

## CANADA AND U.S. ECONOMIC CUTBACKS

Mr. Mitchell Sharp, Minister of Finance, in commenting on the U.S. balance-of-payments measures for 1968 announced recently by President Johnson, said that the Prime Minister and he had been reassured to learn, that the United States would be taking effective measures to strengthen its balance of payments in ways that would probably have little adverse effect on the Canadian economy.

Mr. Sharp noted that Canada's access to the U.S. capital market was fully preserved under the 1968 programme, which continued the exemption of new Canadian securities from the Interest Equalization Tax, and of investments in Canadian securities from the general guide-lines restricting the foreign investments of non-bank financial institutions. This reflected he stated, a recognition in Washington that the United States earned so much on balance from its trade and other current transactions with Canada that it could not expect to gain any substantial improvement in its balance of payments by restricting the flow of capital or other payments to Canada.

Referring to the strengthened and now mandatory limitations on direct investment outside the U.S. by U.S. corporations, the Minister said the assessments given him indicated that these were not intended or likely to lead to any material reduction in direct investment by the U.S. in Canada this year. There might be some individual cases where the restrictions would affect investments in Canada but, by and large, the level and nature of the restraints should not necessitate any significant revision of the prospects for U.S. investment in Canada in 1968.

### SUBSIDIARY COMPANIES

Mr. Sharp noted that, under the new regulations applicable to direct investments, Canadian subsidiaries of parent corporations in the U.S. should be able to conduct their business generally in accordance with normal commercial practices, as they had in recent years when the voluntary guide-lines applied to their parent companies. These Canadian companies would be expected to continue to behave as good corporate citizens of Canada. The Minister said it

### COMMONWEALTH FORESTRY MEETING

A delegation of six is representing Canada at the current ninth Commonwealth Forestry Conference in New Delhi.

Commonwealth forestry conferences, which have been held about every five years since 1920, provide a forum in which foresters from Commonwealth countries can discuss their programmes and activities, with particular attention to the technical problems of the host country. The last such conference was held at Nairobi in 1962. Canada was host to the 1923 and 1952 conferences.

would be in the interest of Canada, however, that in general these companies should not be exporting capital to related companies abroad at a time when Canada was in need of capital for its own development and was having its own access to U.S. capital safeguarded.

The Minister noted that the new U.S. regulations provided that individual U.S. parent companies might make investment beyond the limits imposed by the general rule when a case could be made for exceptional treatment. Canadian ministers would, he said, be continuing consultations with the U.S. authorities on this range of issues relating to direct investment.

Mr. Sharp said that it did not appear that the changes in the measures relating to U.S. financial institutions would affect their capital flows to Canada.

### TOURIST TRADE

Regarding the tourist trade, the Minister said he had been gratified that the President's statement had not contemplated any restriction on travel to neighbouring countries.

Mr. Sharp said that the border tax adjustments used by some countries, and the international rules with respect to them, which, according to the President, had worked to the commercial disadvantage of the United States, were also of considerable concern to Canada. Canada had been taking part in recent international discussions on this subject and would be watching carefully the results of the high-level consultations the United States had initiated with countries abroad. The Canadian authorities would continue to work closely with the United States and other trading countries to find a solution to this problem.

Mr. Sharp concluded by saying that he felt that these further measures to strengthen the United States balance of payments, stop speculation, and maintain confidence in the United States dollar were of major importance to world trade and development. He was gratified to see that in working out the means to accomplish this the United States had made a special effort to avoid adverse effects on Canada.

### CHIEF WALKING BUFFALO

Chief Walking Buffalo, former chief of the Morley Indian Band and a well-known advocate of Moral Rearmament, died recently after a series of strokes. According to the Department of Indian Affairs, George McLean (his adopted name) was born in 1875. Chief Walking Buffalo, however, asserted that he was born five years earlier - since he remembered, he said, being present at the signing of Treaty Number 7 at Blackfoot Crossing, Alberta, in 1877.

At an early age, the future chief was adopted by John McLean, a missionary. After graduating from