The Guardian
"Covers Prince Edward Island Like The Dew"
SECOND SECTION — Charlottetown, Wed., Mar. 14, 1962.

BANK GOVERNOR GIVES REPORT

Business Must Exploit Dollar Cut Advantages

By ALAN DONNELLY

OTTAWA (CP) — The decline in the Canadian dollar's value has given the country a special opportunity to tackle the job of economic adjustment, says Louis Rasminsky.

In his first annual report as governor of the Bank of Canada, he said that to seize the chance, Canada must avoid a fresh upthrust of prices and costs and "vigorously exploit the opportunities for new business now available." The report was tabled in the Commons by Finance Minister Fleming.

Mr. Rasminsky, who succeeded James Coyne as governor last July 24, said the decline in the exchange value of the Canadian dollar—now worth just over 95 cents in U.S. funds—has improved "the international competitive position of Canadian industry."

This, he said, "provides our economy with a special opportunity to attack the major problems of adjustment that have confronted us since the intense resource development boom came to an end several years ago."

"If full advantage is to be taken of the present opportunity to achieve a significant increase in output and employment in the exporting industries and in import - competing industries, it is clearly essential that a fresh upward thrust of domestic prices and costs should be avoided and that all sectors of the economy should actively seek out and vigorously exploit the opportunities for new business now available."

The world of today was "highly and increasingly competitive."

MUST BE COMPETITIVE

"We in Canada cannot escape this world trend, and the real determinant of our prosperity and welfare will be our ability to compete in a world of rapidly rising standards of economic productivity and efficiency."

He listed the basic requirements: "A well - trained, energetic and adaptable working population, dynamic business leadership, the imaginative application of modern technology, good marketing practices, and perhaps above all the determination to be competitive."

If those basic factors were missing, variations in the foreign exchange rate or other kinds of financial management could not compensate for their absence.

The report had one hopeful sign for Canada's competitive status. European wage increases last year, under pressure of acute labor shortages, "tended to exceed productivity gains by a wide margin."

This call to action highlighted a report by the 53-year-old governor which dealt mainly with a straightforward accounting of economic developments last year and of the central bank's operations.

It outlined the reasons for last year's major increase in money supply — up nine per cent, or $1,250,000,000, to a level of $15,163,000,000 at year's end.

Mr. Rasminsky said that when he took office economic activity was rising but there was "a great deal of unemployment and unused plant capacity."

FREER MONEY HELPED

"In these circumstances it was appropriate that monetary policy should be directed towards promoting conditions favorable to the use of credit as one method of stimulating the growth of spending on goods and services."

Despite an increase in business and individual borrowing and a sharp rise in federal and provincial government borrowing, "credit conditions did not tighten."

Interest costs declined. The banks and other lenders followed active lending policies. Mortgage money was "in comparatively ample supply."

The gross national product—total value of goods and services produced—rose seven per cent between the first and fourth quarters of 1961, the report said.

It gave no actual figures, but such an increase indicates national output hit an annual rate of around $38,165,000,000 in the fourth quarter compared with $35,668,000,000 in the first quarter. This would put the gross national product for the year at $36,900,000,000—nearly three per cent above the $35,959,000,000 in 1960.

It said the 1961 recovery was stronger than the 1958 business upswing and about as strong as the first nine months of the business cycle recovery that began in mid-1954.

The report said the unemployment rate, adjusted to discount seasonal factors, declined from just under eight per cent of the labor force at the start of 1961 to just under six per cent in January this year.

Price increases were moderate. The January consumer price index showed a year-to-year rise of four-tenths of one per cent.

The tone of the report was in contrast with previous reports by Mr. Coyne, who resigned following the Senate's rejection of a government bill to fire him.

Mr. Coyne's vigorous reports went into details on the country's economic problems. Mr. Rasminsky's report does little more than say they exist.

The former governor's reports also argued strongly for measures to achieve full production and employment and to enable Canada to live within its means without foreign borrowing. Last year's report called for reduction of the big balance-of-payments deficit and for increases in spending aimed at boosting domestic production.

Monday's report pointed to a reduction in the balance of payments deficit to $989,000,000 from $1,217,000,000 in 1960.

Consumer spending had increased, it said, encouraged by the expansion in money supply.

A growing economy needs a growing money supply, Mr. Rasminsky wrote.

The rise in money supply in the last half of 1961 was appropriate in the circumstances and "of material assistance in maintaining credit conditions in Canada which encouraged and sustained this phase of economic expansion."

The report made these other points:

1. Mr. Rasminsky expects to be a witness before the royal commission on banking and finance.

2. He is keeping an open mind on the question of how the bank rate of the central bank should be set.

3. The margin of interest rates in Canada over those in the U.S. narrowed during the year to less than one percentage point.

4. The mid-year decline in the dollar's exchange rate had increased Canadian prices of some major export and import commodities directly affected, but there had been little evidence of the increases spreading to retail prices generally.

5. Personal income increased about 5½ per cent between the first and fourth quarters of 1961 and personal expenditures rose by just under five per cent.

6. Corporation profits rose 30 per cent, on a seasonally adjusted basis, during the same period.

7. Consumer credit increased six per cent in the year, up $185,000,000 to $3,379,000,000. Chartered banks provided all but $12,000,000 of the increase.

8. The Bank of Canada's profits, paid to the federal treasury, increased to $107,693,000 from $90,176,000.

Highlights Of Report

OTTAWA (CP) — Highlights of the 1961 Bank of Canada report by Governor Louis Rasminsky, tabled in the Commons:

The decline in the Canadian dollar's exchange value has given Canada a special opportunity to attack major problems of economic adjustment.

The country must avoid a new round of price and cost increases and vigorously exploit present opportunities for new business.

The central bank is keeping an open mind on how it should set its bank rate, now geared to changing interest rates in the short-term money market.

The money supply rose nine per cent last year.

Without the monetary expansion, interest cost would have been higher and a growth in spending would have been retarded.

Gross national product rose seven per cent between the first and fourth quarters of 1961 — indicating an annual rate of some $38,165,000,000 in the fourth quarter.

Despite a major increase in business and government borrowing, credit conditions did not tighten and interest rates declined.

Between the first and fourth quarters of last year, total personal income rose 5½ per cent, personal spending nearly five per cent and corporation profits 30 per cent.

Gov't Queried On N.S. Mine

OTTAWA (CP) — Mines Minister Flynn said here the government will consider "in a most sympathetic manner" ways of trying to keep open No. 16 colliery at New Waterford, N.S.

He was replying to a Commons question by H. J. Robichaud (L—Gloucester) who referred to a meeting here Wednesday between cabinet ministers and a Nova Scotia delegation including Premier Stanfield.

The Dominion Coal Company pit is scheduled to close Aug. 1. It employs 700 to 900 men.

Tobacco Firm Has Record Sales

MONTREAL (CP) — Imperial Tobacco Company of Canada Ltd. announced in its annual report that earnings increased slightly in 1961 and that salts reached a record high.

In its first public disclosure of consolidated sales, the company said sales rose to $359,105,000 from $343,775,000 in 1960.

Net earnings in 1961, on the basis of a new accounting system, increased to $13,857,000, or $1.38 a share, from $13,620,000, or $1.36 a share, in the previous year.

In last year's report, net earnings were shown as $10,733,000, or $1.06 a share. A total of $2,883,000 charged to operations in 1960 was eliminated for comparable presentation in this year's report.

In the revised balance sheet, good will, trade marks and patents, formerly shown at $31,097,000, are shown as $1,000.

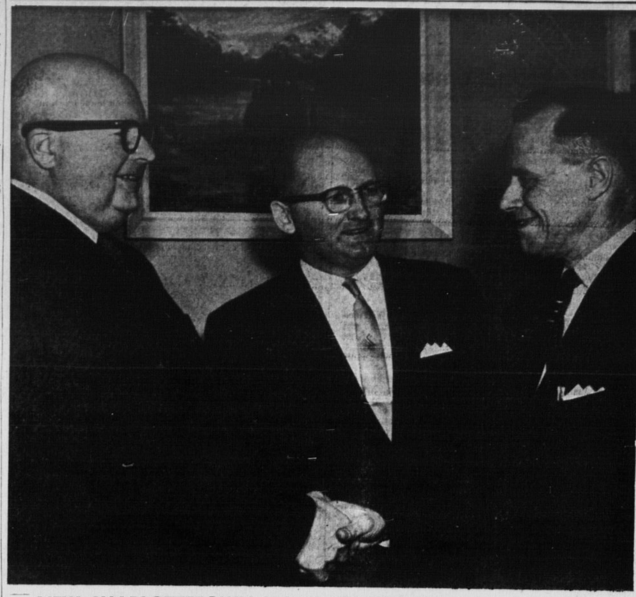
Dividends on common shares in 1961 were 72½ cents a share compared with 67½ cents a share in the previous year.

VATICAN PLANS TRAFFIC LIGHTS

VATICAN CITY (Reuters) Traffic lights will soon invade the sacred precincts of the world's smallest independent state.

Vatican City authorities, faced with traffic jams that have no respect for boundaries, have decided to install traffic lights just inside St. Ann's Gate, which, like the Arch of Bells, the other main point of access to this 109-acre papal state, has become a bottleneck where only one-way traffic can move.

And in another attempt to cope with 20th century traffic problems, the authorities plan to cut a new, wide opening for cars into the medieval walls that mark the city limits on the northern side and are studying methods of streamlining traffic on the roads inside.



NEW CHARLOTTETOWN MANAGER HONORED

Nelson Chase, who has succeeded J. Leslie Doyle as Canadian National Telecommunications manager at Charlottetown was given a farewell party by colleagues in Halifax. Here Mr. Chase (right) is congratulated on his promotion by C.A. Beckett (left) Halifax CNT manager and G.A. Pierce, sales representative. Mr. Chase had been assistant manager of the communications department of CNT at Halifax.

Preservation Of French Taught By Laval Experts

By JOHN YORSTON

QUEBEC (CP)—The problem of making the young use their language properly and fully is common to many regions and French Canada is no exception. But it's sharpened here because the French are relatively isolated in a predominantly English-speaking continent.

Preservation of the language is an issue that has occupied Quebec educationists for many years. Now it has received special attention from three experts at Laval University.

Their work has resulted in a new course in spoken French being taught to Grade VIII students in 118 classical colleges around the province that are affiliated with Laval.

The course makes use of tape recorders, language laboratories and some new ideas about imparting a language to a student who probably would prefer to be outside the school doing something else.

CENTRES OF INTEREST

"We attack him on his own ground," says Rev. Lucien Gagne, one of the three who designed the course. The others are Prof. Jean-Denis Gendron and Rev. Gilles Boulet.

"A student does not talk about everything," says Father Gagne. "He has about 60 subjects in which he is interested — the house, clothing, sport, television, the church."

These are what the designers call "centres of interest" and each week the course is built around a different centre.

There are four basic steps toward better French—phonetics, reading, vocabulary and grammar.

"It is the feeling of the authors that not one of these parts has precedence over another," says the teacher's guide to the course. "To leave aside one of its aspects to concentrate on another would completely warp the proportions and definitely risk the remaining chances of teaching our students their language."

The course was designed in 1961 as part of Laval's program to bring courses in its arts and letters faculty up to date.

'FAVORABLE MOMENT'

"It falls at a favorable moment in the context of the Quebec situation," says Father Gagne, noting renewed pride in its language and culture and a more confident attitude about the survival and growth of French Canada.

The authors say students are equipped to read and understand any French writer.

"But when they move to the level of personal use of the language, of linguistic activity, we are in the presence of truly disturbing ignorance. The language used by our students in their writing is poor. Their spoken language simply cannot be defined.

"The error up to now has been a belief that this weakness in the French language among our students comes only from ignorance of phonetics or diction. The language itself has been ignored."

Father Gagne, whose own French flows and bubbles like quality champagne, says the course is aimed at ridding French of faults in vocabulary, Americanisms, outdated pronunciation, imprecise use of words, and Anglicisms—words or expression from English drafted into French although a perfectly good French equivalent exists.

The authors decided to approach the problem of correcting faults from "the negative side" by showing through tape recordings in the language labs what poor French sounds like. The voice of a student-aged CBC actor saying simple sentences is used. Then the same sentences are repeated in precise French by older CBC actors.

The students learn what their faults are by repeating the sentences themselves on tape - recorders. Prepared by les Presses de L'Universite Laval, the tapes have blank spaces for the student to follow the actors. Then he can compare his French with that of the actors.

The problem of establishing language laboratories, however, is the cost—about $500 for each booth with tape-recorder, earphones and a telephone system between student and teacher.

Only a few of the colleges using the course are equipped with labs. But they are still able to use the course with the aid of a single tape-recorder although this doesn't give as much individual attention or practice.