

INDIA-PAKISTAN AGREEMENT IN TASHKENT

The Acting Prime Minister, Mr. Paul Martin, recently released the texts of the following messages sent to President Ayub Khan of Pakistan, and Acting Prime Minister Nanda of India:

MESSAGE TO PAKISTAN PRESIDENT

It is gratifying for Canada and all friends of India and Pakistan to see the hopeful new course pointed out for their relations at the Tashkent meeting. The agreement signed in Tashkent marks a turning point which all men of goodwill must welcome; its implementation will place relations between India and Pakistan on the difficult road to improvement. Because of Canada's association with the United Nations' observer operations we particularly welcome the agreement on the withdrawal of armed personnel.

Despite the untimely death of Prime Minister Shastri, I would hope that the two governments will proceed resolutely to implement the Tashkent Agree-

ments. I wish you every success in this high endeavour.

MESSAGE TO INDIAN PRIME MINISTER

It is gratifying for Canada, and all friends of India and Pakistan, to see the hopeful new course pointed out for their relations at the Tashkent meeting. The agreement signed in Tashkent marks a turning point which all men of goodwill must welcome; its implementation will place relations between India and Pakistan on the difficult road to improvement. Because of Canada's association with the United Nations' observer operations we particularly welcome the agreement on the withdrawal of armed personnel.

We can conceive of no more fitting memorial to Prime Minister Shastri, who was a man of peace, than an edifice of peaceful relations with Pakistan, erected by the Indian Government on the foundation he laid at Tashkent.

BRIEF ON LOWER TAXES

The Canadian Manufacturers' Association, in a brief recently presented to the Government, urged repeal of the 11 percent sales tax on production machinery and apparatus. "Not only should production equipment be exempt from sales tax but the exemption should be extended to include all articles and materials which enter into the cost of manufacture or production of goods", CMA delegates told Finance Minister Sharp and several of his Cabinet colleagues at a special Ottawa hearing.

In support of its argument, the Association quoted from the first annual review of the Economic Council of Canada, which stated that federal tax policy "must be vitally concerned with the impact of the tax system on the competitive position of Canadian producers".

The CMA delegation that presented the brief also asked that action be taken to reduce the top level of corporation income tax from 50 per cent to 48 per cent to bring it down to the United States' level. "Although a tax reduction of this nature involves immediate loss of revenue," the brief suggested, "it is reasonable to expect that over a period of time the deficiency should be made up by the resultant expansion of Canadian industry".

INCENTIVE GRANTS

Association spokesmen recommended that the tax reduction in personal income taxes effected last year should be applied to each of the rates applicable to individuals, and the present maximum reduction of \$600 a year be eliminated. The present level of personal income tax in Canada, they argued, encouraged the emigration of many of Canada's most highly-trained persons, professionals and technicians alike.

Incentives designed to encourage individuals and corporations to carry out measures in the national interest should take the form of incentive grants rather than income-tax incentives, the brief declared.

Thus, it continued, the new grants for industries locating or expanding in designated areas and the proposed new incentive grants for scientific research and development were considered more desirable than the former designated-area tax incentive and the current scientific-research tax incentive, since they provided encouragement to more companies and do not create situations involving tax discriminations.

The Association again went on record as fully supporting the efforts being made in the current "Kennedy round" negotiations in Geneva to expand international trade.

ACTION FOR YOUNG CANADIANS

The Acting Prime Minister, Mr. Paul Martin, recently announced that the Government had finished its examination of the report of the organizing committee of the Company of Young Canadians and had reached conclusions on the main lines of its structure and programme. These, he said, would be embodied in legislation the Government proposed to place before Parliament at its forthcoming session.

PILOT PROJECT

In general terms, Mr. Martin explained, the Government was anxious to see an independent Company of Young Canadians run by a board chosen largely by members of the Company themselves. It would be an organization run both for and by young Canadians. Pending the introduction of legislation, the Acting Prime Minister announced that the Government had authorized a pilot project of about 250 volunteers to serve in Canada, beginning this summer. Most of the volunteers would be employed by the Federal Government and provincial governments, as well as private agencies. A call would be issued soon for volunteers willing to serve for two years.