homeland; but I should think that it would usually involve greater expense and a greater investment in foreign lands than would a branch-office operation. Presumably it is just about as difficult for two companies as for two persons to exist more economically than one, so there appears to be no reason for Canadian life companies to operate subsidiaries in Canada. At the same time, Canadian life companies seem to have been able to carry on operations almost around the globe in a very satisfactory manner through branch offices or at least without the creation of subsidiary companies.

#### 1961 LEGISLATION

"You are well aware of the revision of our Canadian insurance legislation which has been carried out at the present session of Parliament. It was preceded by a careful and comprehensive review of all the provisions of our two Insurance Acts in the light of experience. There were numerous consultations with representatives of the industry. I should like to express to your association the very warm thanks of the Government and myself for the co-operation which you extended to us in the course of this undertaking, and in particular to your officers whose ready co-operation was forthcoming at all times.

"As you know, these amendments were designed to bring the legislation up to date and to define the ground rules for operations in the next few years. Undoubtedly, some companies would have liked to see the rules broadened further, while a few may think that we have gone too far already in some respects. As usual, however, in deciding upon the amendments, actually made, the objective was to extract the maximum wisdom from all concerned, to temper the theoretical by practical considerations and, if in doubt, to take the safer course, at least where solvency may be involved.

#### INVESTMENT POWERS

"The new legislation broadened the investment powers of the companies, and I regard these changes

(Continued on P. 7)

## MR. BEN-GURION VISITS CANADA

On the conclusion of the visit of the Prime Minister of Israel, Mr. David Ben-Gurion, to Ottawa, the following joint communiqué was issued:

"The Prime Minister of Israel, His Excellency David Ben-Gurion, has concluded a two-day official visit to Ottawa made at the invitation of the Prime Minister, the Right Honourable John G. Diefenbaker. The Prime Minister of Israel was accompanied by His Excellency Pinhas Sapir, the Minister of Commerce and Industry, and by senior Government officials.

"In their conversations the two Prime Ministers reviewed a wide range of international problems, including the pressing need for controlled world disarmament, the Congo, tension in various areas, and the general situation in the Middle East. They reaffirmed their belief in the important role of the United Nations in helping to maintain peace and security in many troubled areas of the world. They expressed the earnest hope that the organization would continue to enjoy the support of all its members so that it might fulfill the vital responsibilities which have been entrusted to it.

"Mr. Ben-Gurion outlined his views on Middle Eastern problems and the particular difficulties for his country which have resulted from the failure to reach a peaceful solution of Arab-Israeli differences in accordance with the principles of the United Nations Charter. At the same time Mr. Ben-Gurion expressed his conviction that peace will ultimately be achieved. Mr. Ben-Gurion expressed the appreciation of the Government and People of Israel for the consistent efforts of Canada's Government and People for peace throughout the world. The two Prime Ministers agreed that an eventual solution to the problem would have to envisage the right of all countries in the area to live in peace and security. Both agreed that a relaxation of tension would improve the prospects of peace in the world, including the Middle East.

"The Prime Ministers agreed on the vital necessity for economic and technical assistance to underdeveloped countries in all parts of the world not only to improve living conditions in these countries but also as an element contributing to the reduction of tensions and to the development of international confidence and stability. Mr. Ben-Gurion took the opportunity to explain the nature and scope of the technical assistance Israel had been able to provide to other countries.

"Mr. Diefenbaker and Mr. Ben-Gurion expressed their deep satisfaction at the friendly relations between Canada and Israel based on the many mutual exchanges between their two peoples and the common democratic systems of government of the two countries. Both expressed confidence that the friendly ties between the two countries would be further strengthened by the exchange of views they had had.

"On May 26, at the conclusion of his visit to Ottawa, Mr. Ben-Gurion left for a two-day visit to Quebec and Montreal."

## NEW ENVOY TO BELGRADE

The appointment of Mr. Gordon Gale Crean as Ambassador to Yugoslavia has been announced. Mr. Crean is at present Minister at the Canadian Embassy in Paris. He succeeds Mr. Robert Ford, whose assignment to Cairo as Ambassador has also been announced.

Mr. Crean was born in Toronto on April 29, 1914. After graduating from the University of Toronto in 1936, he continued his studies at Oxford, where he graduated in 1938.

From 1940 to 1945, Mr. Crean served in the British Armed Forces, holding the rank of Lieutenant Colonel at the time of his discharge. Following his release from active service, Mr. Crean joined the Department of External Affairs. He served in Belgrade from 1950 to 1951; in London from 1952 to 1953, when he returned to Ottawa. Since 1958 he has been Minister at the Canadian Embassy in Paris.

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## JUVENILE DELINQUENCY

The number of children under 16 years of age brought before the courts on charges of delinquency in 1959 was 11,802, a small increase over the preceding year's 11,766, according to the annual report on juvenile delinquency by the Dominion Bureau of Statistics. Of these, 10,433 were found delinquent, compared with 10,307 in 1958.

The annual report for 1959 reflects not only delinquency but the attitudes and procedures of law enforcement agencies and the organization to deal with delinquency. Data published are for formal appearances in court and do not include informal hearings.

Appearances in court numbered 13,329 (13,134 in 1958), and of these 11,686 (11,391) resulted in a finding of delinquency, 10,420 (10,057) were for boys and 1,266 (1,334) were for girls. Nearly 18 per cent (16 per cent) of those found delinquent in 1959 had appeared in court in previous years. The number of boys placed on probation was 5,841 (5,301 in 1958) and girls 722 (721). There were 1,322 (1,446) boys and 356 (376) girls sent to training schools.

Crimes ranged from breaches of municipal by-laws to murder. The delinquencies under the Criminal Code included 3,462 (3,237) thefts, 678 (645) thefts of automobiles, 32 (25) robberies, 2,375 (2,239) breakings and enterings, and 143 (297) cases of disorderly conduct.

The police brought 81.8 per cent of the cases before the courts, 3.7 per cent were referred by parents or relations, and the balance of 14.5 per cent by probation officers, schools, social agencies and other sources.

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## CONSULATE FOR PHILADELPHIA

A Canadian Consulate was opened in Philadelphia, Pennsylvania, on June 5, headed by Mr. Wiley J. Millyard, an officer of the Trade Commissioner Service. He is assisted by Mr. J.B. McLaren, who has been named Vice-Consul and Assistant Trade Commissioner, and by Mr. J.P. Hutchingame, an officer of the Department of External Affairs, who will also have the rank of Vice-Consul.

The consular territory of the post will include Pennsylvania and Delaware. Its trade territory will embrace Pennsylvania, Virginia, West Virginia, Maryland and Delaware.

In commenting on the significance of the new post, the Minister of Trade and Commerce, Mr. Hees, said that the establishment of an office of the Trade Commissioner Service in such an important industrial and commercial area would enhance the assistance to Canadian exporters who were exploring sales possibilities in the United States market. As the trade territory of the Philadelphia office had formerly been covered from the New York and Washington offices of the Trade Commissioner Service, the Minister added, it would henceforth be possible to increase trade promotion efforts directly in the important Philadelphia region.

With the opening of an office in Philadelphia, the Trade Commissioner Service will have 62 posts in 17 countries.

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### AMBASSADOR TO PORTUGAL

The Secretary of State for External Affairs, Mr. Howard Green, recently announced the appointment of Mr. Jean Morin as Ambassador to Portugal.

Mr. Morin was born in Montreal in 1904 and is a graduate of the University of Montreal. He was called to the Bar of the Province of Quebec in 1926 and was created Queen's Counsel in 1949. He was a member of the Canadian Delegation to the thirteenth session of the General Assembly of the United Nations in 1958. Mr. Morin studied music in Paris and is a Director of the Montreal Concerts, Governor and Administrator of the Pro Musica Society, member of the Montreal Museum of Fine Arts, and of a number of other musical and artistic organizations. He was appointed Ambassador to Colombia in 1959 and, later, received the additional appointment of Ambassador to Educador.

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### CANADA-U.S. BORDER CROSSINGS

Highway traffic entering Canada from the United States was 10 per cent heavier in March than in the corresponding month last year, while entries in the first quarter increased close to 5 per cent. Entries of persons by rail, through bus, boat and plane decreased about 1 per cent in March and 5 per cent in the quarter.

Vehicular border crossings totalled 1,120,800 in March, against 1,020,400 a year earlier, and 3,052,500 in the quarter versus 2,909,300. Entries of foreign vehicles rose 10.5 per cent in March to 490,100 from 443,500 in the corresponding month last year, bringing the January-March total to 1,326,600, up 6.2 per cent from 1,248,600. Canadian vehicles returning to Canada rose 9.3 per cent in March to 630,700 from 576,900 and 3.9 per cent in the quarter to 1,725,900 from 1,660,700.

Total entries of persons into Canada by rail, bus, boat and plane in March numbered 150,800, a slight decrease of 300 persons or less than 1 per cent below the March 1960 figure. Foreign travellers accounted for 57,600 of the total (56,700 in March 1960), while Canadian residents numbered 93,300 (94,400). Entries in the first quarter reached 426,300, a decline of 20,800 or close to 5 per cent under the comparable 1960 total. Included in the crossings were 170,600 foreign (170,900 a year ago) and 255,700 Canadian travellers (276,200).

### CANADIAN ENVOY TO SUDAN

The Secretary of State for External Affairs, Mr. Howard Green, has announced the appointment of Mr. R.A.D. Ford as Canadian Ambassador to the Sudan. Mr. Ford, who is at present Ambassador to the United Arab Republic, will be concurrently accredited to the Government of the Sudan. He will continue to reside in Cairo, but will visit the Sudan regularly and frequently.

Mr. Ford was born in Ottawa on January 8, 1915, and was educated at the University of Western Ontario and Cornell University. He was appointed to the History Department of Cornell University in 1938 and served there until he joined the Department of External Affairs in 1940. He was named Third Secretary at Rio de Janeiro in 1941 and in 1946 was appointed Second Secretary to the Office of the Canadian High Commissioner in London. Later the same year, Mr. Ford went to Moscow for a few months. He returned to London as First Secretary in 1947. In 1951 he was appointed Chargé d'Affaires a.i. at Moscow and upon his return to Ottawa in 1954 he became Head of the Department's European Division. He was appointed Ambassador to Colombia in January 1957, Ambassador to Yugoslavia in December 1958, and Ambassador to the United Arab Republic this year.

During the course of his professional career, Mr. Ford has maintained a lively interest in the field of linguistics and literature. He is the author of "A Window On The North", for which he was awarded the Governor General's Medal for Poetry in 1956, and other poems. He has also translated into English poetry from the French, Portuguese, and Russian languages.

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### STRIKES AND LOCKOUTS

During April there were 30 work stoppages in Canada involving 6,265 workers and a total duration of 59,240 man days, according to a preliminary survey of strikes and lockouts released recently by Mr. Michael Starr, the Minister of Labour. In March there were 34 work stoppages, involving 4,426 workers and a total duration of 41,160 man days.

Twenty-one of the April work stoppages were in industries in Ontario, six in Quebec and one each in Nova Scotia, New Brunswick, and Saskatchewan. None was in an industry under federal jurisdiction.

Ten of the April work stoppages, three of which were terminated by the end of the month, involved 100 or more workers.

Three of the stoppages accounted for more than 62 per cent of the month's time loss. These were in shipyards at Halifax and Dartmouth, N.S., in the shipbuilding industry in Saint John, N.B., and among paper products workers in Pont-Rouge, Quebec.

A breakdown by industry of the month's stoppages shows 14 in manufacturing; five in construction; five in transportation, storage and communication; four in service; one in mining and one in trade.

Based on the number of non-agricultural wage and salary workers in Canada, the number of man days lost in April represented 0.06 per cent of the estimated working time. In March the percentage was 0.04. The corresponding figure for April 1960 was 0.02.

## BIGGEST GEOLOGY SURVEY

The Geological Survey of Canada this year will place 102 parties in the field in by far the largest and most diversified field programme in its history, Mines and Technical Surveys Minister, Paul Comtois, announced recently. Over 400 persons, comprising geologists, technical officers, student assistants, and laborers will carry out the programme, which takes in every province, the mainland north of the 60th Parallel, and the islands of the Arctic archipelago.

Top place, as in recent years, has been given to investigations intended to produce a reconnaissance or preliminary broad picture and interpretation of the geology of all Canada as soon as practicable. To ensure that this initial research incorporates the most modern scientific ideas, the field investigations include various specialized supporting studies, and will be supplemented more than ever before by other research in the office and laboratory. Other projects reflect the Survey's increasing activities in various fields such as submarine geology, engineering geology, and the development and application of geophysical techniques required to supplement other methods of geological study.

The multi-phase programme includes, for instance, geochemical studies in the Northwest Territories, Alberta, New Brunswick, and Nova Scotia; seismic surveys on the polar continental shelf in the Arctic Ocean, in the Yukon, Saskatchewan, Ontario, Quebec, and New Brunswick; submarine geology on the polar continental shelf, in Hudson Bay, and on the southern Nova Scotian shelf; engineering geology in the Yukon and Saskatchewan, groundwater studies in seven of the ten provinces; and flight tests of a nuclear magnetometer, developed to carry out magnetometer surveys in mountainous areas. It also inaugurates the \$18 million aeromagnetic survey programme being carried out by the federal and provincial governments on a cost-sharing basis. Surveys this year will take place in British Columbia, Saskatchewan, and Ontario, and by the Federal Government alone, in the Yukon.

The programme reflects the continuing interest in Canada's great northern regions, with 13 parties working north of the 60th Parallel, five of these being in the archipelago.

### TYPES OF TRANSPORT

The parties are using various forms of transportation, from canoes in many areas to packhorses in the mountains, motor toboggans in the Far North, and helicopters and fixed-wing aircraft in extensive reconnaissance mapping projects in northern regions.

The Geological Survey is continuing to carry out reconnaissance mapping to delimit areas which warrant further attention and detailed mapping in areas under development or of potential mineral interest.

Highlights of the 1961 programme include "Operation Leaf River" in northern Quebec, in which five geologists and two student assistants will map 50,000 square miles on a reconnaissance scale; the completion of the co-operative geological mapping project with the government of Ontario in the Patricia District of northwestern Ontario in connection with

the Federal Government's "Roads-to-Resources" programme; "Operation Ogilvie" in the Ogilvie Mountains in the Yukon, in which two staff geologists are doing reconnaissance mapping over a 14,000-square-mile area; and the first phase of a two-year geological reconnaissance of Axel Heiberg and north-west Ellesmere Island in the archipelago.

This year, as in other years, the Survey is using its field programme to provide doctorate-thesis opportunities for promising graduates in geology. This policy has the twofold value of assisting students seeking degrees in geology and of providing the Survey with valuable material in doctorate thesis form.

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## JAPANESE PM TO VISIT

Prime Minister Diefenbaker has announced that Prime Minister Hayato Ikeda of Japan has accepted an invitation to visit Canada on June 25 and 26. Prime Minister Ikeda will be accompanied by the Japanese Foreign Minister, Mr. Zentarō Kosaka, and a number of officials of the Japanese Government. He will also be accompanied by his wife, Mrs. Mitsue Ikeda.

The Japanese Prime Minister and his party will arrive in Ottawa on the afternoon of Sunday June 25 from New York, and will leave Ottawa for Chicago during the next afternoon.

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## B.C. OUTLAWS DISCRIMINATION

A new anti-discrimination law has been placed on the statute books of British Columbia. The act acknowledges the principle that no person shall be denied accommodation, service, or facilities customarily available to the public because of that person's race, religion, colour, nationality, ancestry, or place of origin.

As a further curb on discrimination, the act also states that no person shall publish or display any discriminatory notices or signs or use other media of communication, including newspapers, radio, and television, to express discrimination on any of the above grounds.

Conciliation will be the keynote on which administration of the new law will be based. Compulsory features of the act will be used only where absolutely necessary.

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## AMBASSADOR TO SOUTH AFRICA

As agreed between the Governments of Canada and South Africa, the High Commissioner for Canada in South Africa and the High Commissioner for South Africa in Canada have assumed, as of May 31, the designation of Ambassadors Extraordinary and Plenipotentiary and the precedence of the two representatives within the respective diplomatic corps will not be affected by this change of designation. It was further agreed that the respective missions would as of that date function as embassies.

Telegrams between the two Governments were exchanged on May 31 confirming the accreditation of the High Commissioners as Ambassadors.

## FILM OF THE YEAR

The National Film Board production "Universe" has been named Film of the Year in the thirteenth annual Canadian Film Awards. This is the first time in three years that the special citation for Film of the Year has been awarded. The special award was presented by J. Alphonse Ouimet, President of the Canadian Broadcasting Corporation, at the Awards luncheon in the ballroom of the King Edward Hotel, Toronto, on May 13.

A special award was presented to Dr. A.W. Trueman "in tribute to his many years of practical and thoughtful encouragement in the art of documentary film-making and in the field of distribution". Before his appointment as Director of the Canada Council, Dr. Trueman was Government Film Commissioner and Chairman of the National Film Board.

Tony Collins, an amateur film-maker from Vancouver, British Columbia, accepted the trophy awarded by the Association of Motion Picture Producers and Laboratories of Canada for the best amateur film, "Ringers Required." Awards of merit were presented to the five best amateur films.

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## NEW AMBASSADOR TO CUBA

The appointment was recently announced of Mr. George P. Kidd as Ambassador of Canada to Cuba. He replaces Mr. Allan Anderson, who has reached retirement age. Before his appointment, Mr. Kidd was the External Affairs member of the Directing Staff of the National Defence College in Kingston. He is taking up his new duties this month.

Mr. Kidd was born in Glasgow, Scotland, on June 6, 1917. In 1939 he graduated from the University of British Columbia, completing post-graduate work at the University in 1940 and at the University of Illinois in 1940 and 1941. He served overseas with the Cameron Highlanders during the war receiving his discharge in 1946. He joined the Department of External Affairs in 1946. He served abroad at Warsaw from 1947 to 1949; in Paris from 1949 to 1951; and at Tel Aviv as Chargé d'Affaires from 1954 to 1957. Mr. Kidd attended the National Defence College in 1951 and 1952. He returned to the Colleges as a member of the Directing Staff in 1959.

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## UNEMPLOYMENT INSURANCE

Claimants for unemployment insurance benefits at the end of March numbered 838,000, a decline of 34,000 from the 872,800 recorded on February 28 and virtually unchanged from a year earlier. Claimants for regular benefits, at 572,200 on March 31, were about 51,000 below the February 28 total of 623,300. On March 31, 1960, regular claimants numbered 574,500. Seasonal-benefit claimants, totalling 265,800 on March 31, were about 16,000 higher than on February 28 and about 17,000 above March 31, 1960.

As of March 31, the average claimant had been on continuous claim about 13 weeks; the record was somewhat shorter (12 weeks) for male claimants, in contrast to over 14 weeks for female claimants. Initial and renewal claims filed during March totalled 259,400, compared with 234,600 in February and 283,500 in March 1960. The failure rate, 7.0 per cent on initial claims processed during March, was unchanged from last year but slightly below the 9.0 per cent for February.

The average weekly estimate of beneficiaries was 807,100 for March, 9 per cent above the February estimate of 737,400. In March last year the estimated total was 733,000. Benefit payments amounted to \$85,200,000 during March as against \$71 million for February and \$74,800,000 for March 1960. The average weekly benefit was \$23.99 for March, \$24.07 for February and \$22.20 for March 1960.

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## MEDICAL PLANNING FOR WAR

Organization of the health professional manpower and the provision of medical supplies for wartime emergencies and the rehabilitation period following were two of the main problems discussed when the newly-established Emergency Health Services Advisory Committee met for the first time in Ottawa on May 29 and 30. Members included representatives of the Canadian medical, dental, nursing, pharmaceutical and veterinary associations, together with federal medical officers and officers of the Canadian Forces Medical Services. Cabinet authority had been granted for the establishment of this Committee, which replaces the Defence Medical and Dental Services Advisory Board established in August 1949.

The Chairman was Dr. G.D.W. Cameron, Deputy Minister of National Health, Department of National Health and Welfare. Committee responsibilities were directed to assisting and advising Mr. J. Waldo Monteith, Minister of National Health and Welfare, in the discharge of his civil defence duties in the provision of assistance to provincial and municipal governments with regard to the organization, preparation and operation of medical, nursing, hospital and public-health services in an emergency.

A close examination was also carried out of steps necessary to establish liaison with national medical and allied professional agencies across Canada to carry out the research and co-ordinated planning necessary to provide emergency health services and supplies under emergency conditions.

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## NEW DWELLINGS

Starts on the construction of new dwellings in urban centres of 5,000 population and over in April numbered 7,339, compared to 5,092 units a year earlier, bringing the January-April total to 20,559 units from 13,940 a year ago. Completions in these centres totalled 5,136 units in the month against 7,341, and 21,727 units in the four months against 29,100. There were 43,658 units in various stages of construction in these areas at the end of April this year, compared to 44,579 at the like 1960 date.

## LIFE INSURANCE IN CANADA

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as of very high importance. Having regard to the extent of investment of life insurance funds in Canada, the enlargement of the powers of the companies in this regard will assist in the attainment of the goal of more flexibility and more efficient use of Canadian investment capital in Canada.

"The amendments also enlarged the corporate powers of the life insurance companies, including the accumulation of separate annuity funds and variable annuities. The amendments were not designed to influence companies to extremes or in any radical direction, but rather to give them sufficient scope to provide the public with the best possible pension facilities to meet all needs. I am confident that the companies will adopt good practices and moderation in exercising these powers and take precautions to ensure that policy-holders have a complete understanding of the benefits provided by their contracts.

### GOVERNMENT SUPERVISION

"One can hardly leave the subject of insurance legislation without saying a word about supervision. Naturally, we believe that each country should work out a system that is best adapted to its own needs and circumstances. On the one hand, everyone wishes to see failures of companies reduced to the minimum; on the other hand, it is obviously desirable that supervision should not interfere with the proper conduct of the business.

"At an International Congress of Actuaries in 1898, in a discussion on the question of the probable effect of supervision, European actuaries deplored the introduction of government supervision on the ground that complete freedom in the operation of the companies was absolutely necessary for the growth and development of the business. The fear was expressed that undue restriction as a result of supervision would prevent the growth of the companies. In the light of this criticism it is interesting that, in the two countries in which supervision has been most extensively developed, namely, the United States and Canada, there are the largest volumes of business in force, not only absolutely but *per capita* and also in relation to national income.

"So far as Canada is concerned, I think it must be admitted on all sides that our particular system has worked out very well indeed, whether judged by the absence of losses to policy-holders through failure of companies to carry out their contract obligations or the fact that Canada leads all countries of the world in the ratio of life insurance in force to national income. While it cannot be claimed that the great growth of business has been attributable wholly, or even in part, to government supervision, it can at least be said with truth that supervision has not prevented the healthy growth of life insurance in Canada.

### TESTS OF HISTORY

"It is a curious historical fact that the life insurance business in Canada has been submitted to six severe tests and that these have come with amazing regularity at intervals of approximately 15 years,

These years, namely 1870, 1885, 1900, 1914, 1930 and 1945, may be regarded historically as pivotal years, or, in some cases, as marking the commencement of pivotal periods, in which the future development of the business was at stake.

"In the early days of Confederation there was, around the year 1870, question not as to the success of Canadian life insurance companies but as to whether there should be any Canadian life insurance companies at all. The field at that time was fairly well occupied by well-established British and American companies and the prospect for the organization and development of native companies was not promising. The pivotal point was the attitude of many of the British and foreign companies to legislation requiring Canadian deposits. Many of the companies withdrew, and the gap left by their withdrawal was filled by newly-formed Canadian companies which secured a foothold that they have never lost.

### EARLY CONFLICT

"In 1885, the question uppermost both in this country and the United States was the conflict between the fraternal societies and the reserve-holding companies. The real question at issue was the necessity of reserves. Companies maintaining reserves were pictured as robbers of the people, and a strong appeal was made by the advocates of the new system for the recognition of current-cost contributions and for the exemption of the fraternal societies from government regulation. The issue in this case was settled when governments decided that supervision was just as necessary for fraternal societies as for reserve companies, and while the problems of the fraternal societies continued for many years, the ultimate solution was inevitable from the time the decision to supervise was reached.

"Fifteen years later the issue was the rate of interest on investments. Up to 1900 the earning power of life-insurance investments had shown a decrease of about one per cent every ten years and, in 1900, the average rate earned on the funds of the companies exceeded the valuation rate by only a very narrow margin. Had the decline continued, or had the rates then prevailing even remained level, the future of Canadian companies might have been very different from that actually experienced because valuation bases in those days, involving higher rates of interest, were relatively weaker than nowadays. The issue was solved, at that time, by an upward trend in the interest rate and consequent improvement in earnings.

"The passage of another 15 years brought the First World War, possibly the greatest test up to that time in the history of the life insurance companies. The question in the minds of everyone then was not the necessity of reserves, or the interest rate, but the very existence of the companies. Could they survive the terrible mortality losses with which they were faced? The answer to that question is common knowledge. After four years of war and a further year of the most virulent influenza epidemic, the companies emerged, on the average, stronger than before and with greatly increased prestige.

"A further lapse of 15 years saw the collapse of the investment market and the onslaught of the de-

pression beginning in 1929 and extending into the thirties. During the following decade the companies faced stupendous demands for cash but demonstrated the value of life insurance for the living, meeting all requests for loans and cash-surrender values guaranteed under their policies as well as an enormous drain for disability benefits that were probably not far removed in some cases from unemployment assistance. It was also a decade when new business was very difficult to obtain, the rate of lapsings was very high, and the only period in Canadian history when the total amount of life insurance in force remained almost stationary. The ensuing five years brought the impact of the Second World War, but the companies emerged again with colours flying. Looking back, the years 1930 to 1945 must surely be regarded as the period of greatest trial for the life insurance companies. All previous questions about the soundness of their system were answered decisively and conclusively.

"The end of the war in 1945 was the next pivotal point, marking the beginning of 15 years of great economic expansion, probably the most favourable period for the development of business that the life insurance companies have ever experienced. Not only was new business brisk, but persistency was good, while interest rates rose and mortality rates declined. Quite naturally, the companies prospered during this period to the point where there was approximately \$45 billion of life insurance in force in Canada at the end of 1960. That was nearly three times the volume in force ten years earlier, and the financial position of the companies as a whole was about the best in their history...."

### NEW ENGINEERING BOOKLET

Impressive advances in Canadian engineering design and manufacture are described in a booklet published by the Department of Trade and Commerce for distribution at the four-day 1961 Design Engineering Show, held in Detroit from May 22 to May 25.

Entitled *Canada Presents Engineered Products*, the illustrated booklet provides detailed information on 17 Canadian firms whose products were exhibited at the Detroit show. In addition, one section explains the Canada-United States Defence Production Sharing Programme, a scheme of considerable significance to Canadian industry, whereby suppliers in Canada are enabled to compete with American manufacturers for U.S. defence contracts.

Visitors to Detroit had a first-hand glimpse of the wide diversity of engineering techniques employed by Canadian manufacturers and the top-quality products they had created. For those interested in structural design one Canadian firm displayed its exclusive and revolutionary system of joining metal members of virtually every type. This method of structural connection has been described as the most significant development since the invention of the rivet.

A major Canadian achievement in aircraft design, the world's first swing-tail, all-cargo aircraft, was shown in model form, as well as a liquid shock-absorber developed in Canada and employed on one of the newest U.S. strike-reconnaissance planes.

Important new techniques in the development of sound equipment for use in language laboratories were also displayed, as were several products of Canada's first manufacturer of thermo-electric cooling devices.

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