

in the corporation income tax in a province prescribed by regulation under Section 9A of the Federal-Provincial Tax-Sharing Arrangements Act, was given a 2-year duration and automatically terminates at the end of the present year. At the time of the Dominion-Provincial Conference in February last, you indicated your wish that this subject be not introduced into the scope of the discussions at the Conference. It was our understanding, therefore, that the continuation of these arrangements would not meet with your approval and accordingly the new Bill C-122 makes no provision therefor. I should be glad to hear from you as to what arrangement you consider appropriate for the future regarding this important fiscal arrangement in relation to federal university grants. A letter from you setting forth your definite views in this regard would greatly assist the Federal Government.

The Federal Government believes that its fiscal proposals to the Provinces are most generous. We have carried the principle of equalization further and made it more effective for assistance to the Provinces in the weakest fiscal position. By the proposals made the Constitution has been strictly respected and the freedom and constitutional responsibility of the Provinces have been restored.

Finally, with regard to the request for a further Dominion-Provincial Conference, while I am most desirous of assuring the most amicable relations between the Federal Government and the Provinces, I do not think that any good purpose would be served by a further Conference at this time.

I am,
Yours sincerely,
(Signed) John G. Diefenbaker."

TO STUDY ATOMIC COSTS

Canada and India will undertake a joint study of the cost of building in India a nuclear power station of Canadian design. Following a request from the Government of India for such a study, the Federal Government has authorized Atomic Energy of Canada Limited to carry out the study with the Indian Atomic Energy Commission. The plant would be similar to the Douglas Point nuclear power station now under construction at a site mid-way between Kincardine and Port Elgin, Ontario, on the eastern shore of Lake Huron. The Douglas Point plant, which is to have an electrical output of 200,000 kilowatts when it goes into operation in 1965, will use natural uranium for fuel and heavy water for moderator.

The Indian station would be as nearly identical as possible to the Douglas Point station, but some minor modifications would probably be required owing to different climatic and geographical conditions.

The Planning Commission of India has authorized the Indian Department of Atomic Energy to select a suitable site for the power station in the general area of East Punjab-Rajasthan-West U.P. The study will determine the total cost of building the Canadian type power station in India together with details of the cost of parts which could be supplied by

India and the cost of remaining components that would have to be imported.

The joint study will take about six-months to complete, Canadian engineers are now in India for initial discussions. Staff from Montreal Engineering Company Limited have been attached to AECL to assist in the study. The decision on whether or not the plant will be built will be taken by the Government of India when costs have been determined.

This project is a continuation of the close cooperation in the nuclear energy field which has existed between India and Canada for several years. The two-countries built the Canada-India Reactor at Trombay, India, and put it into service in 1960. This reactor is similar to the NRX research and engineering test reactor at the Chalk River establishment of Atomic Energy of Canada Limited.

PRAIRIE AID PAYMENTS

Western grain growers who have been hard hit by drought can look forward to receiving financial aid under the Prairie Farm Assistance Act about Christmas or early in the new year. Agriculture Minister Alvin Hamilton announced on August 1 that the PFAA planned to start issuing cheques in December and expected to have more than half of them in the mails by Christmas.

Payments for this year will amount to upwards of \$60 million -- the highest since the programme went into effect in 1939. The previous record occurred in 1954, when \$33,013,726 was paid out to farmers for crop losses. Growers in many areas will be short of cash later in the year and the PFAA payments will help cushion this heavy financial blow.

Payments under the PFAA are based on half the cultivated acreage: on a farm, to a maximum of 200 acres. The rate depends on the acreage yield in the township. If it is between five and eight bushels of wheat an acre, the rate is \$2.00 a cultivated acre; between three and five bushels, \$3.00; and three bushels or less, \$4.00.

Farmers contribute to the PFAA fund by a one percent levy on the grain they market. The annual collections average about \$6.5 million. Because of the heavy payments that will be required this year, over \$50 million will probably have to be provided from public funds.

RESCUE IN THE ARCTIC

The Canadian Marine Service icebreaker "Camsell", engaged in the Department of Transport's annual resupply operations in the Western Arctic, rescued nine men on July 18 from the sinking Hudson's Bay Company supply vessel "Fort Hearne". The incident occurred in Coronation Gulf, in the vicinity of Coppermine, Northwest Territories.