

Trade, Production Figures Shed Light On Dollar Deal

By ALAN DONNELLY

OTTAWA (CP)—Problems of trade and national production which affected the embattled Canadian dollar before its May 3 devaluation were indicated in government reports issued Wednesday.

One report showed that despite the growing discount on the dollar, a rapid rise in import buying during the first four months of 1963 outstripped an increase in exports to produce a merchandise trade deficit of \$11,400,000 by the end of April.

The Dominion Bureau of Statistics also reported that the Gross National Product hit an annual rate of \$38,850,000,000 in the first six April 19 budget finance Minister Fleming forecast that the GNP—gross value of goods and services produced—would rise seven per cent from last

year to \$39,425,000,000 for 1963 as a whole.

POLICY CHANGED

This prediction was made when expansionist policies of heavy government deficits and relatively easy money were in effect. The new austerity measures of reduced government spending and tighter money, while designed to protect the foreign exchange reserves and the dollar's exchange value, are not considered expansionist policies.

The four-month merchandise trade deficit was produced when January-April exports rose from a year earlier to \$1,855,700,000 while import values shot ahead 14.3 per cent to \$1,968,100,000.

Both export and import figures were affected by the exchange discount on the Canadian dollar, since both foreign selling and buying generally are done in terms of U.S. dol-

lars. In April a U.S. dollar was worth nearly \$1.65 Canadian, compared to 95 cents a year earlier.

The trade figures made it appear that imports rose during January-April despite the higher cost of buying abroad. Since then, however, further devaluations have been added by devaluation of the dollar to 92 1/2 cents U.S.—meaning a U.S. dollar costs \$1.08 Canadian—and by the new tariff surcharges applied this week to just over half of Canada's import trade.

The first-quarter merchandise trade deficit was added to a deficit on "invisible" transactions—things like payments to foreign investors and tourist spending—for a balance of payments deficit of \$83,000,000 during January-March.

DEFICIT CONTINUED

Wednesday's report showed the merchandise deficit contin-

ued in April with \$87,400,000 in red ink compared with a surplus of \$11,900,000 a year earlier.

The government's austerity program announced Sunday aims at cutting \$300,000,000 in a full year from the balance of payments deficit. But the administration apparently does not expect that the new tariff surcharges, ranging from five to 15 per cent, will cause a major cut in import buying, since it has estimated the surcharges will bring in around \$200,000,000 in extra revenues in a full year.

The increase in import buying during January-April was reflected in purchases from all main trading areas except Britain. Most of the gain was in imports from the United States, up 12.2 per cent to \$1,415,300,000.

But the 8.4-per-cent gain in four-month export sales compared with a year earlier was due entirely to a major 24.5-per-cent rise in sales to the U.S. to \$1,423,600,000. There were equal declines from a year earlier of 12.3 per cent to Britain, 10.1 per cent to other Commonwealth countries and 1.9 per cent to all other countries.

In reporting on the first-quarter gross national product, the main yardstick of economic

Mail Order Firms To Hold Prices

TORONTO (CP)—Simpsons-Sears Ltd. announced Wednesday that prices of imported merchandise subject to new tariff surcharges will not be increased in the company's fall and winter catalogue, soon to be released.

James Button, president of the department store company, said all merchandise in the catalogue from either foreign or Canadian sources will be unchanged.

He said Eaton's catalogue prices were established before the government announcement and will be maintained until Jan. 1 next year—when the fall and winter catalogues expire.

It is Eaton's policy not to change the price of goods because of increased import costs and other taxation factors after the catalogue has gone to press, the spokesman said.

Historic Site

The dwelling where Joan of Arc was born in 1412 in an historic site at Domremy in eastern France.

The catalogue, which contains more than 30,000 items sold by the company, is distributed to about 2,000,000 households across Canada.

A spokesman for T. Eaton Company said prices quoted in Eaton's fall and winter catalogues also will remain unchanged.

He said Eaton's catalogue prices were established before the government announcement and will be maintained until Jan. 1 next year—when the fall and winter catalogues expire.



SPACE BATHROOM DESIGNED

This is an artist's conception of Norman Belton's space bathroom for zero gravity space travelers. Left: a shower composed of a self-enclosed of small flat surfaces

at different angles—to direct spray from nozzles at different levels. Right: astronaut uses plastic hooded wash basin with his feet tucked into

special panels. The hood would prevent water from being sprayed around the cabin. The design was prepared at Los Angeles. (AP Wirephoto)

Rusk Opens Brief Visit To Portugal

LISBON (Reuters)—U.S. State Secretary Rusk Wednesday arrived for a 25-hour visit to Portugal during which he may be repeatedly obliged to smooth ruffled Portuguese feelings.

Airport authorities closed the balcony of the restaurant terrace where Rusk's plane drew up, possibly to prevent demonstrations by Portuguese angered by lack of U.S. support in disputes over Angola and Goa.

Rusk, greeted by Portuguese Foreign Minister Minister Franco Nogueira, said: "Our two countries are partners in the North Atlantic alliance, the keystone of our mutual security. I believe that it is wise for partners in any enterprise periodically to confer in a spirit of confidence and trust."

It was Rusk's sixth and final stop on a 10-day tour that has brought him in contact with the leaders of the United States' principal European allies.

FACES CRITICISM

But when he meets Portuguese Premier Antonio de Oliveira Salazar today before returning to Washington, he may be expected, according to informed sources, to face criticisms as sharp as any voiced in France, West Germany or Britain.

The secretary is expected to raise the matter of renewing the agreement by which the United States holds air bases in the Azores.

The grant of facilities for the Atlantic island bases expired at the end of the year.

The question of Portugal's entry into or association with the European Common Market may also figure in the talks, informed sources said.

Portugal is currently a member of the European Free Trade Association, along with Britain, the Scandinavian countries and Austria and Switzerland.

Vandal Damages Famous Drawing

LONDON (AP-Reuters)—A vandal Wednesday tore a hole in the drawing of a Leonardo da Vinci drawing on special exhibition here to attract support for a fund-raising campaign to buy it for the country.

But the bottle failed to break it and the drawing was not believed to be serious.

A spokesman for the National Art Gallery, where the drawing of the madman and child was on display, said "it should be back on show in the public view in a few hours."

The drawing is valued at £200,000 (\$2,434,000).

It belongs to the Royal Academy, in whose possession it has been since before 1779. The academy decided in March to sell it in order to remain financially independent.

Later it decided instead to offer it to the government for £200,000, to be raised by public appeal.

Wide Expansion Of Libraries

OTTAWA (CP)—The new president of the Canadian Library Association said Wednesday that libraries have an important part to play in the protection of Canadian freedom.

Hubert E. Walker, of the Cape Breton Regional Library in Sydney, called for planning and vigorous action to provide 100 per cent library coverage in Canada.

"Wherever there is a Canadian without the opportunity, through library services, of reading the best that has been thought and written, then he is being deprived of his rights as a citizen."

He said the association's annual meeting that public libraries not only had to be accessible to every Canadian but had to be of the highest quality.

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