

Questions

PUBLICATIONS—RECOMMENDATIONS OF
ROYAL COMMISSION**Question No. 1,451—Mr. Scott:**

1. Has the government received requests and representations for action to implement the recommendations of the royal commission on publications?

2. If so, how many such requests and representations were received and from whom were they received, giving date, name and, briefly, the nature of the request or representation?

Mr. Pearson: 1. Yes.

2. Three. 22 April 1963, Mr. Hugh MacLennan, 1535 Summerhill ave., Montreal 25, P.Q. 18 Sept. 1963, Mr. F. B. Walker, assistant publisher, *Family Herald*, 245, St. James st. West, Montreal 1, P.Q. 30 Sept. 1963, Mr. C. H. Thorn, managing director, Modern Homes & Publications, Ltd. 96 Kingsway, Vancouver, B. C.

Urging implementation of the report.

PERSONNEL HOUSING, JOINT TRACKING STATION

**Question No. 1,454—Mr. Muir (Cape Breton
North and Victoria):**

1. Have representations been received by the Canadian government from the government of the United States or any branch thereof for the construction of houses to be used by personnel associated with the joint Nimbus satellite tracking station project?

2. Has a decision been reached, and will Canada provide the housing required?

3. What is the scheduled date of construction of the Nimbus satellite tracking station project?

Mr. McIlraith: 1. No.

2. N/A.

3. There is no scheduled date of construction. The United States national aeronautics and space administration has advised the Department of Transport that the whole Nimbus project, of which the proposed tracking station at Cape Breton is a part, is being restudied in the United States and the Department of Transport have been asked to take no further action until the restudy has been completed.

SALES OF CANADIAN SECURITIES TO U.S.
INVESTORS**Question No. 1,455—Mr. Scott:**

1. In each month since President Kennedy's announcement of the equalization tax, what have been the total sales of (a) Canadian bonds, and (b) Canadian stocks to American investors, and how do these figures compare with the same figures in 1962?

2. Has the Canadian government made representations to the government of the United States of America to have the retroactive feature removed and, if so, what were the responses, if any, received to such representations?

Mr. Benson: 1. Complete figures for total sales of Canadian bonds and Canadian stocks to American investors are not yet available

for any calendar month since President Kennedy's announcement of the proposed interest equalization tax.

2. The nature of the discussions between the Canadian and the U.S. governments concerning the imposition of the proposed interest equalization tax and the results of these discussions were revealed in an agreed press release issued on July 21, 1963, as follows:

Ottawa, July 21, 1963: The Honourable Walter L. Gordon, Minister of Finance, issued this afternoon the following statement which had been agreed between representatives of Canada and United States meeting in Washington during the weekend:

"Representatives of Canada and the United States met during the week end to appraise the impact on the Canadian financial markets of the proposed United States 'interest equalization tax'.

The two governments recognized the need for effective action to improve the balance of payments position of both countries and are both equally determined that such action shall not impair the intimate economic relationships between the two countries, nor impede the growth essential for both economies.

For many years the capital markets of the two countries have been closely interconnected, and United States exports of capital to Canada have financed a substantial portion of the Canadian current account deficit with the U.S. This need continues. A portion of these flows must be supplied through the sale of new issues of Canadian securities in American markets. U.S. officials had considered that ample flows for these needs would continue under the proposed 'interest equalization tax'. However, Canadian representatives stated that this would require a very substantial rise in the entire Canadian interest rate structure. It was recognized by both governments that such a development would be undesirable in present economic circumstances.

In the light of this situation U.S. officials agreed that the draft legislation to be submitted to the congress would include a provision authorizing a procedure under which the President could modify the application of the tax by the establishment from time to time of exemptions, which he could make either unlimited or limited in amount. The President would thus have the flexibility to permit tax free purchases of new issues needed to maintain the unimpeded flow of trade and payments between the two countries, and to take care of exceptional situations that might arise in the case of other countries. U.S. officials made clear that this did not modify their proposals regarding the taxation of transactions in outstanding securities; over the past year such transactions between Canada and the U.S. have not been a major factor.

The Canadian authorities stated that it would not be the desire or intention of Canada to increase her foreign exchange reserves through the proceeds of borrowings in the United States, and it is the hope and expectation of both governments that by maintaining close consultation it will prove possible in practice to have an unlimited exemption for Canada without adverse effect on the United States.

It was agreed that active consultations would continue to strengthen the close economic relations between the two countries and at the same time facilitate measures for making the maximum practicable contributions to economic expansion and the strength and stability of both currencies."

The conversations which were conducted in the United States treasury on Saturday and Sunday