



# AIRMAIL BULLETIN

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**Two Prairie Provinces Negotiate Tax Agreements:** Premier Garson of Manitoba and Provincial Secretary F.M. Fines of Saskatchewan have left the capital after completing negotiations for new Dominion-Provincial tax agreements, which, if approved by the provincial legislatures, will extend for five years. Replacing the 1942 tax agreements, the new pacts follows weeks of negotiations between the provinces and Finance Minister Ilsley.

Mr. Ilsley also announced negotiation of an agreement with Saskatchewan relating to approximately \$80,000,000 of treasury bills given by the province as a result of loans made by the Dominion for relief and other purposes during the depression.

"When this settlement has been approved by Parliament and implemented, the \$80,000,000 indebtedness of Saskatchewan to the Dominion . . . will be reduced to approximately \$36,000,000 and repayment of this amount will be spread over 30 years," Mr. Ilsley said.

He added that initial discussions regarding the indebtedness of Manitoba also had taken place but there had not been time to complete these negotiations before Premier Garson had to return to Winnipeg.

New Brunswick previously announced that it had reached an agreement on taxation with the Dominion government. Discussions now are taking place with Alberta and British Columbia has indicated it will undertake similar negotiations. The governments of Nova Scotia and Ontario are holding party caucuses on the question, while no indication has come from Quebec and Prince Edward Island as to their attitude on the Dominion proposals.

Premier Walter Jones of Prince Edward Island now is in Ottawa, but he says he is not concerned with the tax question on his present visit.

**Espionage Trials Resumed:** Gordon Lunan, former member of the Canadian Information Service staff, has pleaded not guilty to a charge of conspiring to communicate confidential information to Russia as the first of a series of four speedy trials before a Carleton County judge opened in Ottawa.

Defence Counsel J.L. Cohen informed the judge that he had served subpoenas on Prime Minister Mackenzie King, Reconstruction Minister Howe, Mr. Justice R.L. Kellock of the Supreme Court of Canada and several R.C.M.P. officials as potential witnesses. Judge A.G. McDougall directed that the question of their appearance be left until they actually were called. Mr. Cohen has given no indication whether he actually will call them. (CP)

**French Ambassador Hopes for Trade Revival:** The French Ambassador to Canada, Count Jean de Hautclocque, said in an interview in Toronto that purchases made in Canada, largely through the credits of \$442,000,000 extended by the Dominion, would prove of "great importance" to French recovery. The bulk of the purchases were trucks, locomotives and farm equipment, paid for by 20 per cent cash and 80 per cent through the credits. So far, purchases in Ontario alone totalled \$61,000,000.

He said the "bad side" of French-Canadian trade was that France now was not exporting "very much" to Canada. However, in the next three years he hoped France would be able to export "as much as, if not more than, in 1938." (CP)

**Home Building Cost 37 Per Cent Higher:** The Central Mortgage and Housing Corporation, in the first of a series of quarterly booklets titled "Housing in Canada" reports that the cost of building an individual Canadian home jumped 37 per cent between 1939 and 1945 and still was increasing. However, material prices have not reached the inflationary level of the period after the First Great War and were seven per cent lower than in 1920. Rents increased only eight per cent in the 1939-1945 period. (CP)