



CANADA

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NATIONAL RESOURCES AND NATIONAL ECONOMY

The following is a partial text of a speech by the Minister of Northern Affairs and National Resources, Mr. Arthur Laing, to the Vancouver Institute at Vancouver, British Columbia, on October 17:

...Today, in this final quarter of 1964, Canada as a whole is still primarily a producer and net exporter of basic resources....We still do not even process, in Canada, the larger part of our resource output to anything approaching its current technological possibility. In short, our Canadian economy is still predominantly — not so predominantly as it was once, perhaps, but still predominantly — a high-grade primary resource economy. Our Canadian standard of living is still founded upon the exploitation and export of our basic resources both renewable and non-renewable. Our historical pattern of production and trade still hasn't really changed in a meaningful sense.

However, one notices these days that Canada, the United States, and some other countries are revealing a growing preoccupation with the economics of resource use. Much of this preoccupation is policy-oriented, and it concerns itself primarily with economic growth. The reason for this phenomenon, I submit, is that rapid growth in our time has become an essential condition of survival; it is synonymous with survival. Internally within our country — or within almost any Western country, for that matter — individual businesses which fail to keep pace with the leaders in their industry fall by the wayside. They become swallowed up by their competitors. Similarly, in a world dominated by power blocs, those nations which fail to keep

up the economic pace soon lose their free voice in the international forum, and ultimately, sometimes, over the internal management of their own internal affairs.

PREOCCUPATION WITH SURVIVAL

The preoccupation of nations with survival has provided, among other things, an important stimulus for research into the economics of resource use; but it has also steered this research in a very one-sided direction. Economists nowadays seem to dwell almost exclusively upon such things as how to secure an optimum income response and an optimum employment response out of resource development. Over and over again, one hears them referring to balanced and unbalanced growth, to multiplier effects, to backward and forward linkages, and so on.

This kind of preoccupation may be all to the good if kept within reasonable limits and if other aspects of research are receiving their appropriate attention. However, concern for one's own individual survival goes too far when internal strains within a nation commence undermining its national efforts to survive. Certainly, I do not mean to suggest that I am opposed to corporate self-determination and to provincial self-determination. These certainly have their place and their function, as is absolutely apparent in the area of resource ownership and management. Under our Canadian system, the primary resources of our country, as you all know, are owned in the first instance by the provinces...At the same time, each province may actually be indulging in an excessive preoccupation with its own individual

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self-interest. It may be losing sight of the fact that the total value, nationally, of the resources of the entire country, should be larger than the sum of their values in its individual parts.

Nature did not take our political whims into account when she bestowed her resource treasures upon our national territory. She did not arrange the distribution of these resources to occur exclusively on one side or the other of our provincial boundaries, or of our national limits. In point of fact, the distribution of our resources bears little if any relationship to the configuration of our provincial jurisdictions.

As must be obvious, this natural spread of our primary wealth creates an overlapping of both problems and opportunities associated with the use (or preservation) of the various resources involved. The air we breathe, for example, can be polluted by man's industries and cities and this pollution will become carried to wherever the winds happen to blow. Farm lands in the Peace River District have become seriously waterlogged by this year's unprecedented rainfall. Neither the excessive precipitation nor the damage was confined exclusively to Alberta or B.C. Magnificent stands of forest reach across many of our provincial boundaries. These stands, in whichever province they occur, are susceptible both to fire damage and to commercial exploitation....

These...examples should suffice to indicate the interweaving of provincial and also federal interests in this whole matter of resource management and development. However, I might still mention water, because this resource gives perhaps the best example of all to illustrate one of the most fundamental policy factors involved in the wise management and use of our Canadian primary wealth. I hope to prove beyond dispute that there is a vital need for an effective, umbrella type of management of our Canadian resources beyond that which can be provided by individual provinces acting alone or in concert with each other....

WATER RESOURCES FAILING

Already, in many areas of this North American continent, the supplies of usable water are becoming dangerously limited. Dry-land farming areas, and on a more temporary basis, cities like New York and Los Angeles, experience water-deficit conditions recurrently. Virtually the whole of the Great Lakes basin has been going through a cycle of low water for the past several years and an end to the problems which this is creating is not yet in sight. Elsewhere, pollution has turned formerly usable water into a health hazard for wildlife and humans alike. The spread of pollution threatens to undermine some of our finest outdoor recreational values.

The call is already out on this continent for multimillion, even billion, dollar water-diversion projects to help those areas which are in need. Canada, as we know, is blessed with fresh water. It has myriad lakes and rivers, particularly within the tremendously large area known as the Laurentian or Canadian Shield. It is said that our country holds nearly one-half of the fresh-water supplies on earth. Whether this is so, water in any event is our largest and probably our major resource. Absolutely radical

but completely serious proposals advocate the diversion of quantities of this water to areas to the south of us where the need for an increased water supply is currently greater than our own...

The Great Lakes - St. Lawrence River drainage basin provides a conspicuous case in point of a problem area where there is an immediate requirement for statesmen-like interprovincial and international co-operation and initiative. The water which feeds this vast inland system arises from three Canadian provinces and from eight states on the United States side. Almost without exception, these jurisdictions, acting individually, find it necessary to draw upon this water supply for a variety of purposes. They use it for transportation, as a source of power and of drinking water, for sewage disposal, and in other individual ways. No one knows the absolute quantity of water that gets taken out of the basin every year, but beyond a doubt a vast total amount never gets back into the basin and so becomes lost to the basin for good. Also, as I mentioned a moment ago, nature has been unkind to this part of the country in recent years and hydrologic inflows of water into the Great Lakes are now at a dangerously low ebb.

The whole problem of maintaining, or restoring, water levels in the Great Lakes basin is exceedingly complex. It is welded to the greater human problem of how to live with a resource that is unique both in kind and in size. Merely to understand the cause of what is happening here involves the examination of extensive and complicated technical data. It requires the highest degree of pooling of knowledge and of unselfish co-operation by all governments, including the two federal governments, which have a direct concern with the matter....

EFFECTS OF CANADA'S IMMATURE ECONOMY

In recent years, we have heard frequent warnings from various prominent and responsible Canadians to the effect that we are losing control of our economy to outsiders. It is claimed, and usually backed up with statistics, that equity ownership of our resources and industries is shifting out of our Canadian hands and coming into the possession of non-Canadians located abroad. It is certainly not my intention to try to minimize the inherent dangers which may lie in this situation. However, possibly we have been losing sight of what is basically cause and result in this matter. We have perhaps tended to forget that the whole question of who owns what in Canada is a direct and inevitable consequence of our nationally immature economic condition, of our top-heavy dependency upon foreign capital and foreign commodity markets for our survival and growth.

In the final analysis, the chief difference between our great neighbour to the south and ourselves lies in the size of our respective consumer markets and labour force. The United States can engage in massive production, and it has an internal market sufficiently large to consume nearly all that it produces. This is certainly not true of us....

Canada needs all the outside capital and technical know-how it can obtain from abroad. It cannot expect to sustain its present growth rate if it adopts the merely negative course of barring its doors to the foreign investor. However, it may be to our

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A CONSTITUTION TRULY AND WHOLLY CANADIAN

The following is the text of the communiqué issued at the close of the recent federal-provincial constitutional conference:

The conference of the federal and provincial governments, meeting in Ottawa on October 14, unanimously agreed on a formula to repatriate the Constitution of Canada. This formula, when it has become law, will mean that any future amendment of the Constitution will be made in Canada instead of by the Parliament of the United Kingdom. As a result, our Constitution will have become, for the first time in the history of Canada, truly and wholly Canadian.

This milestone in the evolution of Canada's government is the culmination of the series of discussions between the federal and provincial governments which began in 1950 and were carried on in 1960-61.

RULES FOR PASSAGE OF AMENDMENTS

The formula for constitutional amendment provides that, as a general rule, proposals for changes in the Constitution will become law if they are passed by Parliament with the concurrence of at least two-thirds of the provinces having at least 50 per cent of the population of Canada. In matters which are of concern to only a limited number of provinces, the two-thirds rule is replaced by the concurrence only of those provinces affected. Some fundamental provisions of the Constitution, such as those relating to the division of legislative powers between federal

and provincial authorities and the use of both English and French languages, could be changed only by the federal Parliament and all the provinces acting together.

The existing provisions of the Constitution, regarding amendments in matters of purely federal or purely provincial concern, will be removed from the British North America Act itself and will instead be included in the proposed new legislation. This legislation, embodying the new formula, clarifies the description of the matters concerning which the federal Parliament has exclusive jurisdiction to make constitutional amendments.

To provide for greater flexibility in the Constitution, legislative powers may be delegated between the federal and provincial authorities under conditions specified in the formula.

The constitutional formula was recommended unanimously by the attorneys-general of Canada and the provinces and accepted unanimously by the conference.

It is proposed that the French text of the amending formula should be included in a schedule to the Bill to be submitted to the Parliament of the United Kingdom, thus making the texts in both languages official.

The federal-provincial conference agreed that the Government of Canada and the governments of the provinces would from time to time study, in the light of experience, the working of the Canadian Constitution and any revision proposals which may be submitted by any of the governments.

FIRST FRENCH EXCHANGE SCHOLARS

Some 40 French-speaking students, scholars, researchers and artists engaged in fields ranging from linguistics to nuclear physics have been awarded scholarships and fellowships to study or work in Canada under the Canadian Government's new cultural-exchange programme with France, Belgium and Switzerland. Thirty of the winners are French, seven are Belgian and three are Swiss. Most of the award-holders have already arrived in Canada. The majority will be staying ten to 12 months. The awards have an average value of \$4,000, including travel and tuition, and may be renewed. A first selection of candidates took place in the three countries concerned, with final adjudication in Canada.

Most award-winners will be studying or working in universities and institutions in the Province of Quebec. A third have chosen to attend English-language universities because they found that these were the institutions specializing in their fields. More than half this year's group will study science, physics making up the preferred discipline, while others will study or work in such scientific fields as organic chemistry, neurology, geology, geography and forestry. Economics, law, administration, philosophy, psychology, music, drama, and painting are among the subjects to be studied by the others.

The exchange programme has been initiated by the Department of External Affairs and is administered by the Canada Council. Canada will spend \$250,000 this year on the scheme, which provides, in addition to the scholarships and fellowships, a programme of cultural relations seeking to promote Canada's performing and visual arts in the three French-language countries.

Canada hopes in time to extend the programme to other countries that are entirely or partially of French expression, when they can provide some measure of reciprocity.

FOREIGN MILITARY MEN VISIT

Thirteen senior naval officers from 12 nations toured Canadian naval and commercial installations from October 16 to 23. They were on a United States Navy supply-management course for senior foreign officers in Washington, D.C., the purpose of which was to acquaint officers from other nations with USN supply methods. A visit to Canada is regularly included in the course itinerary. The countries represented were Belgium, Brazil, Canada, the Republic of China, Denmark, the Federal Republic of Germany, Japan, Korea, the Philippines, Spain, Turkey and South Vietnam.

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Arriving at Montreal on October 16, the visitors toured United Aircraft of Canada, Longueuil, Quebec, next day and, on October 18, following church services at HMCS "Hochelaga", naval supply centre in Ville La Salle, they toured Montreal and viewed a model of the St. Lawrence Seaway system. Next day they visited the naval supply depot at "Hochelaga" and, in the afternoon, visited the Collège Militaire Royal de St. Jean, Quebec.

They finished inspecting the naval-supply complex in Ville La Salle on October 20, and then proceeded to Ottawa for an afternoon presentation by the Director-General of Naval Supply at Canadian Forces Headquarters. On the morning of October 21 they toured DGNS facilities and in the afternoon flew to HMCS "Shearwater", the Royal Canadian Navy air station, to inspect naval installations in the Halifax-Dartmouth region. This part of the visit included tours of a destroyer escort and the RCN's new fleet-replenishment ship HMCS "Provider". After touring "Shearwater" on October 23, they departed by air for Washington.

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ultimate advantage to be more generously welcoming in certain areas of Canada, and certain sectors of our economy than we are in others. The important thing here is that we treat this problem as a *national* management problem, and that we base our decisions upon what is best for Canada as a country. Within this framework, as I see it, the next largest resource-management problem is to ensure that the foreign investor does not return home with exorbitant and windfall returns from his Canadian investments...

CANADA AND THE NEW NATIONS

If we look around us, across the oceans towards Africa and Asia in particular, we are immediately confronted by the spectacle of a far-reaching revolution in progress. Already, since the end of World War II, over 40 countries have achieved political independence and have been granted full membership in the United Nations....

These immature and developing countries have an absolute right to expect a helping hand from the technologically more mature nations. The concept of sharing became internationally accepted with the signing of the 1960 Convention of the Organization for Economic Co-operation and Development. In the convention's words, "the economically more advanced nations should co-operate in assisting to the best of their ability the countries in process of economic development."

Canada occupies a very ambiguous position in this regard. It is itself a developing country. Nearly nine-tenths of its overall area is still quite as under-developed as are the lands which have newly achieved national status elsewhere. Yet we do have an advanced economy and a high overall standard of living, both based on our achievements in the industrialized, commercialized, urbanized southern parts of the country. Seen through the eyes of the

rest of the world we are an economically mature nation, even if it is only an illusion of maturity. The newly-emerging countries look upon Canada as the prime example of the kind of success that they too can achieve if they follow the United States way to national prosperity.

With regard to these less-favoured people, our national responsibility is, therefore, tremendous. We must be an assisting nation, even when there are still definite limitations upon the kinds and amounts of assistance we can give. Furthermore, our aid must be related to the need; and there must be more genuine sincerity to our giving than we show, for example, when we offer token handouts to downtrodden individuals here at home....

Basically, what we must strive for here is a suitable method of putting *earned* income into the hands of these new nations. This means, of course, buying more than we now do of the goods they produce. Supplementing this, we must put more of our technological "know-how" into their hands, also....

In providing them with aid of this kind, we also can be bringing a definite reciprocal advantage to ourselves. To date, these new countries have obtained only limited familiarity with material output from other parts of the world. Their need for industrial plant and equipment and other commodities is not yet fully recognized. Their consumer tastes are not yet fully formed, although their appetite already has been whetted. These emerging countries, therefore, represent a latent, but nonetheless potentially real, opportunity for us....

OPPORTUNITIES NEARER HOME AND THEIR DANGERS
At the same time, if Canada's economy is to grow in a balanced way, we cannot afford to put all our trading emphasis upon these immature overseas areas. We must also have our eye on opportunities closer to home. Here, an obvious starting point can be the U.S. Paley Report, a rather extraordinary document written 12 years ago, which pinpoints U.S. economic needs to the year 1980. This report, as you may know, recently has been updated and refined in a detailed new study by Resources for the Future, Inc. Together, these two sources provide a clear blueprint of our present and future trading prospects on the United States market. They emphasize that, by 1980 at the latest, the United States will be grievously deficient in the strategic resources it needs to sustain its present industrial growth rates. In essence, their message is that the United States already needs, or will soon need, certain particular commodities in increasing volume....

It is obvious, therefore, that we can look forward to a large and growing U.S. demand for some of the things which we have available for export. The market is there, whether we seek it out or if we don't. The danger for us is that this demand is likely to concentrate upon the same kinds of primary resources which we have traditionally shipped to this market in the past. The challenge therefore is clear: we must ensure that our future trade upon the United States market benefits us as Canadians and does not merely provide a springboard for an exploitation of our heritage and ourselves....

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